

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

July 19, 2023

RE: COPN Request No. VA-8702

Bon Secours Memorial Regional Medical Center
Mechanicsville, Virginia

Establish a Specialized Center for CT and MRI Imaging.

RE: COPN Request No. VA-8705

Dominion Imaging, LLC
Richmond, Virginia

Establish a Specialized Center for CT and MRI Imaging.

RE: COPN Request No. VA-8706

HCA Services of Virginia, Inc.
Ashland, Virginia

Establish a Specialized Center for CT and MRI Imaging.

Applicants

Bon Secours-Memorial Regional Medical Center, LLC (“Memorial Regional”) is a Virginia, not-for-profit limited liability company. Bon Secours-Richmond Health System is its sole member, also a Virginia, not-for profit limited liability company. The member and the company are both component entities of Bon Secours Mercy Health, Inc. health care system. The Bon Secours Ashland Emergency and Imaging Center is proposed to be a site of the imaging department of Memorial Regional at 11400 North Lakeridge Parkway, Ashland, Virginia in Planning District (PD) 15, Health Planning Region (HPR) IV.

Dominion Imaging, LLC (“Dominion”) is a Virginia, proprietary limited liability company founded in 2018. It has multiple members, each with less than 5% ownership. A new CT unit and a new MRI unit are proposed to be installed within the existing Dominion Imaging Medical Imaging office at 6600 Broad Street, Richmond, Virginia in PD 15, HPR IV.

HCA Health Services of Virginia, Inc. is a Virginia stock corporation. HCA Health Services of Virginia d/b/a Henrico Doctors’ Hospital (“HDH”) is the sole owner of the proposed Ashland ER and Imaging Center to be located at 10054 Sliding Hill Road, Ashland, Virginia in PD 15 HPR IV. The ultimate corporate parent of the proposed facility is HCA Healthcare, Inc.

Background

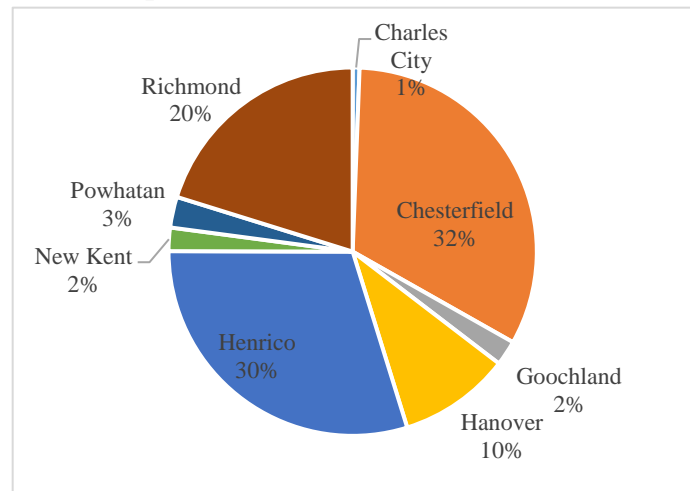
Planning District 15 Background

PD 15, in HPR IV in central Virginia, had a population just over 1 million in 2020. Henrico County, where one of the projects is proposed to be located (Dominion), had 30% of the PD 15 population in 2020, ranking second in population size behind Chesterfield County. Hanover County, where two of the projects are proposed to be located (Memorial Regional and HCA), ranked fourth in population size with about 10% of the PD 15 population (**Table 1/Chart 1**).

Table 1. Population by Locality in PD 15, 2020

	2020 Population	% of Total PD 15 Population
Charles City	6,758	0.6%
Chesterfield	365,627	32.6%
Goochland	24,809	2.2%
Hanover	110,164	9.8%
Henrico	334,756	29.8%
New Kent	23,069	2.1%
Powhatan	30,355	2.7%
Richmond	226,613	20.2%
PD 15	1,122,151	100.0%

Chart 1. Population by Locality in PD 15, 2020



Source: Weldon Cooper Intercensal Estimates

PD 15 had a higher population growth rate than Virginia in the 2010 to 2020 decade, growing at a rate of 11.8% compared to Virginia which grew at 8.1% during the same time period (**Table 2**). The projected growth for PD 15 is also expected to outpace that of Virginia between 2020 and 2030. The PD 15 projected growth rate is 8.6% while Virginia's is 5.6% (**Table 2**). Hanover County had a growth rate of 10.3% during the 2010 to 2020 decade and is projected to grow 7.5% between 2020 and 2030. Henrico County had a growth rate of 9.1% during the 2010 to 2020 decade and is projected to experience an 6.5% growth rate between 2020 and 2030. Both Henrico and Hanover Counties had slightly slower than the PD 15 historical and projected growth rates, but faster population growth than Virginia's.

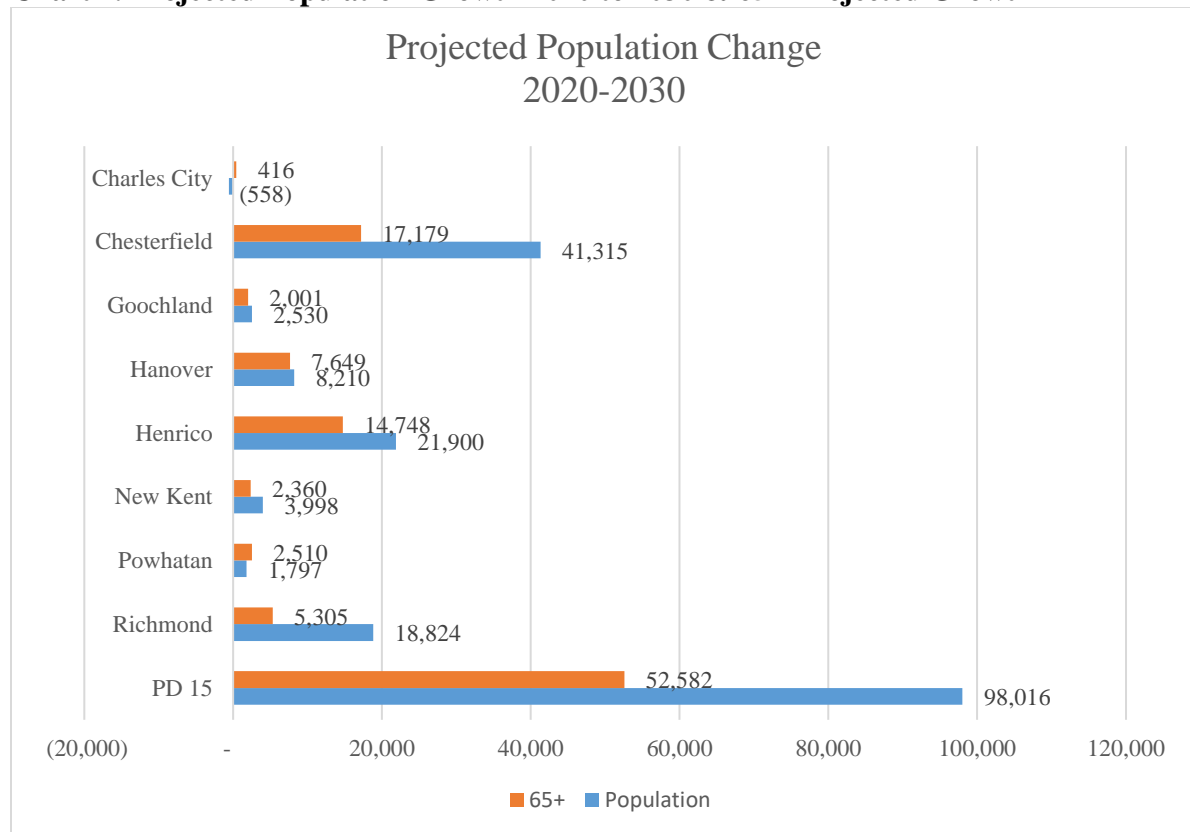
The projected rate of change for the 65+ aged cohort is also projected to be higher in PD 15 than that of Virginia overall. The 65+ cohort for PD 15 is projected to see an increase of 29.9% between 2020 and 2030, while Virginia is projected to see growth of 27.4% in this age group during the same decade. The rate of growth rate projected for the 65+ cohort in Hanover County is much higher at 38.6% and consistent with statewide growth in Henrico County, 27.7% (**Table 2**). Henrico County is projected to grow by 21,900 people between 2020 and 2030, making it the locality with the second largest addition of people projected, with 14,748 aged 65 and older. Hanover is projected to add 8,210 people, 7,649 over 65 during the same time period. (**Chart 2**).

Table 2. PD 15 Population Data

	2010 Population	2020 Population	% Change 2010-2020	2030 Projected Population	Projected % Change 2020-2030	2020 65+ Population	2030 65+ Projected Population	Projected % Change 2020-2030
Charles City	7,256	6,758	-6.9%	6,200	-8.3%	1,773	2,189	23.4%
Chesterfield	316,236	365,627	15.6%	406,942	11.3%	55,297	72,476	31.1%
Goochland	21,717	24,809	14.2%	27,339	10.2%	5,420	7,421	36.9%
Hanover	99,863	110,164	10.3%	118,374	7.5%	19,807	27,456	38.6%
Henrico	306,935	334,756	9.1%	356,656	6.5%	53,255	68,003	27.7%
New Kent	18,429	23,069	25.2%	27,067	17.3%	4,303	6,663	54.8%
Powhatan	28,046	30,355	8.2%	32,152	5.9%	6,041	8,552	41.5%
Richmond	204,214	226,613	11.0%	245,437	8.3%	26,352	31,657	20.1%
PD 15	1,020,107	1,140,301	11.8%	1,238,825	8.6%	176,028	228,611	29.9%
Virginia	8,001,024	8,646,905	8.1%	9,129,002	5.6%	1,352,448	1,723,382	27.4%

Source: Weldon Cooper Intercensal Estimates

Chart 2. Projected Population Growth 2020 to 2030 & 65+ Projected Growth



Source: Weldon Cooper Intercensal Estimates

Computed Tomography (CT) Background

A CT scan is a diagnostic imaging tool that utilizes x-ray technology to produce imaging of the inside of the body and can show bones, muscles, organs, and blood vessels. CT scans are more detailed than plain film x-rays; rather than the standard straight-line x-ray beam, CT imaging uses an

x-ray beam that moves in a circle around the body to show structures in much greater detail.¹ The scans can be used to help diagnose tumors, investigate internal bleeding, or investigate other possible injuries or damage; additionally, early CT detection is key in stroke treatment to determine if thrombolytics can be administered safely. The scans can be done with or without contrast; contrast is a substance taken either orally or injected within the body, causing a particular organ or tissue to be seen more clearly.²

Table 3. PD 15 CT Scanners' Utilization, VHI 2021

Facility Name	Total Stationary Units	Total CT Procedures	Procs. per Scanner	% of Utilization Threshold
Acute Hospital				
Bon Secours Memorial Regional Medical Center	3	36,693	12,231	165%
Bon Secours Richmond Community Hospital	1	5,566	5,566	75%
Bon Secours St. Francis Medical Center	2	26,099	13,050	176%
Bon Secours St. Mary's Hospital	4	43,597	10,899	147%
Chippenhams Hospital	4	43,744	10,936	148%
Henrico Doctors' Hospital - Forest	4	33,354	8,339	113%
Henrico Doctor's Hospital - Parham	1	12,836	12,836	173%
Henrico Doctor's Hospital - Retreat	1	4,093	4,093	55%
Johnston-Willis Hospital	3	30,834	10,278	139%
VCU Medical Center	7	73,359	10,480	142%
Vibra Hospital of Richmond LLC (LTAC)	1	288	288	4%
Acute Hospital Total	31	310,463	10,015	135%
Freestanding				
Bon Secours Imaging Center Innsbrook	1	1,213	1,213	16%
Bon Secours Westchester Imaging Center	1	6,687	6,687	90%
Chesterfield Imaging	1	5,281	5,281	71%
Independence Park Imaging	1	3,265	3,265	44%
MEDARVA Imaging	1	192	192	3%
NOW Neuroscience, Orthopaedic and Wellness Center	1	3,761	3,761	51%
Richmond Ear Nose and Throat	1	0	0	0%
VCU Medical Center at Stony Point Radiology	1	7,518	7,518	102%
Virginia Cancer Institute - Discovery Drive	1	6,509	6,509	88%
Virginia Cancer Institute - Harbourside	1	3,912	3,912	53%
Virginia Cardiovascular Specialists / Forest Medical Plaza	1	4,214	4,214	57%
Virginia Ear Nose & Throat - Chesterfield	1	528	528	7%
Virginia Ear Nose & Throat - Henrico	1	514	514	7%
Virginia Urology	2	8,554	4,277	58%
Freestanding Total	11	35,702	3,246	44%
PD 15 Totals and Percent of Threshold	42	346,165	8,242	111%

Source: DCOPN Records and VHI 2021 Data

Note: Table 3 lists those scanners that were operational and reporting data to VHI in 2021 while Table 4 shows the total authorized and diagnostic CT scanners in the DCOPN inventory.

VHI reported data on 42 CT scanners in PD 15 for 2021, the latest year for which such data are available. Thirty-one of these were reported by acute care hospitals (one was a long-term care acute care hospital) and 11 were freestanding facilities. The hospital-based CT scanners averaged 10,015

¹ <https://www.hopkinsmedicine.org/health/treatment-tests-and-therapies/computed-tomography-ct-scan#:~:text=Computed%20tomography%20is%20commonly%20referred,fat%2C%20organs%20and%20blood%20vessels.>

² Ibid.

procedures per CT scanner, 135% of the State Medical Facilities Plan (SMFP) threshold, and freestanding scanners averaged 3,246 procedures per scanner (44% of the SMFP threshold). In aggregate, CT scanners in PD 15 reported volumes equal to 111% of the SMFP standard in 2021 (**Table 3**).

There are a total of 60 CT scanners now authorized in PD 15. Five of these are used for CT simulation only and two are intraoperative scanners such that their restricted use should remove their volume from consideration. Only the 53 diagnostic scanners are included in this analysis (**Table 4**). There are seven authorized CT sites in PD 15 that are in or with freestanding emergency departments (FSEDs) (**Table 5**). Two of them are not yet operational. Their volumes are reported to VHI with the hospitals with which they are affiliated. FSEDs do not require a Certificate of Public Need (COPN); however, CT scanners allow for more robust services at this type of facility and do require a COPN. This analysis is to determine need for CT services.

Table 4. Inventory of CT Scanners in PD 15

Facility Name	Authorized Diagnostic Scanners	Operational Diagnostic Scanners
Acute Hospitals		
Bon Secours Memorial Regional Medical Center	3	3
Bon Secours Richmond Community Hospital	1	1
Bon Secours St. Francis Medical Center	2	2
Bon Secours St. Mary's Hospital ³	3	3
Chippenham Hospital	3	3
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	1
Henrico Doctor's Hospital - Retreat	1	1
Henrico Doctors' Hospital - Forest	2	2
Johnston-Willis Hospital ⁴	3	3
VCU Health System ⁵	8	8
Vibra Hospital of Richmond, LLC	1	1
West Creek Medical Center ⁶	0	0
Acute Hospital Total	28	28
Freestanding		
Bon Secours Chester Emergency and Imaging Center ⁷	1	1
Bon Secours Imaging Center at Reynolds Crossing ⁸	1	1
Bon Secours Short Pump Emergency/Imaging Center	1	1
Bon Secours Westchester Imaging Center	1	1
Buford Road Imaging ⁹	1	1
Chester Imaging Center ¹⁰	1	0
Chesterfield ER ¹¹	1	0
Chesterfield Imaging	1	1
Hanover Emergency Center	1	1
Independence Park Imaging ¹²	1	1
Virginia Cardiovascular Specialists	1	1
Richmond Ear, Nose & Throat	1	1
Richmond Eye & Ear Healthcare Alliance d/b/a Medarva Healthcare	1	1
Richmond Radiation Oncology Center	0	0
Scott's Addition ER ¹³	1	0
Short Pump, LLC ¹⁴	1	0
Swift Creek ER	1	1
VCU Health Neuroscience, Orthopedic and Wellness Center	1	1
VCU Massey Cancer Center at Hanover Medical Park	0	0
VCU Medical Center Adult Outpatient Pavilion ¹⁵	0	0
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
Freestanding Total	25	21
Total CT Scanners in PD 15 Inventory	53	49

Source: DCOPN Records

³ COPN No. VA-04683; added intraoperative CT scanner January 2021

⁴ COPN No. VA-04657; 3rd CT scanner added at Brain and Spine Center on JWH campus, operational May 2021.

⁵ COPN No. VA-04760; additional CT Scanner dedicated to pediatric care; not yet operational.

⁶ COPN No. VA-04179; relocating to Scott's Addition ER.

⁷ COPN No. VA-04656, operational May 2022.

⁸ COPN No. VA-04743, operational April 2022, relocated CT from Bon Secours Imaging Center Innsbrook.

⁹ Did not report data to VHI in 2021.

¹⁰ COPN No. VA-04655 not yet operational.

¹¹ COPN No. VA-04840; not yet operational.

¹² Did not report data to VHI in 2021.

¹³ COPN No. VA-04811; to relocate CT Scanner from West Creek Medical Center, not yet operational.

¹⁴ COPN No. VA-04823; to relocate CT Scanner from Independence Park Imaging; not yet operational.

¹⁵ COPN No. VA-04717; not yet operational.

Table 5. CTs and MRIs in Freestanding Emergency Departments

Facility	CT Scanners	MRI Scanners	COPN No.	Notes	Volumes reported with Affiliated Hospital
Bon Secours Chester Emergency and Imaging Center	1	1	VA-04656	Opened May 2022	Bon Secours St. Francis
Bon Secours Short Pump Emergency/Imaging Center	1	1	VA-04496	Opened September 2018	Bon Secours St. Mary's
Chesterfield ER	1 after completion		VA-04840	Expected complete July 2025	Chippenham and Johnston-Willis Hospitals
Hanover Emergency Center	1		VA-04312	Opened June 2014	Henrico Doctor's Hospital
Scott's Addition ER	1 after completion		VA-04811	Relocating CT from West Creek; expected completion November 2024	Henrico Doctor's Hospital
Swift Creek ER	1		VA-04379	Opened March 2016	Chippenham & Johnston-Willis
VCU Health Emergency Center at New Kent	1		VA-04598	Opened June 2020	VCU Health System

Source: DCOPN Documentation

Magnetic Resonance Imaging (MRI) Background

An MRI is a noninvasive medical imaging test that produces detailed images of almost every internal structure in the human body, including organs, bones, muscles and blood vessels; the images are created using a large magnet and radio waves, and no radiation is produced.¹⁶ An MRI may be used instead of a CT scan when organs or soft tissue are being studied as MRI is better at distinguishing between types of soft tissues and normal and abnormal soft tissues.¹⁷

VHI reported data on 34 fixed-site MRI scanners in PD 15 for 2021, the latest year for which such data are available. Twenty-one of these were reported by acute care hospitals and 13 were in freestanding facilities. The hospital-based MRI scanners averaged 3,798 procedures per MRI scanner, 76% of the SMFP threshold, and freestanding scanners averaged 3,349 procedures per scanner, 67% of the SMFP threshold. In aggregate, MRI scanners in PD 15 reported volumes equal to 72.5% of the SMFP standard in 2021 (**Table 6**).

¹⁶ <https://www.hopkinsmedicine.org/health/treatment-tests-and-therapies/magnetic-resonance-imaging-mri>

¹⁷ Ibid.

Table 6. VHI 2021 MRI Utilization, PD 15

Facility Name	Total Fixed Units	Total Mobile Units	Total MRI Procs.	MRI Procs/Scanner	Utilization
Acute Hospitals					
Bon Secours Memorial Regional Medical Center	2	0	9,917	4,959	99.2%
Bon Secours Richmond Community Hospital	1	0	961	961	19.2%
Bon Secours St. Francis Medical Center	1	1	6,357	6,357	127.1%
Bon Secours St. Mary's Hospital	3	0	13,856	4,619	92.4%
Chippenham Hospital	1	0	6,467	6,467	129.3%
Henrico Doctors' Hospital - Forest	2	0	5,189	2,595	51.9%
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	0	2,419	2,419	48.4%
Henrico Doctor's Hospital - Retreat	1	0	1,095	1,095	21.9%
Johnston-Willis Hospital	3	0	13,679	4,560	91.2%
VCU Medical Center ¹⁸	6	0	19,820	3,303	66.1%
PD 15 Acute Hospital Total and Average	21	1	79,760	3,798	76.0%
Freestanding					
Bon Secours Imaging Center at Reynolds Crossing	2	0	4,029	2,015	40.3%
Bon Secours Imaging Center Innsbrook	1	0	1,251	1,251	25.0%
Bon Secours Midlothian Imaging Center	1	0	1,362	1,362	27.2%
Bon Secours Westchester Imaging Center	1	0	2,917	2,917	58.3%
Chesterfield Imaging	1	0	3,390	3,390	67.8%
Ellen Shaw De Paredes Institute for Women's Imaging	1	0	1,225	1,225	24.5%
Independence Park Imaging	1	0	3,484	3,484	69.7%
MEDARVA Imaging	1	0	371	371	7.4%
NOW Neuroscience, Orthopaedic and Wellness Center	1	0	4,709	4,709	94.2%
OrthoVirginia - Johnston-Willis	0	1	4,616	4,616	92.3%
OrthoVirginia MRI - Parham	1	0	5,015	5,015	100.3%
Tuckahoe Orthopaedics MRI	1	0	3,950	3,950	79.0%
VCU Medical Center at Stony Point Radiology	1	0	4,540	4,540	90.8%
Virginia Urology	0	1	2,678	2,678	53.6%
PD 15 Freestanding Total and Average	13	2	43,537	3,349	67.0%
Total and Average PD 15	34	3	123,297	3,626	72.5%

Source: VHI 2021

There are a total of 43 MRI scanners now authorized in PD 15 (Table 7). One of these is used for MRI simulation only, so there are 42 diagnostic scanners included in this analysis. There are two

¹⁸ VCU has one pediatric and one MRI-equipped Linear Accelerator not counted here as they available to exclusive populations.

authorized MRI sites in PD 15 that are in or with FSEDs (**Table 5**). Their volumes are reported to VHI with the hospitals with which they are affiliated. FSEDs do not require a Certificate of Public Need (COPN); however, MRI scanners add to the capability of FSEDs and do require a COPN. This analysis is to determine need for the MRI service.

Table 7. Inventory of MRI Scanners, PD 15

Facility	Total Authorized Scanners	Diagnostic Scanners
Bon Secours Chester Emergency & Imaging Center	1	1
Bon Secours Imaging Center at Reynolds Crossing	2	2
Bon Secours Memorial Regional Medical Center	2	2
Bon Secours Richmond Community Hospital	1	1
Bon Secours Short Pump Imaging Center	1	1
Bon Secours St. Francis Medical Center	3	3
Bon Secours St. Mary's Hospital	2	2
Bon Secours Westchester Imaging Center	1	1
Chesterfield Imaging	1	1
Chester Imaging Center	1	1
Chippenham Hospital	2	2
Ellen Shaw De Paredes Institute For Women's Imaging	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
Johnston-Willis Hospital	3	3
MEDARVA West Creek Surgery Center	1	1
OrthoVirginia MRI - Parham	1	1
Tuckahoe Orthopaedics MRI	1	1
VCU Health System ¹⁹	9	8
VCU Medical Center Adult Outpatient Pavilion	1	1
VCU Medical Center at Stony Point Radiology	1	1
VCU NOW Center	1	1
Virginia Urology Center	1	1
West Creek Medical Center	1	1
Total MRI Scanners PD 15 Inventory	43	42

Source: DCOPN Records

Proposed Projects

Each of the three projects propose to establish a specialized center for CT and MRI imaging.

VA-8702--Memorial Regional

Memorial Regional proposes to expand its imaging department through the establishment of a specialized center for imaging, Bon Secours Ashland Emergency and Imaging Center, with one CT scanner and one MRI scanner. The proposed project is at 11400 North Lakeridge Parkway, Ashland, Virginia in Hanover County, PD 15, on 3.27 acres of a 17.5-acre plot of land. Total

¹⁹ VCU has one MRI Simulator, not in the diagnostic MRI count.

projected capital and financing costs for the proposed project are \$17,119,892 of which \$1,462,128 is direct construction costs (8.5%) and \$12,500,000 is (17-acre) site acquisition (73%). The proposed project would be funded in its entirety with accumulated reserves and is expected to open October 2025.

VA-8705--Dominion

Dominion proposes to renovate existing shell space in its current location at 6600 West Broad Street, Richmond, Virginia in PD 15 to establish both CT and MRI services with one CT unit and one MRI unit. Dominion does not currently offer CT or MRI services. Total projected capital and financing costs for the proposed project are \$3,986,135 of which \$805,467 (20.2%) are direct construction costs. The proposed project would be funded entirely with internal funds/membership capital and is expected to open April 29, 2024.

VA-8706—HDH

HDH proposes to expand its imaging services through the establishment of a specialized center for imaging, Ashland ER and Imaging Center with one CT scanner and one MRI scanner. The proposed project is at 10054 Sliding Hill Road, in Ashland, Virginia in Hanover County PD 15 on 39.17 acres of land. Total projected capital costs for the proposed project are \$39,008,000 of which \$17,094,000 (43.8%) are direct construction costs and \$14,500,000 (37.2%) is the site acquisition cost for a property large enough for an acute care hospital. The proposed project would be funded entirely through the internal resources of HCA Healthcare, Inc. and expected to open October 30, 2026.

Project Definition

COPN Request Numbers VA-8702, VA-8705 and VA-8706

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of ... computed tomographic (CT) scanning, [or] magnetic resonance imaging (MRI)...” or the “[e]stablishment of a medical care facility described in subsection A.” A medical care facility includes “[a]ny specialized center or clinic or that portion of a physician’s office developed for the provision of ...computed tomographic (CT) scanning, [or] magnetic resonance imaging (MRI)...”

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

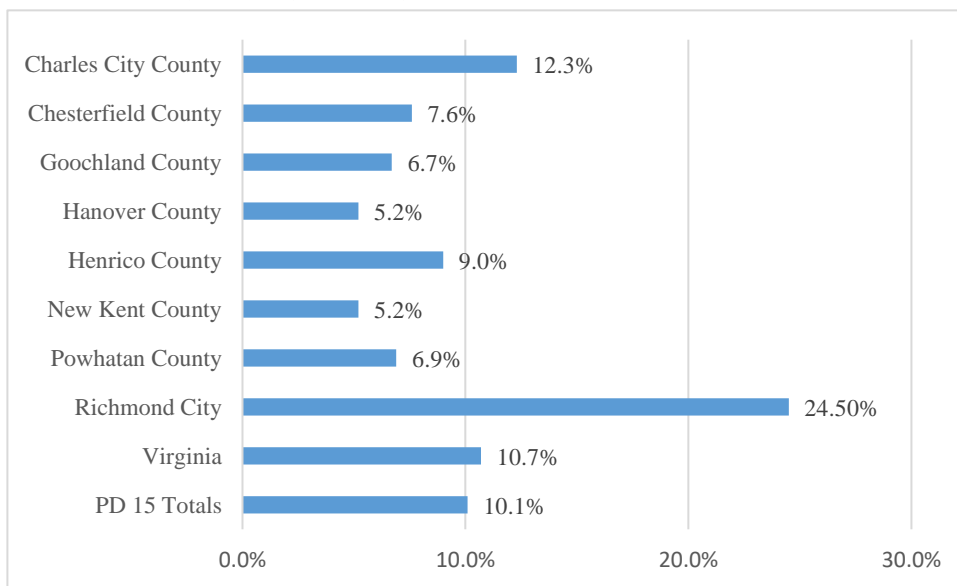
In determining whether a public need exists for a proposed project, the following factors shall be taken into account when applicable.

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

Seniors, identified as those aged 65 and older, are more likely to use emergency services than younger individuals.²⁰ Emergency services drive a segment of imaging services and for the two applications proposing imaging services in conjunction with freestanding emergency departments (FSEDs), growth of the senior population is relevant. Access for this segment of the population in particular is important. The projected growth rate of this population is significantly higher for Hanover County than PD 15 or Virginia, while Henrico County’s projected growth rate of the 65+ age cohort is somewhat smaller (**Table 1/Chart 1**).

To provide context for socioeconomic and transportation barriers, DCOPN looked at poverty rates by locality and public transportation available. Hanover County’s poverty rate is 5.2%, the lowest of localities in PD 15. The PD 15-wide average of 10.1% and the statewide average of 10.7%, while Henrico County’s poverty rate is only slightly lower than average, 9.0% (**Chart 3**).

Chart 3. Poverty Rate by Locality



Source: Weldon-Cooper Census Data

Greater Richmond Transit Company (GRTC) serves as public transportation for Richmond City as well as parts of Chesterfield and Henrico Counties. It does not serve Hanover County; however, Hanover Dash is a service in Hanover County for individuals 65+ or disabled who can pay a flat \$6.00 rate for a one-way ride for medical appointments and specific other needs. Hanover Dash covers Hanover County and a 7-mile extension beyond the County’s boundaries; the ride must begin or end within Hanover County’s boundaries.²¹

²⁰ Park JM, Sohn A. Predictors Affecting the Elderly's Use of Emergency Medical Services. *Osong Public Health Res Perspect.* 2020 Aug;11(4):209-215. doi: 10.24171/j.phrp.2020.11.4.10. PMID: 32864312; PMCID: PMC7442443.

²¹ <https://www.hanovercounty.gov/1000/HanoverDASH>

VA-8702--Memorial Regional

The proposed project is located just off Interstate 95 at the intersection of Lewistown Road and North Lakeridge Parkway, easily accessible for travelers, residents and emergency vehicle from major highways, including I-95 and U.S. Route 1. The proposed site for Memorial Regional's CT and MRI services within its primary service area would improve access for Bon Secours patients located in the growing Hanover County and for the exceptionally high-growth senior population in Hanover County.

VA-8705—Dominion

The proposed location is in a densely populated, accessible area, less than a mile from Interstate 64 and less than six miles from Interstate 95. It is accessible from secondary roads as well as public transit, the GRTC. It is in western Henrico County. Henrico County has a poverty rate slightly lower than the PD15 average. The proforma budget in Dominion's application includes 3% charity care, higher than the HPR IV average. The applicant asserts that the proposed project will offer far more affordable, financially accessible imaging services, as it would charge physician office billing rates. Dominion's application states: "VHI's data shows that statewide, the median price that health insurers actually paid for medical imaging services at a Physician Office place of service...is 53% to 84% less than they would pay at a Hospital Outpatient place of service." Dominion states that "while there are some CT and MRI services located outside of hospitals, the vast majority of these are owned by specialty medical practices and are limited to the patients of those medical practices."

Dominion engaged a research and analytics firm that identified barriers to access for patients in PD 15 seeking advanced diagnostic medical imaging. These barriers included high out-of-pocket costs, long wait times, difficulty with transportation and traveling to multiple facility locations for the same services. Dominion asserts that its proposed project will help address these barriers. Dominion further asserts that it will provide specific procedures not available elsewhere in PD 15.

VA-8706—HDH

The proposed Ashland ER and Imaging Center will be located just off of Interstate 95 and approximately 3 miles from Interstate 295, making it easily accessible for travelers and residents in the area, including emergency vehicles. The proposed site for HDH's CT and MRI services is within HDH-Forest's primary service area. HDH-Forest operates a CT scanner at Hanover ER approximately six miles from the proposed site. The Hanover ER CT operated at 46% of the SMFP threshold according to 2021 VHI data and has adequate capacity for additional HDH imaging patients. Approval of the proposed project would not substantially expand access to CT services but would improve access to MRI services for HDH patients located in the growing Hanover County and for the exceptionally high-growth senior population in Hanover County.

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

(i) The level of community support for the project demonstrated by citizens, businesses, and governmental leaders representing the area to be served.

Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city in the case of competing applications, or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. Public hearings were held for the three projects on June 1, 2023, at the Libbie Mill Library in Richmond, Virginia.

VA-8702--Memorial Regional

At the public hearing, five participants were in support and four opposed to the Memorial Regional proposed project. DCOPN received six letters of support for the proposed Memorial Regional project from the Hanover Board of Supervisors, Nephrology Specialists, PC, Commonwealth Radiology, PC, County of Caroline Department of Fire-Rescue & Emergency Management and emergency physicians. Many of the supportive comments in the letters related to a FSED enhanced in capability by the proposed imaging services rather than the imaging services explicitly. These letters expressed the following:

- Timely access to health care services for Hanover County is a priority.
- Bon Secours has a longstanding reputation of providing compassionate care to all.
- Memorial Regional has a strong commitment to meeting the needs of patients from the community by expanding services.
- A trusted provider in the Ashland area would render large benefits to the EMS agencies and the communities they serve.
- The proposed project improves accessibility of critical emergency care and is closer to where Hanover County residents live and work.
- Currently patients can travel/be transported 30 to 60 minutes to access care.
- The proposed project will improve the quality and experience of patients.
- It will improve the EMS system in northern Hanover, Caroline, Louisa and Essex Counties, allowing crews to reach a destination and return more quickly to provide more services.
- Emergency visits at Memorial Regional have been increasing over the past few years and the proposed project would allow more convenient access to imaging and emergency services.
- The proposed project would serve to decompress a busy emergency department on Memorial Regional's main campus.
- Additional CT and MRI services would reduce wait times.
- Consumers look for greater convenience and excellent outcomes and the proposed project fits the bill.

DCOPN also received a letter of opposition to both VA-8702 and VA-8706 from VCU Health. It states that Memorial Regional's application lacks support to indicate need for a FSED-based imaging center located just 10 miles/12 minutes from the hospital. The opposition letter suggests additional data needed to support that the proposal would address the institution-specific need or the breakdown of inpatient, outpatient and emergency scans. It acknowledges Memorial Regional's proposal is based on institutional need and refers to the section of the SMFP that requires reallocation of underutilized services before additional resources are approved.

Memorial Regional responded to VCU Health's letter of opposition, observing that VCU Health spoke in opposition to the HDH project (VA-8706) at the public hearing and did not speak in opposition to Memorial Regional's project and speculating that VCU's letter of opposition included Memorial Regional because of superficial similarities. Memorial Regional provided a description of differences between its project and HDH's project:

- Memorial Regional's project is based on institutional need for additional CT and MRI capacity and to decompress highly utilized CT, MRI and emergency department volumes on its main campus.
- The COPN-reviewable components are consistent with the SMFP
 - Memorial Regional's CT and MRI services surpass the SMFP thresholds.
 - The proposed site is a separate location within its primary service area.
 - It is not likely to significantly decrease CT and MRI volumes of an existing provider.
 - No underutilized resources are available for reallocation within Bon Secours Richmond.
 - The proposed project is specifically to serve Memorial Regional's existing patients.
- Also, VCU's letter suggested that Memorial Regional's emergency volumes had declined and that was inaccurate.
- In contrast, "HCA's Ashland ER Project, like it's pending Ashland Hospital project (COPN Request No. VA-8687) is predatory and is proposed to expand HCA's geographic footprint and market share in PD 15."
- HCA already operates Hanover Emergency Center, located between 4.2 and 6.7 driving miles from the proposed site of Ashland ER and Imaging Center at 46% utilization. There is no evidence Hanover Emergency Center cannot accommodate HCA's existing patient population.
- With Scott's Addition under development, HCA cannot argue public need for its proposed project.

VA-8705—Dominion

At the public hearing, six participants were in support and ten opposed Dominion's proposed project. DCOPN received fourteen letters of support for the proposed project from area physicians, business leaders, Virginia Senators and Delegates, Senior Solutions of Virginia and Anthem. These letters expressed the following:

- Dominion's survey results indicate that:
 - More than a quarter of residents don't have access to affordable, quality medical imaging services.
 - Women, low-income individuals and those living in Richmond City and in more rural areas are the most negatively impacted by the lack of affordable imaging service options in the planning region.
 - Nearly a quarter of residents report having no good facilities in the area that offer routine or emergency medical scans.
 - Due to high-costs, long wait times and lack of general imaging options, residents report delaying or forgoing medical imaging services altogether, traveling to

- multiple locations or paying out-of-pocket because insurers would not cover services.
- 76% of residents say they support bringing new, improved, lower-cost MRI scanning technologies to PD 15.
- Dominion will provide PD 15 with a wide range of lifesaving, high-quality imaging services at a lower cost.
- Dominion will improve much-needed access to high-end imaging services.
- Patients in Anthem's member population have often traveled outside of the Richmond area to receive advanced imaging service with lower cost as a primary driver.
- Patients have few to no options for imaging outside of a hospital or healthcare system affiliated center, which are generally more costly and less convenient.
- Due to policy changes enacted by the area's largest commercial insurance providers, the availability of care outside of hospital imaging services has become an immediate necessity.
- Dominion will be co-located with Virginia Interventional Vascular Associate's interventional office and the setting is believed to be lower cost.
- Dominion will provide access to outpatient CT-guided interventional radiology services in a lower-cost setting.
- Non-hospital-based diagnostic imaging centers are an affordable alternative to hospital-based imaging services that reduce payor and patient costs and may lead to faster diagnosis and subsequently improved outcomes.
- Based on known patient caseloads, there are patients who are not able to access MRI and CT services outside of the hospital setting; patients will have more options for more affordable care which will encourage them to pursue imaging services they may not otherwise access.
- Employees could see cost savings and benefit from access this facility can provide without having to spend additional time and resources receiving care at hospital-based clinics.
- Obstacles to access impose significant financial burden and force patients to compromise familial, employment and other time commitments.

DCOPN also received three letters of opposition from Bon Secours, HCA and Radiology Associates of Richmond, expressing the following:

- The oldest ongoing private practice radiology practice in the country already provides the area with comprehensive advance imaging service, including the full range of CT and MRI services.
- PD15 is already well served by existing CT and MRI providers, including low-cost outpatient facilities that bill at substantially lower rates than hospital departments.
- These facilities have unused capacity and are located near Dominion's proposed location.
- Existing low-cost outpatient imaging centers offer Magnetic Resonance Angiography (MRA), CT Angiography (CTA) and Abbreviated Breast MRI (ABMR).
- Dominion's proposal is substantially identical to two earlier proposals that have been denied, and circumstances that led to the denials have not changed.

- CT and MRI surpluses in PD 15 are larger now than when Dominion first applied to establish a new service.
- Dominion’s argument that certain units are of “limited use” and with narrow ability to meet public need while others are located within hospitals and/or bill had hospital rates has been considered and rejected by the Commissioner.
- Because Dominion does not currently provide CT or MRI services, it can only achieve its projected imaging volumes by redirection away from existing providers.
- Dominion’s project is inconsistent with the SMFP.
- The Bon Secours Imaging Center at Reynolds Crossing offers CT and MRI services and is located a 2-minute drive from Dominion’s proposed site.
- Dominion’s proposal speaks of “independent and physician-owned” as if it is a reason alone to approve its project, but no provision of COPN law gives preference to such sites.
- “Hospital-affiliated” relates to ownership, not billing or reimbursement.
- Though hospital-provided CT and MRI services are generally reimbursed at higher rates than independent diagnostic testing facilities (IDTFs) and physician offices, due to substantially higher cost structures and unique obligations under Emergency Medical Treatment and Active Labor Act (“EMTALA”), IDTFs are not.
- HCA operates Independence Park Imaging and Chesterfield Imaging that bill as IDTFs at rates “comparable to those proposed by Dominion.”
- Independence Park Imaging and Chesterfield Imaging and others offer contrast enhanced imaging supervised by on-site radiologists, CTA, MRA and ABMR.
- Bon Secours Imaging Center at Reynolds Crossing renders the vast majority of services at physician fee schedule rates and no patient is ever turned away from any Bon Secours facility due to inability to pay for services.
- Dominion is not proposing a new type of facility or technology that does not already exist in PD 15.
- Dominion’s proposed project would represent harmful duplication of existing facilities with underutilized capacity.

Dominion has responded to the letters of opposition with the following:

- HCA and Bon Secours have dominant market positions and it is not surprising that they oppose Dominion’s proposed project.
- Radiology Associates of Richmond works for HCA and has a vested interest.
- Both Bon Secours and HCA have applications in this review cycle as well, due to highly utilized hospital-based services.
- Bon Secours admits CT and MRI services performed by Hospital Outpatient Departments are more expensive than those performed by imaging centers that bill at physician office rates.
- Anthem has confirmed its insureds are required to seek outpatient CT and MRI outside of PD 15 because affordable options are limited.
- Each application is judged on its own merits, so the two previous applications and their outcomes are irrelevant.

- The market study commissioned by Dominion was performed based on feedback from previous applications and provides evidence that PD 15 is not “well served” by existing providers.
- Findings from the market study are included in Dominion’s response.
- Bon Secours assertion that approval of the Dominion Imaging project will have a substantial negative impact is disingenuous at best as Dominion’s projections represent approximately 1% of PD 15’s 2021 CT volumes and 2.3% of its MRI volumes.
- The SMFP is one of eight required considerations, and the Commissioner may approve a project based on a variety of factors.
- Dominion has not said that PD 15 lacks any non-hospital-based CT and MRI services, but that they have limited scopes of service.
- PD 15 scanners are highly utilized except for those that are restricted to specific types of procedures for patients of an individual medical practice.
- Despite examples of IDTFs in letters of opposition, there are real barriers to PD 15 residents’ access to high-quality, low-cost CT and MRI services.
- Dominion will bring beneficial competition to PD 15.

VA-8706—HDH

At the public hearing, six participants were in support and eight opposed to the HDH proposal to expand its imaging offerings with one CT and one MRI at the proposed Ashland ER and Imaging Center. HCA Health Services of Virginia has stated that the current proposed project was submitted in the event COPN Request No. VA-8687 for Ashland Hospital is denied and, if the current project is approved, it will serve as the beginning of an acute care hospital. DCOPN received sixteen letters of support with HDH’s application. All but four were resubmissions of letters of support for the Ashland Hospital proposal, COPN Request No. VA-8687. The assumption is that if community members are in support of Ashland Hospital they would also be in favor of Ashland ER and Imaging Center; however, the four letters explicitly for Ashland ER and Imaging Center stated that a FSED with imaging would be sufficient only as a basis for an acute care hospital. Letters of support were generally more for the establishment of an acute care hospital or emergency services rather than explicitly for imaging services, which are the services under review.

Support letters were from Hanover County Board of Supervisors; Hanover and Caroline County Fire, Rescue and Emergency Services; HDH’s medical executive committee; Legacy Care, Crossover Healthcare, Anthem and multiple physicians including specialists in family practice, radiologist, heart and vascular, orthopedics, urology and nephrology. They expressed the following:

- Continued support of the establishment of Ashland Hospital.
- The proposed location is highly accessible off of Interstate 95 at Exit 86.
- HDH has been a partner in caring for patients.
- If a FSED is what is approved for HCA in Hanover County, approval is urged.
- Ashland Hospital will improve access and ensure immediate availability of a general acute care facility and related services; the vast majority of these would not be available at a freestanding emergency room and imaging center.

- Support for a FSED with imaging because it would be the foundation for development of an acute care hospital over time.
- Hanover County is a vibrant community and growth in healthcare infrastructure is imperative.
- Ashland ER and Imaging Center will be ideally located to improve care and service for HDH's existing patients, Hanover County residents and travelers through the area.
- For emergency conditions, delays in care can impede successful recovery and be life-threatening or deadly.
- For non-emergency medical conditions, improving access to outpatient imaging will increase the likelihood of patients seeking care sooner.
- Radiology Associates committed to provision of physician coverage at the "Ashland Hospital location" and fully support the proposed project to improve access to high-quality CT and MRI services at a newly constructed facility.
- Hanover County supports timely access to health care services for its residents.
- The project will reduce transport times and improve care and services of emergency transport services.
- Locally available...CT and MRI are necessary parts of our (physician) care for patients.
- One of the most important aspects of emergency services is ensuring timely access to advanced diagnostic imaging.
- Examples of emergency conditions that an Ashland Hospital will address:
 - Stroke patients are an example of patients needing a CT scan as soon as possible to determine best course of treatment.
 - Cardiothoracic conditions require experienced, board-certified physicians and the right diagnostic tools.
 - Symptoms of pulmonary embolism require a CT scan.
 - Mesenteric ischemia in the presence of vague abdominal pain can be diagnosed with CT imaging.
 - Only an acute care facility can identify and treat sepsis.
- Many letters of support originally sent for the Ashland Hospital project offer appeal to emotion but little information to quantify statements.

DCOPN also received two letters of opposition to VA-8706: 1) from VCU Health opposing both VA-8702 (Bon Secours) and VA-8706 (HDH); and 2) a letter of opposition to the HDH project from Bon Secours. Though FSEDs are not COPN-reviewable, these opposition letters state that HCA has not demonstrated a need for better access to emergency services for HDH patients in Hanover County. HDH already operates a FSED in Hanover County with CT services, Hanover Emergency Center, a 4.2-to-6.7-mile drive (depending on the route) to the proposed Ashland Imaging Center and ER location. COPN Request No. VA-8644 to establish CT services at the now-approved HDH Scott's Addition ER stated that Hanover Emergency Center performed 3,433 CT procedures in 2021. It is underutilized at 46% of the SMFP volume threshold.

Opposition letters also said that the application for the current proposal is void of salient data and suggests additional data needed, for example, scan volumes by location and definition of

the service area of HCA's respective facilities. With Hanover Emergency Center in place and underutilized, three HDH hospital-based emergency departments within less than 20 minutes of the proposed project, and the approved Scott's Addition FSED (to open in 2024) 10 miles/15 minutes away (also requested to address HDH institutional need), the proposed project is not only unnecessary but premature until Scott's Addition FSED opens, and the Ashland Hospital VA-8687 application is decided.

(ii) The availability of reasonable alternatives to the proposed service or facility that would meet the needs of the population in a less costly, more efficient, or more effective manner.

VA-8702--Memorial Regional

Given the high utilization of Memorial Regional's CT scanners, status quo does not appear to be a viable option. Adding CT services on the campus of Memorial Regional would not improve geographic accessibility in Hanover County, an area of Memorial Regional's primary service area (PSA) with high 65 and older population growth. Reallocating a CT scanner from another Bon Secours facility is not feasible, as 2021 VHI data shows high utilization of all Bon Secours' CT scanners operational at that time with the exception of Bon Secours Imaging Center Innsbrook (16% of the SMFP threshold). Bon Secours has already been authorized and reallocated that CT scanner to Bon Secours Imaging Center Reynolds Crossing, newly operational in April 2022. (no volume data are yet available). The proposed project is more beneficial than the status quo.

VA-8705—Dominion

The status quo is a reasonable alternative to Dominion's proposed project. Though research commissioned by Dominion yields statistics on barriers faced by PD 15 residents, Dominion is not proposing a unique service or pricing to address these barriers that is not already available in PD 15. Considerations required by the SMFP and Code of Virginia do not give preference to projects that are independent, physician-practice owned or operated. They do give priority to ensuring that existing providers are not significantly impacted by newly- approved projects. Given that IDTFs--low-cost, high-quality providers--exist in PD 15 and proximal to the proposed project, and that Dominion's proposal does not offer unique procedures not already offered in PD 15, there is no evidence that Dominion's proposed project would address barriers more effectively than existing providers. The status quo is more beneficial than the proposed project in that it represents a duplication of services already available in PD 15.

VA-8706—HDH

Maintaining the status quo is a reasonable alternative. HCA has two authorized CT scanners in PD 15 that are not yet performing CT scans. One of them, to be located at the Scott's Addition ER, was approved less than a year ago to address institutional need at HDH hospitals. Hanover Emergency Center is an HDH facility that offers CT services and is only 7 minutes from the proposed Ashland ER and Imaging Center. The CT volume breakdown presented in COPN Request No. VA-8644 shows Hanover Emergency Center performed 3,433 CT scans in 2021, 46.4% of the SMFP threshold.

Overall, HDH CT scanners are highly utilized, especially hospital-based CT scanners. Importantly, however, CT capacity already exists for HDH patients in an established and underutilized FSED in Hanover County. Existing HDH patients seeking CT imaging already have capacity at Hanover ER, which has been in operation since 2014. Adding another CT service for HDH's Hanover patients when capacity is already available would be a duplication of services, a poor business decision and poor planning.

There is a surplus of MRI scanners in PD 15 and MRI volumes at HDH facilities are 43.5% of the SMFP threshold, not approaching demonstration of institutional need. The applicant does not provide updated MRI volumes to support the need for MRI services in Hanover County, but instead quotes from letters supporting the Ashland Hospital—which is not being reviewed in this analysis. The status quo is more beneficial than the proposed project because it avoids unnecessary duplication of advanced imaging services.

(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 project.

VA-8702--Memorial Regional

Total projected capital and financing costs for the proposed project are \$17,119,892 which would be funded entirely with accumulated reserves, so no financing costs would be incurred. The estimated costs are consistent with another recently approved project to establish CT and MRI services in a new building in PD 15. COPN No. VA-04823 was approved in January 2023 at a capital cost of \$16,855,536.

Memorial Regional has been the only acute care hospital in Hanover County for twenty-four years. It was approved in 2020 for a 44-bed expansion and renovation to increase hospital capacity. Existing high utilization of its CT and MRI services together with this expansion, and one of the busiest emergency departments in the Bon Secours Richmond Health System, demonstrate existing and growing demand for Memorial Regional's services and evidence of a need for additional imaging capacity. An imaging site in Memorial Regional's PSA in the growing area of Hanover County within a freestanding emergency department would serve existing patients that reside more proximal to that proposed site, increase availability for routine scheduled and emergency patients and reduce transport times for local emergency squads.

VA-8705—Dominion

Total projected capital and financing costs for the proposed project are \$3,986,135 which would be funded entirely with internal funds and membership capital, so no financing costs would be incurred. The estimated capital costs are far lower than other recently approved projects to establish CT and MRI services. For example, COPN No. VA-04823 was approved in PD 15 in

January 2023 at a capital cost of \$16,855,536 at more than four times the cost of the proposed project.

Dominion's proposed project is a renovation of existing space in an existing office that offers imaging services, already served by support staff and spaces, and in proximity to physicians that perform interventional radiology services. Dominion asserts that its project represents beneficial competition and a unique service in that it would be the "first imaging facility to offer an outpatient, multi-modality facility dedicated to outpatient medical imaging and with on-site supervision from radiologists of Dominion Radiology Associates."

Important costs of the proposed project to consider are the likely significant impact to existing providers of CT and MRI services, especially those proximal to the proposed site. Because Dominion does not currently provide CT and MRI services in PD 15, achievement of its projected volumes would be redirection from existing providers. In the denial of Dominion's COPN Request No. VA-8532 in 2021, the Commissioner says that Dominion's project posed a "risk of destabilizing the existing health care system in PD 15 by placing new CT and MRI services in an area in which both are concentrated and no geographic barriers to care exist." The current proposed project is similarly a duplication of services.

VA-8706—HDH

The capital costs of the proposed project are to be paid using internal resources of HCA Healthcare, Inc. and are estimated to total \$39,008,000 with no financing costs. This is substantially higher than the HCA project authorized in PD 15 in January 2023 by COPN No. VA-04823 to establish an imaging center with one CT and one MRI at \$16,855,536. A large component of the high capital costs is the site purchase that would accommodate an Imaging Center or an acute care hospital.

The applicant reports the benefit of reduced travel times for many HDH patients in the general Ashland area. These patients already have opportunity to utilize CT services of Hanover Emergency Center, which opened in 2014, yet it is underutilized. The other stated benefit to the proposed project is that it would become the foundation on which HCA would build the proposed Ashland Hospital over time. Not only must the currently proposed Ashland ER and Imaging Center be evaluated on its own merit, but there is question whether the proposed Ashland Hospital would actually be a benefit. COPN Request No. VA-8687 is still under evaluation and DCOPN has recommended its denial as an unnecessary duplication of health care services, potentially damaging to existing providers in the northern part of PD 15. Similarly, the proposed project is a duplication of services at a large and unnecessary cost.

(v) The financial accessibility of the project to the residents of the area to be served, including indigent residents.

VA-8702--Memorial Regional

Memorial Regional's services are available to anyone, regardless of their ability to pay or the source of payments. Bon Secours also offers reduced rates and free care to qualifying individuals and families. Bon Secours has stated that no patient is ever turned away due to lack

of financial resources. Memorial Regional provided a higher percentage of charity care than the mean for PD 15 in 2020, the last year for which such data are available (**Table 8**). Four out of six Bon Secours hospitals contributed a charity care percentage higher than the PD mean and Bon Secours in total had a charity care amount equal to 1.97% of gross patient revenues that year, well above the 1.3% average for the PD. The proforma for the proposed project proffers 2.1% charity care, higher than the latest HPR IV mean.

VA-8705—Dominion

Dominion is not represented in the 2020 Charity Care Contributions for HPR IV in **Table 8**, but its proforma projects that 3% of its gross patient revenue will be charity care. This is 131% of the HPR IV mean in 2020.

VA-8706—HDH

HDH has provided assurances that CT and MRI services at the proposed facility will be accessible to all patients, regardless of financial considerations. In 2020, the most recent data available, HDH reported providing charity care at a rate of 1.06% of its gross revenues, which is slightly less than the average of HPR IV of 1.3% (**Table 8**). The pro forma provided anticipates charity care contribution equal to 1% of gross revenues derived from CT and MRI services at Ashland ER and Imaging Center in Years 1 and 2 of operation, less than the average HPR IV contribution (**Table 8**).

Recent changes to §32.16-102.4B of the Code of Virginia now require DCOPN to place a charity care condition on all applicants seeking a COPN. For this reason, DCOPN recommends that the proposed projects, if approved, be subject to a charity condition of the higher of their proffered charity percentages or the most recently available HPR IV mean charity percentage (1.3%) of gross patient revenues derived from CT and MRI services. DCOPN again notes that its recommendation includes a provision allowing for the reassessment of the charity care rate at such time as more reliable data becomes available regarding the full impact of Medicaid expansion in the Commonwealth.

Table 8. 2020 Charity Care Contributions for HPR IV

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 Med 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 2020 Data

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

VA-8705—Dominion

Dominion has submitted two previous applications to establish CT and MRI services, COPN Request No. VA-8402 in 2018 and COPN Request No. VA-8532 in 2020. Both were denied because they were generally inconsistent with the applicable standards of the SMFP and the 8 Required Considerations of the Code of Virginia; there was a surplus of both CTs and MRIs and much of the underutilization was at freestanding diagnostic facilities; there was recorded, written opposition; the status quo was found to be reasonable.

3. The extent to which the application is consistent with the State Medical Facilities Plan.

12VAC-5-230 Part I, 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 light blue shaded area in **Figure 1** illustrates the areas in PD 15 that have CT services available within 30 minutes driving distance. The dark blue illustrates CT coverage within 30 minutes from providers outside of the PD. The three towns not within the shaded area include Cartersville (population 1,434 per 2020 Census), Beaverdam (population 14,374 per 2020 Census), and Macon (population 28,696 per 2020 Census), with a total population for the three being approximately 44,504 in 2020. The total PD 15 population was 1,140,301 in 2020,

meaning the three towns not within 30 minutes driving distance from CT services make up approximately 3.9% of the PD population, or that 96.1% of the PD is within the appropriate driving time from CT services according to the SMFP standard. The black dots locate the three proposed projects, while “H” symbols with blue backgrounds are hospital-based CT scanners. Dots are freestanding CT sites and red dots are those in FSEDs.

VA-8702--Memorial Regional

The orange shaded area in **Figure 1** shows the additional area for which the Memorial Regional proposed project would provide service within 30 minutes beyond the expansion of coverage that the HDH proposed project would provide. That is, the combined orange and green areas in **Figure 1** represent the additional CT coverage within 30 minutes’ drive time that the proposed Memorial Regional project would add beyond the status quo.

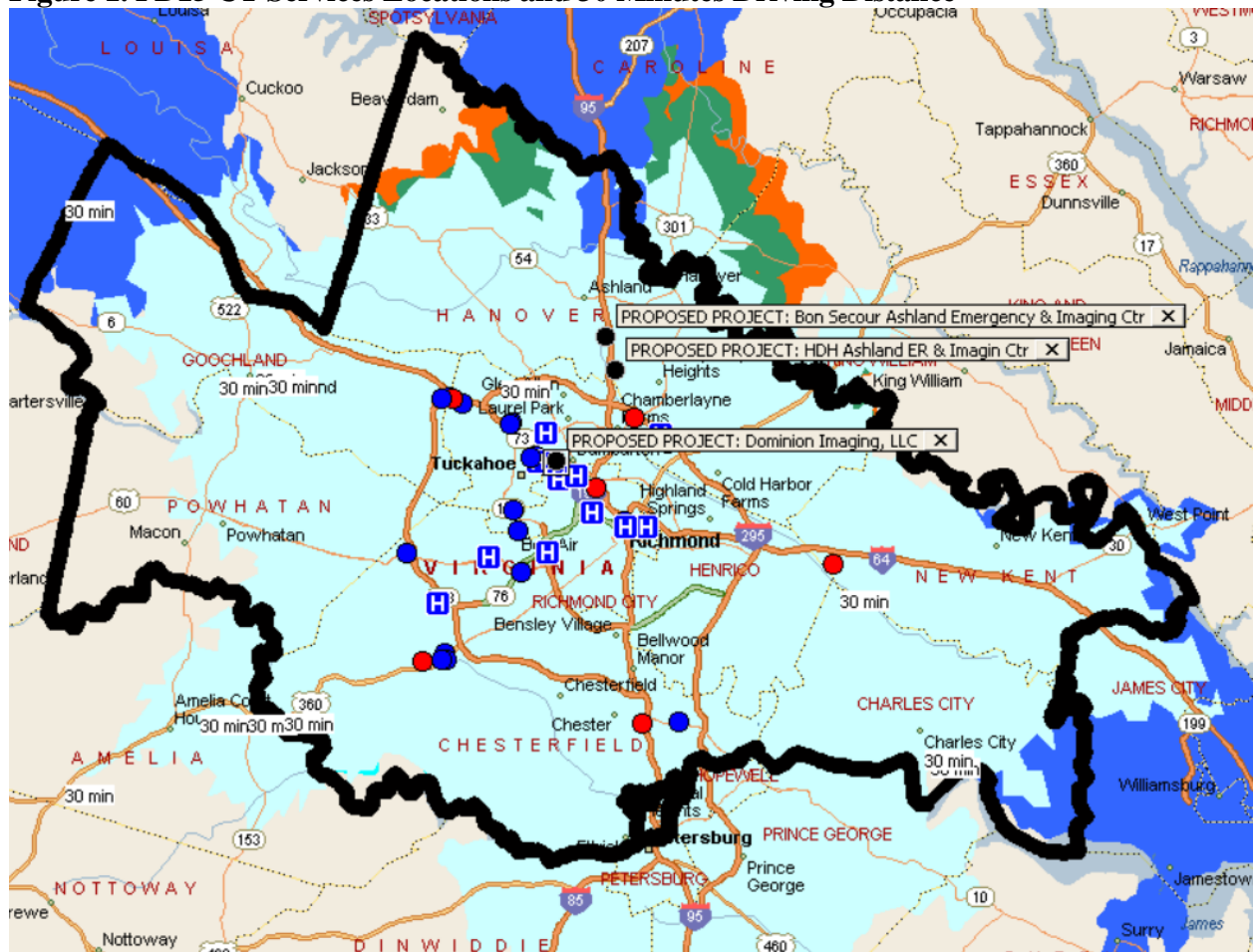
VA-8705—Dominion

The Dominion proposed project is located more central to existing CT providers in PD 15 and its approval would not add any coverage within 30-minute driving time beyond what currently exists.

VA-8706—HDH

The green shaded area indicates the additional area for which the HDH proposed project will provide CT service within 30 minutes beyond the status quo.

Figure 1. PD15 CT Services Locations and 30 Minutes Driving Distance



Source: DCOPN Records and Microsoft Streets & Maps

*Note: The red dots indicate free-standing ERs, the blue dots are outpatient imaging centers, the blue “H”s are hospitals with CTs, and the black dots are the proposed sites.

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.**
- 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.**

According to 2021 VHI data, the most recent available data, there were 42 CT scanners in PD 15 with an average utilization of 8,242 scans, exceeding the SMFP standard at 111% percent of the

SMFP threshold (**Table 3**). Several CT scanners have been authorized in PD 15 since the latest VHI data were published. The current DCOPN inventory accounts for 60 CT scanners, 53 of which are for diagnostic imaging use (see **Table 4**). At utilization of the SMFP standard of 7,400 scans per year, the 346,165 scans performed in PD 15 in 2021 would represent 47 fully utilized CT scanners, six fewer than are currently authorized.

Needed CT units = $346,165 \div 7,400 = 47$

Utilization Percentage in 2021: 111% (excludes dedicated intraoperative scanners)

Current number of PD 15 authorized CT units: 53 (excluding dedicated intraoperative scanners)

CT unit surplus = 6

Table 9. Distances to and from Proposed Sites and Proximal Sites

			miles	minutes
<i>Proposed HDH Site</i>	to	HDH Forest	11.1	16
<i>Proposed Memorial Regional Site</i>	to	Bon Secours Memorial Regional Medical Center	10.5	11
<i>Proposed HDH Site</i>	to	HDH Parham	8.5	11
(HDH) Scott’s Addition	to	HDH Forest	5.7	9
<i>Proposed Memorial Regional Site</i>	to	(HDH) Hanover ER	7	7
<i>Proposed HDH Site</i>	to	(HDH) Hanover ER	5.9	7
<i>Proposed Memorial Regional Site</i>	to	<i>Proposed HDH Site</i>	3.6	6
(HDH) Hanover ER	to	Bon Secours Memorial Regional Medical Center	3.2	5
(HDH) Scott’s Addition	to	HDH Retreat	1.7	4
<i>Dominion Proposed Site</i>	to	Bon Secours Reynolds Crossing	0.1	<1

Source: Microsoft Streets & Trips

VA-8702—Memorial Regional

This standard is not applicable as Memorial Regional’s proposed project is evaluated as the expansion of an existing service under 12VAC5-230-110.

VA-8705—Dominion

PD 15 has a calculated surplus of 6 CT scanners, so the addition of a new service is inconsistent with this guideline. The proposed Dominion site is 0.1 miles, less than one minute from Bon Secours Reynolds Crossing. A new CT site this close to an existing provider is very likely to reduce its volumes significantly.

The applicant has proposed that specialty physician-based CT scanners should be eliminated from the calculation as they are typically used only for the patients of the specialists’ practice. Applying the need calculation to CT scanners not operated by specialty practices yields an average utilization of 9,086 CT scans per unit (123% of the SMFP threshold) based on 2021 VHI data. The non-specialist volumes represent 45 CT Scanners at 100% of the SMFP standard (two fewer than the prescribed SMFP calculation). Including CT scanners added to the PD 15 inventory since the 2021 count, there are 43 authorized CT scanners that are not operated in specialty physician offices, which represents a calculated deficit of two CT scanners. Even applying the need calculation in this way excluding providers not excluded by the SMFP, the second part of the standard is not met. As a CT provider without an existing patient base, CT volumes at a new radiologist-operated site would come from existing providers and significantly reduce their volumes.

VA-8706—HDH

HDH's proposed project is evaluated as the expansion of an existing service under 12VAC5-230-110.

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.

VA-8702—Memorial Regional

According to 2021 VHI data, Memorial Regional's CT scanners performed an average of 12,231 CT scans per unit, 165.3% of the SMFP guideline demonstrating institutional need for additional capacity. Memorial Regional is proposing a separate location, Bon Secours Ashland Emergency and Imaging Center at which to add one CT scanner to serve existing Bon Secours patients in its primary service area north of the main campus, as explicitly allowed by this guideline. The proposed site is seven miles from the nearest existing provider, Hanover ER (**Table 9**). This is further away than Hanover ER is to Memorial Regional's main campus and further than the proposed HDH site is to Hanover ER. The proposed project will primarily serve existing Bon Secours patients and is unlikely to significantly reduce utilization of an existing provider.

VA-8705—Dominion

This standard is not applicable as Dominion's proposed project does not represent an expansion of an existing service but a new service.

VA-8706—HDH

According to HDH's updated 2022 CT volumes, its three hospital-based and two outpatient CT scanners performed 50,655 CT scans that year on six CT scanners for an average of 8,443 scans per unit, 114% of the SMFP threshold. In October 2022 HDH was authorized to relocate the CT unit at West Creek (which had no CT volumes) to Scott's Addition ER to make use of an unutilized CT resource and address this HDH institutional need at Scott's Addition ER, expected to be operational in 2024.

CT volumes located at a FSED as part of an established imaging department must be on the license of one hospital. Presumably, the intention is for the CT at Ashland ER and Imaging Center to be an expansion of HDH-Forest hospital. The applicant provided updated 2022 CT volumes for the two hospital-based CT scanners at HDH-Forest, but did not include volumes from Hanover ER, also on its license. Based on volumes provided in COPN Request No. VA-8644 requesting CT services at Scott's Addition ER, HDH-Forest's two hospital-based scanners performed 30,269 CT scans in 2021 (205% of SMFP standard) Hanover ER performed 3,433 (46% of SMFP standard) and West Creek had done 0 CT scans. This total of 33,702 CT scans when performed on its three operational CT scanners, equals 11,234 CT scans per scanner, 152% of the SMFP. Once the fourth scanner is operational at Scott's Addition ER, HDH-

Forest's CT scanners will still have utilization above the SMFP threshold at 8,426 or 114%. These numbers demonstrate a maldistribution of CT resources. Duplicating the maldistributed Hanover County CT capacity six miles from an existing underutilized resource will not improve access or decant volumes from HDH's existing CT scanners, but would establish a (duplicative, unneeded) foothold service which HDH plans to develop into a hospital over time.

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.**

This provision is not applicable as none of the applicants are proposing to add or expand mobile CT services.

12VAC5-230-130. Staffing.

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

All three applicants provide assurances that their respective CT services will be under the direction or supervision of one or more qualified physicians.

12VAC5-230 Part I, Article 2

Criteria and Standards for Magnetic Resonance Imaging

12VAC5-230-140. Travel time.

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

The light blue shaded area in **Figure 3** illustrates the areas in PD 15 that have MRI services available within 30 minutes driving distance. The dark blue illustrates MRI coverage within 30 minutes from providers outside of the PD. The areas not within the shaded area include Cartersville (population 1,434 per 2020 Census), Beaverdam (population 14,374 per 2020 Census), Macon (population 28,696 per 2020 Census) and Charles City (population 104 per 2020 Census) with a total population for the four being approximately 44,608 in 2020. The total PD 15 population was 1,140,301 in 2020, meaning the three towns not within 30 minutes driving distance from MRI services make up approximately 3.9% of the PD population, or that 96.1% of the PD is within the appropriate driving time from MRI services according to the SMFP standard. The black dots locate the three proposed projects, while "H" symbols with blue

backgrounds are hospital-based MRI scanners. Dots are freestanding MRI sites and red dots are those in FSEDs.

VA-8702--Memorial Regional

The orange shaded area in **Figure 3** shows the additional area for which the Memorial Regional proposed project would provide service within 30 minutes beyond the expansion of coverage that the HDH proposed project would provide. That is, the combined orange and green areas in **Figure 3** represent the additional MRI coverage within 30 minutes' drive time that the proposed Memorial Regional project would add beyond the status quo.

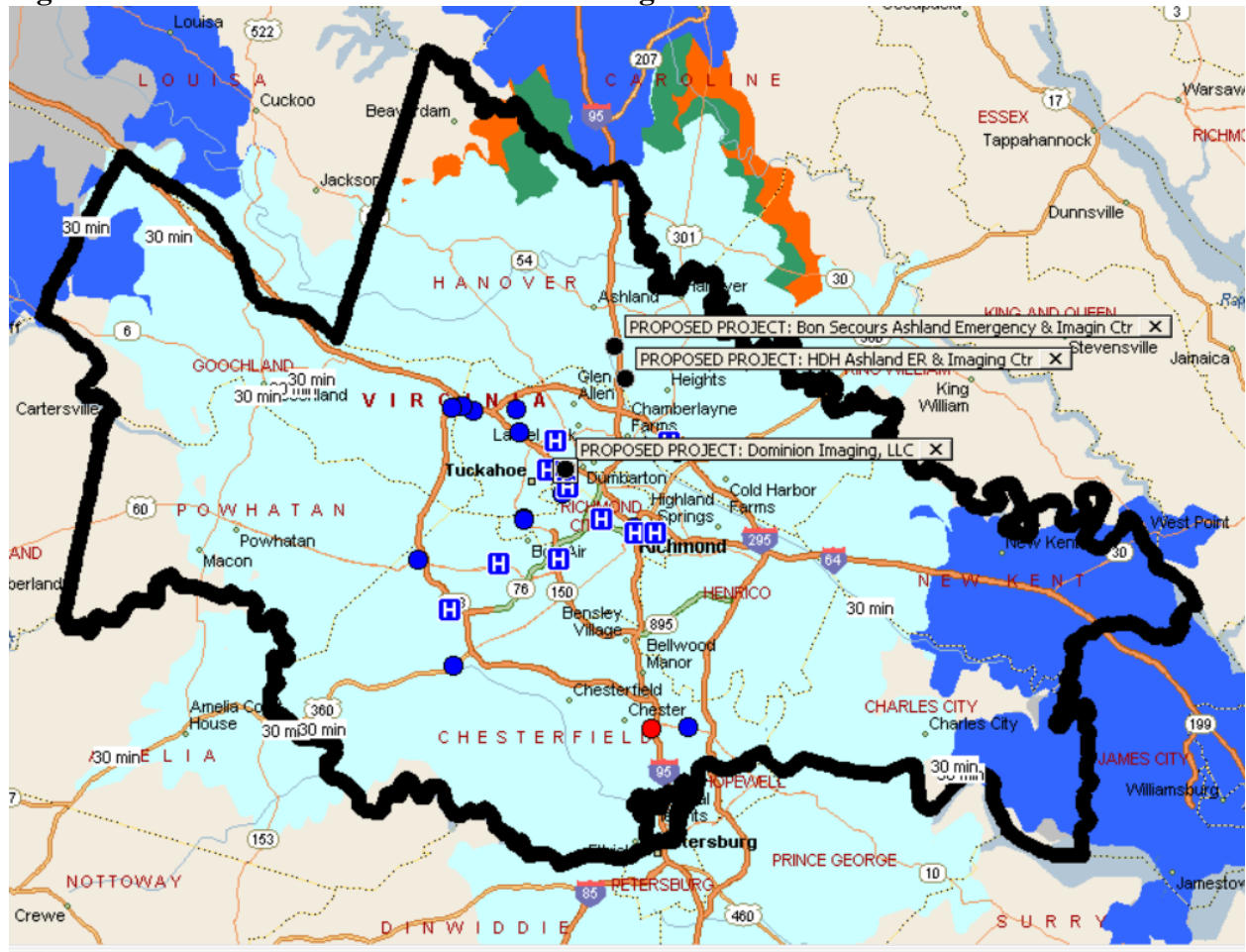
VA-8705—Dominion

The Dominion proposed project is located more central to existing MRI providers in PD 15 and its approval would not add any coverage within 30-minute driving time beyond what currently exists.

VA-8706—HDH

The green shaded area indicates the additional area for which the HDH proposed project will provide MRI service within 30 minutes beyond the status quo.

Figure 3. MRI Locations and 30 Minutes Driving Distance



Source: DCOPN Records and Microsoft Streets & Trips

*Note: The blue dots are outpatient units, while the blue “H”s are units available at hospitals, and the black dots indicate the locations of the proposed projects.

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

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

According to 2021 VHI data, the most recent available data, there were 34 fixed site MRI scanners in PD 15 with an average utilization of 3,626 scans, 72.5% percent of the SMFP threshold (Table 6). The current DCOPN inventory accounts for 42 diagnostic MRI scanners, 39 of them fixed site scanners (see Table 7). At utilization of the SMFP standard of 5,000 scans per year, the 123,297 scans performed in PD 15 in 2021 would represent 24.6 (25) fully utilized MRI scanners, fourteen fewer than are currently authorized.

Needed fixed MRI units = $123,297 \div 5,000 = 24.6$ (25)

Utilization Percentage in 2021: 72.5% (excludes MRI simulator)

Current number of PD 15 authorized fixed site MRI units: 39 (excluding MRI simulator and mobile units)

MRI unit surplus = 14

VA-8702—Memorial Regional

This standard is not applicable as Memorial Regional's proposed project is evaluated as the expansion of an existing service under 12VAC5-230-160.

VA-8705—Dominion

PD 15 has a calculated surplus of 14 MRI scanners so the addition of a new service at the proposed Dominion site is inconsistent with this guideline. The proposed Dominion site is 0.1 miles, less than one minute from Bon Secours Reynolds Crossing. A new MRI site this close to an existing provider is very likely to reduce its volumes significantly.

The applicant has proposed that specialty physician-based MRI scanners should be eliminated from the calculation as they are typically used only for the patients of the specialists' practice. Applying the need calculation to MRI scanners not operated by specialty practices yields an average utilization of 3,370 MRI scans per unit (67.4% of the SMFP threshold) based on 2021 VHI data. The non-specialist volumes represent 21 MRI Scanners at 100% of the SMFP standard (four fewer than the prescribed SMFP calculation). Including MRI scanners added to the PD 15 inventory since the 2021 count, there are 35 authorized MRI scanners that are not operated in specialty physician offices, which represents a surplus of 14 MRI scanners. In addition, as a provider without an existing patient base, MRI volumes at a new radiologist-operated site would come from existing providers and significantly reduce their volumes.

VA-8706—HDH

HDH's application states that it is seeking the addition of MRI as a new fixed site service in PD 15. PD 15 has a calculated surplus of 14 MRI scanners so the addition of a new service at the proposed Ashland ER and Imaging Center site is inconsistent with this guideline. No MRI data were presented, but instead quotes from letters of support were provided as support for establishing this duplicative MRI service.

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.

VA-8702—Memorial Regional

In 2021, Memorial Regional’s MRI units performed an average of 4,959 MRI scans per unit, 99.2% of the SMFP threshold. In its application, Memorial Regional reported 10,588 MRI scans in 2022, an average of 5,294 MRI scans per unit, 106% of the SMFP threshold, demonstrating a need for additional capacity. Memorial Regional is proposing a separate location, Bon Secours Ashland Emergency and Imaging Center at which to add one MRI scanner to serve existing Bon Secours patients in its primary service area north of the main campus, as allowed by this guideline. The nearest existing MRI provider site to the proposed site is Memorial Regional’s main campus. The proposed project is unlikely to significantly reduce utilization of existing providers of MRI services.

VA-8705—Dominion

This standard is not applicable to Dominion’s proposed project because it proposes a new MRI site and not the expansion of an existing MRI site.

VA-8706—HDH

HDH is requesting an MRI scanner as a new service not as expansion of an existing service. The applicant did not provide analysis of its existing MRI volumes. In 2021, HDH MRI units performed an average of 2,176 MRI scans on its four existing MRI units, 43.5% of the SMFP threshold. HDH-Forest, with which the proposed MRI scanner would presumably be licensed, performed 5,189 MRI scans on two scanners, 2,595 per scanner, or 51.9% of the SMFP standard.

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

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

This provision is not applicable as none of the applicants is proposing to add or expand mobile MRI services.

12VAC5-230-180. Staffing.

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

The three applicants provide assurances that their respective proposed MRI services will be under the direct supervision of one or more qualified physicians.

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.

VA-8702—Memorial Regional

Memorial Regional has demonstrated institutional need for both CT and MRI services.

VA-8705—Dominion

This section is not applicable to Dominion's proposal.

VA-8706—HDH

HDH has demonstrated an institutional need for CT services; however, Hanover ER has an underutilized HDH CT service approximately 6 miles from the proposed site of Ashland ER and Imaging Center already serving its Hanover patients. Its underutilization demonstrates that there is not a great need among HDH patients, and certainly no need for additional services. Adding a duplicative CT service within such a short distance will cannibalize volumes and create two underutilized HDH CT facilities and risks significantly reducing volumes of existing providers. Reallocating the Hanover ER CT to the proposed Ashland Hospital site will create an underutilized CT service at a different location on a very large property and at great expense.

DCOPN concludes, and HDH has stated, that the purpose of the proposed project is to create a foothold on which to add HDH services over time and build an HDH acute care hospital in Ashland. Approval of the proposed project would be using the institutional need section of the SMFP "to justify a need to establish new services."

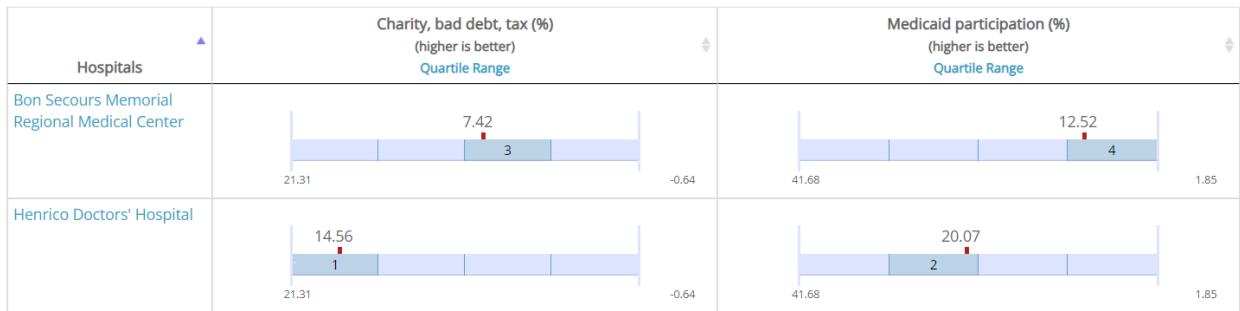
12VAC5-230-60. When competing applications received.

In reviewing competing applications, preference may be given to an applicant who:

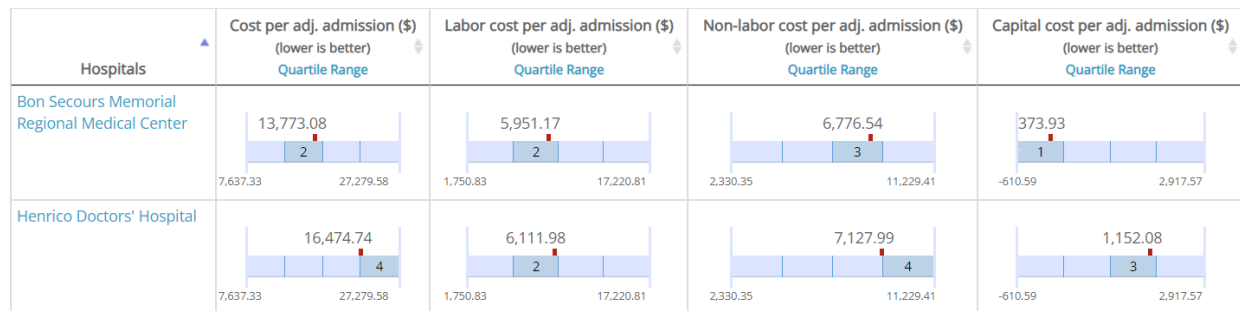
- 1. Has an established performance record in completing projects on time and within the authorized operating expenses and capital costs;**
- 2. Has both lower capital costs and operating expenses than his competitors and can demonstrate that his estimates are credible;**
- 3. Can demonstrate a consistent compliance with state licensure and federal certification regulations and a consistent history of few documented complaints, where applicable; or**
- 4. Can demonstrate a commitment to serving his community or service area as evidenced by unreimbursed services to the indigent and providing needed but unprofitable services, taking into account the demands of the particular service area.**

Figure 4. Comparison of Cost and Community Support, Competing Applicants

Community Support



Costs



Source: https://www.vhi.org/Efficiency/Efficiency_compare_result.asp

VA-8702--Memorial Regional

Memorial Regional has been the only acute care hospital in Hanover County for 24 years, provided 1.97% charity care in the last year for which data are available and has proffered 2.1% charity care for the project, higher than HPR IV mean in 2020. According to the current VHI efficiency comparison, Memorial Regional demonstrated higher levels of community support and lower costs than HDH (**Figure 4**).

Of Bon Secours COPN-regulated projects completed in PD 15 in the past fifteen years, no significant changes were filed for time or cost over-runs; however, 7 of 18 were completed more than six months late (39%). Licensure has conducted six complaint investigations since July 2021. Three indicated no deficiencies and three were standard level citations (facility in substantial compliance, with plan of action optional). Memorial Regional is in compliance as of July 19, 2023.

VA-8705—Dominion

Dominion does not have a history of projects to examine or documented unreimbursed service but has proffered 3% charity care.

VA-8706—HDH

HDH has operated Hanover ER in Hanover County since 2014. It provided 1.06% charity care in 2020, lower than the HPR IV mean that year and its proforma for the proposed project anticipates

1% charity care. According to the current VHI efficiency comparison, HDH demonstrated lower levels of community support and higher costs than Bon Secours (**Figure 4**).

Of HCA's COPN-regulated projects completed in PD 15 in the past fifteen years, four significant changes were filed for time extensions on twelve completed projects and 5 of 12 (42%) were more than six months late. Licensure has conducted nine complaint investigations since February 2022. Six indicated no deficiencies and two were standard level citations (facility in substantial compliance, with plan of action optional) and one was a condition level deficiency. HDH has an investigation pending but is in compliance as of July 19, 2023.

Required Considerations Continued

- 4. The extent to which the proposed service or facility fosters institutional competition that benefits the area to be served while improving access to essential health care services for all persons in the area to be served.**

VA-8702--Memorial Regional

PD 15 is served by multiple thriving providers of CT and MRI imaging services. The proposed project is based on an institutional need to improve access for existing patients of Memorial Regional. It would not foster beneficial institutional competition.

VA-8705—Dominion

Dominion asserts that its proposed project would foster competition that would benefit the area as it would be unique in PD 15 as an independent CT and MRI provider, not affiliated with a hospital or health care system. It would represent a low-cost, high-quality provider with highly trained and specialized radiologists performing advanced diagnostic and image-guided interventional procedures. As pricing would be physician office billing rates, it anticipates more affordable costs than existing providers; however, IDTFs existing within PD 15 and very near to the proposed Dominion site also offer low-cost, high-quality CT and MRI services. Dominion's proposal does not offer beneficial unique features that do not already exist in PD 15. Given that there are multiple thriving providers the addition of a new provider that would redirect volumes from existing providers, some underutilized, would not be beneficial nor improve access.

VA-8706—HDH

PD 15 is served by multiple thriving providers of CT and MRI imaging. The proposed project is partially based on an institutional need to improve access for existing patients of HDH and a stated desire to place and grow services in Hanover County. It would not foster beneficial institutional competition.

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

PD 15 is well served by hospital-based, freestanding and specialty physician-operated imaging services. Bon Secours, HCA, and VCU Health as well as a long-term acute care hospital and specialists in oncology, urology, ENT, women's services, orthopedics and others represent a wide variety of providers. There is a surplus of both CT scanners and MRI

scanners in PD 15 with highest utilization occurring in acute hospital imaging services (FSED imaging volumes are included with the hospitals with which they are affiliated).

VA-8702--Memorial Regional

Memorial Regional is an acute care hospital within the Bon Secours Richmond Health System. In PD 15 there are four Bon Secours acute care hospitals and four outpatient imaging sites, two of which are FSEDs. In 2021, the system’s 12 CT units in PD 15 average 9,989 scans per unit, or 135% of the SMFP threshold for CT. Its 12 MRI scanners in PD 15 performed an average of 3,388 scans per unit, or 67.8% of the SMFP threshold for MRI.

VA-8705—Dominion

Dominion is owned by Dominion Radiology Associates, a large multi-subspecialty radiology practice already serving PD 15. It does not currently offer CT and MRI services, so it does not have an established patient base in these services to demonstrate historical volumes and need. Any CT and MRI volumes will diminish volumes of existing providers of these services. Dominion’s proposed project does not represent a unique offering with regard to services or cost that would benefit the area more than existing providers.

VA-8706—HDH

HDH is part of HCA Health Services of Virginia, Inc., as are Chippenham, Johnston & Willis Hospitals within PD 15. There are also three affiliated FSEDs and two additional FSEDs authorized but not yet operational. In 2021, the system’s 15 CT units in PD 15 average 8,894 scans per unit, or 120% of the SMFP threshold for CT. Its 10 MRI scanners in PD 15 performed an average of 3,572 scans per unit, or 71.4% of the SMFP threshold for MRI.

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

VA-8702--Memorial Regional

The projected costs of the proposed project are reasonable, and the applicant will fund the capital costs in their entirety with internal reserves. The proforma projects a positive net income in excess of \$2 million each of the first two years following implementation of the proposed project. Though healthcare staffing is challenging across Virginia, additional human resources required to operationalize are modest at 6 FTEs.

Table 10. Proforma-Memorial Regional Proposed Project

	Year 1	Year 2
Gross Patient Revenue	\$ 49,744,125	\$ 56,912,190
Revenue Deductions	\$ 41,540,899	\$ 47,526,837
Charity Care	\$ 1,065,151	\$ 1,218,637
Total Deductions	\$ 42,606,050	\$ 48,745,474
Net Revenue	\$ 7,138,075	\$ 8,166,716
Operating Expenses	\$ 4,967,770	\$ 5,688,721
Income from Operations	\$ 2,170,305	\$ 2,477,995

Source: COPN Request No. VA-8702 Application

VA-8705—Dominion

The projected costs of the proposed project are reasonable, and the applicant will fund the capital costs entirely with internal funds/membership capital. The proforma projects a positive net income each of the first two years following implementation of the proposed project. Though healthcare staffing is challenging across Virginia, additional human resources required to operationalize are modest at 3 FTEs.

Table 11. Proforma Dominion Proposed Project

	Year 1	Year 2
Gross Patient Revenue	\$ 3,149,667	\$ 3,365,124
Revenue Deductions	\$ 1,482,859	\$ 1,592,446
Charity Care	\$ 94,490	\$ 100,954
Total Deductions	\$ 1,577,349	\$ 1,693,400
Net Revenue	\$ 1,572,318	\$ 1,671,724
Operating Expenses	\$ 1,331,748	\$ 1,582,430
Income from Operations	\$ 240,570	\$ 89,294

Source: COPN Request No. VA-8705 Application

VA-8706—HDH

The Ashland ER and Imaging Center project’s anticipated total capital cost is exceptionally high but include site acquisition cost of \$14,500,000 for 39 acres on which HDH would like to construct an acute care hospital. The proforma projects a positive net income each of the first two years following implementation of the proposed project. Though healthcare staffing is challenging across Virginia, additional human resources required to operationalize are modest at 5.9 FTEs and HCA has HR recruiting and development strategies in place.

Table 12. Proforma HDH Proposed Project

	Year 1	Year 2
Gross Patient Revenue	\$ 26,876,402	\$ 29,026,333
Revenue Deductions	\$ 24,263,684	\$ 26,208,268
Charity Care	\$ 258,013	\$ 278,653
Bad Debt	\$ 335,955	\$ 362,829
Total Deductions	\$ 24,857,652	\$ 26,849,750
Net Revenue	\$ 2,018,750	\$ 2,176,583
Operating Expenses	\$ 1,506,974	\$ 1,677,935
Income from Operations	\$ 511,776	\$ 498,648

Source: COPN Request No. VA-8706 Application

- The extent to which the project provides improvements or innovations in the financing and delivery of health 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 services on an outpatient basis. (iii) Any cooperative efforts to meet regional health care needs. (iv) At the discretion of the Commissioner, any other factors as may be appropriate.**

VA-8705—Dominion

Dominion asserts that provision of imaging services in a physician-owned setting would make CT and MRI services available at the lower physician office rates as opposed to higher hospital-based inpatient and outpatient rates. Not only are there numerous physician-owned services in PD 15, but some hospital-affiliated services are offered at freestanding hospital and physician office rates, according to multiple letters of opposition from providers. Dominion also asserts that it would offer new technologies (such as CTA, MRI, contrast studies, ABMR) not available in PD 15, or not available in independent, physician-owned settings; likewise, existing CT and MRI providers presented examples in their letters of opposition where these services are available in the PD.

The other two proposed projects, VA-8702 and VA-8706 do not provide any improvements or innovation in the financing or delivery of healthcare through the introduction of new technology that would promote quality, cost effectiveness, or both in the delivery of healthcare services. All three proposed the provision of CT and MRI services on an outpatient basis.

8. In the case of a project proposed by or affecting a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

(i) The unique research, training, and clinical mission of the teaching hospital or medical school. (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.

VA-8702--Memorial Regional

Memorial Region is not associated with a teaching hospital or medical school but operates a school of nursing health professions and collaborates with colleges, universities and allied health schools to facilitate training.

VA-8705—Dominion

Dominion is not associated with a public institution of higher education or a medical school.

VA-8706—HDH

HDH is not associated with a teaching hospital or medical school, but HCA Virginia Health System has 11 Graduate Medical Education (GME) programs and recently partnered with the Galen College of Nursing to open Galen's first Virginia campus in Richmond.

DCOPN Staff Findings and Conclusions

VA-8702--Memorial Regional

The proposed Memorial Regional project will increase geographical access as well as financial accessibility in an area of PD 15 experiencing growth, particularly in the 65 and older cohort. Of the three competing proposals, Memorial Regional's expands geographic access to CT and MRI services within a 30-minute drive to the greatest extent. The poverty rate in Hanover County is very low, but the applicant has proffered a higher percentage of charity care than HPR IV mean,

consistent with its historical above-average charity care and financial accessibility. The proposed project will decant high utilization from the imaging services on Memorial Regional's campus opening access there and at the proposed site.

The proposed project has both support from its community as well as some opposition from existing providers. The one letter of opposition cited insufficient data for thorough analysis and the requirement to reallocate underutilized resources; however, DCOPN found sufficient data for required considerations and analyses, and no appropriate underutilized equipment were identified within PD 15 Bon Secours facilities to reallocate.

The proposed project is consistent with applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia with regard to a fixed CT site and a fixed MRI site. Memorial Regional has demonstrated an institutional need for both services. The proposed location would be convenient to existing imaging patients of Memorial Regional that live north of its main campus within its primary service area, and its implementation is not likely to decrease volumes of existing providers. The project is wholly feasible financially and with regard to human resources with high likelihood of achieving projected volumes. It is more beneficial than the status quo.

The Code of Virginia provides guidance when competing applications are received in the form of factors for which to grant preference to one proposal over another. These factors favor Memorial Regional's project.

VA-8705—Dominion

The proposed Dominion project will not increase geographical access and offers little improvement in financial accessibility in PD 15. Despite its assertions of lower billing rates, other providers near its proposed site have demonstrated comparable costs. The population of Henrico County overall and in the 65+ age cohort, is growing a little more slowly than PD 15. The poverty rate in Henrico County is below the state average, but the applicant has proffered a higher percentage of charity care than HPR IV mean.

The proposed project has both support from its community and opposition from existing physicians and providers. Dominion commissioned research that yielded evidence of barriers to access in PD 15. Premises of arguments supporting approval of its proposal were that barriers would be addressed through significantly lower physician office billing rates and that Dominion would provide access to specific procedures not otherwise available at lower rates. Letters of opposition provided specific examples of existing providers near Dominion's proposed site with cost structures comparable to what Dominion has proposed and offering procedures in IDTFs (contrast-enhanced imaging, CTA, MRA, ABMR, for example) that would also not be unique to Dominion's service offerings. Dominion's proposed project would not add a service substantially different that would benefit PD 15 more than existing providers.

The proposed project is inconsistent with applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia with regard to a fixed CT site and a fixed MRI site. There is a surplus of both CTs and MRIs in PD 15 and the proposed project would achieve its volumes by redirecting them from existing providers, significantly reducing volumes

of providers less than a mile from the proposed site. Though the capital costs are low, and the project is wholly feasible financially and with regard to human resources, it is a duplication of existing CT and MRI services in a PD where there are surpluses of both. The status quo is more beneficial than the proposed project.

VA-8706—HDH

The proposed HDH project will increase geographical access for MRI in an area of PD 15 experiencing growth, particularly in the 65 and older cohort. Of the three competing proposals, HDH's expands geographic access to CT and MRI services within a 30-minute drive to a lesser extent than Memorial Regional's. The poverty rate in Hanover County is very low, and the applicant has included a lower percentage of charity care than HPR IV mean. As described, Ashland ER and Imaging Center is intended to fill an institution-specific need for HDH's patients living in the norther part of its primary service area, but Hanover ER, an HDH FSED, is only 5.9 miles away from the proposed project, and underutilized. Also, Scott's Addition site was approved in 2022 to fill HDH's institution-specific need. The proposed project is unnecessary and at best premature until that authorized FSED is operational.

There is both support from the community as well as opposition from existing providers for the proposed project. Most of the letters of support were for Ashland Hospital rather than the current proposed imaging services, and support specific to the current proposed project was qualified by statements that the supporter really wanted something different. Letters of opposition sited insufficient data for thorough analysis, failure to demonstrate need for services for HDH patients in the area, hospital based HDH emergency rooms as well as an HDH FSED in adequate proximity from the proposed site and the recent authorization of Scott's Addition ER for HDH has not yet opened.

The proposed project is inconsistent with applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia with regard to a fixed CT site and a fixed MRI site. Though recent data on HDH's CT services indicate institutional need, COPN No. VA-04811 was issued in October 2022 to address this need. There is no demonstration of institutional need for MRI at HDH facilities. Though the proposed is wholly feasible financially and with regard to staffing, its implementation would be a duplication of services in a PD where there is a surplus of both CTs and MRIs.

Many times applications submitted for the same PD in the same review cycle are very different and do not, in fact, compete for approval. In this case, two of the three projects under review are for the same services (CT and MRI) in the same setting (a FSED) and within four miles of each other. It is not prudent to approve both of these projects. The Code of Virginia provides guidance when competing applications are received, in the form of factors for which to grant preference to one proposal over another. These factors favor Memorial Regional's project.

DCOPN Staff Recommendations

VA-8702--Memorial Regional

DCOPN recommends **conditional approval** of COPN Request no. VA-8702, Bon Secours Memorial Regional Medical Center's request to expand CT and MRI Services by establishing a medical care facility for CT and MRI imaging for the following reasons:

1. The proposal to expand CT and MRI Services of Bon Secours Memorial Regional Medical Center through the establishment of Bon Secours Ashland Emergency and Imaging Center is generally consistent with the applicable standards of the SMFP and the 8 Required Considerations of the Code of Virginia.
2. The applicant has a history of service to Hanover County and financial accessibility to the area and proffers higher than average charity care for the proposed project.
3. The proposed project will increase geographic and financial accessibility in a growing area of PD 15, particularly in the population segment with higher utilization of imaging services.
4. The applicant has demonstrated an institution-specific need for both CT and MRI services and the proposed project will not significantly decrease volumes of existing providers.
5. The proposed project is feasible financially and with regard to human resources in the short and long terms.
6. The proposed project is more beneficial than the status quo.
7. Memorial Regional's project has preference over competing applications in the current review, based upon guidance within the Code of Virginia for competing applications.

DCOPN's recommendation is contingent upon Bon Secours-Memorial Regional Medical Center, LLC's agreement to the following charity care condition:

Bon Secours Ashland Emergency and Imaging Center will provide CT and MRI imaging services to all persons in need of this service, 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 15 in an aggregate amount equal to at least 2.1% of Bon Secours Ashland Emergency and Imaging Center's gross patient revenue derived from CT and MRI services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Bon Secours-Memorial Regional Medical Center, LLC will accept the revised charity condition based on data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C.

§ 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Bon Secours Ashland Emergency and Imaging Center will provide CT and MRI services 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 Bon Secours Ashland Emergency and Imaging Center will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

VA-8705—Dominion

DCOPN recommends **denial** of COPN Request no. VA-8705, Dominion Imaging, LLC's request to establish a specialized center for CT and MRI imaging for the following reasons:

1. The proposal for Dominion Imaging, LLC to establish CT and MRI Services is
2. There is a surplus of both CTs and MRIs in PD 15.
3. The proposed project will not improve geographic or financial access in PD 15 beyond what has been achieved by existing providers. inconsistent with the applicable standards of the SMFP and the 8 Required Considerations of the Code of Virginia.
4. The proposed project is a duplication of services already available in the PD and would significantly decrease volumes of existing providers.
5. There is documented opposition to the proposed project.
6. The status quo is more beneficial than the proposed project.

VA-8706—HDH

DCOPN recommends denial of COPN Request no. VA-8706, Henrico Doctor's Hospital's request to expand CT and MRI Services by establishing a medical care facility for CT and MRI imaging for the following reasons:

1. The proposal for Henrico Doctor's Hospital to establish CT and MRI Services at Ashland ER and Imaging Center is inconsistent with the applicable standards of the SMFP and the 8 Required Considerations of the Code of Virginia.
2. The institutional need demonstrated by recent CT utilization data was partially addressed by the authorization of COPN No. VA-04811 less than a year ago, a project not yet operational.

3. Underutilization of a CT service proximal to the proposed site demonstrates an addition CT would not expand access to HDH patients beyond the status quo.
4. There is a surplus of both CTs and MRIs in PD 15.
5. There is documented opposition to the proposed project.
6. The proposed project is a duplication of services already available in the PD and would significantly decrease volumes of existing providers.
7. The project was in a competing cycle with a similar project to which was given preference consistent with guidance from the Code of Virginia.
8. The status quo is more beneficial than the proposed project.