



COMMONWEALTH of VIRGINIA

Karen Shelton, MD  
State Health Commissioner

Department of Health  
P O BOX 2448  
RICHMOND, VA 23218

TTY 7-1-1 OR  
1-800-828-1120

February 21, 2024

Adrian Stanton  
VHC Health  
1701 North George Mason Drive  
Arlington, Virginia 22205

RE: **COPN No. VA-04880**  
**Virginia Hospital Center Arlington Health System d/b/a VHC Health**  
**Arlington, Virginia**  
**Establish a specialized center for computed tomography and magnetic resonance imaging**

Dear Mr. Stanton:

In accordance with Chapter 4, Article 1.1 of Title 32.1 of the Code of Virginia of 1950 (the Code), as amended, I reviewed the application and all supporting documents submitted by Virginia Hospital Center Arlington Health System d/b/a VHC Health to establish a specialized center for computed tomography (CT) and magnetic resonance imaging (MRI) services with one fixed CT unit and one fixed MRI unit.

As required by Section 32.1-102.3B of the Code, I have considered all factors that must be taken into account in a determination of public need, and I have concluded that **conditional approval** of the request is warranted based on the following findings:

1. The project is consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The applicant has demonstrated an institutional need to expand its CT and MRI services.
3. The project is more favorable than maintaining the status quo.
4. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
5. The capital costs are reasonable.

Mr. Adrian Stanton  
VHC Health  
February 21, 2024  
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6. The proposed project appears economically viable in the immediate and the long-term.
7. There is no known opposition to the proposed project.

This certificate is valid for the period February 21, 2024 through February 20, 2025. The total authorized capital cost of the project is \$3,313,000.

Please file two copies of the application for a certificate extension with the Department and one copy with the regional health planning agency no later than 30 days before the expiration date of the certificate. Part VIII of the Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations identifies the filing requirements and review procedure for certificate extension requests.

Sincerely,



Karen Shelton, MD  
State Health Commissioner

Enclosure

cc: Allyson Tysinger, Senior Assistant Attorney General, Commonwealth of Virginia  
Erik Bodin, Director, Division of Certificate of Public Need  
Dean Montgomery, Executive Director, Health Systems Agency of Northern Virginia  
Deborah K. Waite, Chief Operating Officer, Virginia Health Information  
Gloria Addo-Ayensu, MD, MPH, District Director, Fairfax County Health District  
Jamie Baskerville Martin, Williams Mullen

COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF HEALTH  
MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

THIS CERTIFIES THAT Virginia Hospital Center Arlington Health System d/b/a VHC Health is authorized to initiate the proposal as described below.

NAME OF FACILITY: VHC Health Outpatient Imaging Center

LOCATION: 1760 Old Meadow Road, McLean, Virginia 22102

OWNERSHIP AND CONTROL: Virginia Hospital Center Arlington Health System d/b/a VHC Health

SCOPE OF PROJECT: Establish a specialized center for computed tomography (CT) and magnetic resonance imaging (MRI) services with one fixed CT unit and one fixed MRI unit. Capital costs authorized for this project total \$3,313,000. The project is expected to be completed by June 16, 2025. This certificate is issued with the condition that appears on its reverse.



Pursuant to Chapter 4, Article 1:1 of Title 32.1, Sections 32.1-102.1 through 32.1-102.12 of the Code of Virginia (1950), as amended and the policies and procedures promulgated thereunder, this Medical Care Facilities Certificate of Public Need is issued contingent upon substantial and continuing progress towards implementation of the proposal within twelve (12) months from the date of issuance. A progress report shall be submitted to the State Health Commissioner within twelve (12) months from the date of issuance along with adequate assurance of completion within a reasonable time period. The Commissioner reserves the right not to renew this Certificate in the event the applicant fails to fulfill these conditions. This Certificate is non-transferable and is limited to the location, ownership, control and scope of the project shown herein.

Certificate Number: VA-04880

Date of Issuance: February 21, 2024

Expiration Date: February 20, 2025

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Karen Shelton, MD, State Health Commissioner

Virginia Hospital Center Arlington Health System d/b/a VHC Health will provide CT and MRI services to all persons in need of this service, regardless of their ability to pay, and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 8 in an aggregate amount equal to at least 3.0% of Virginia Hospital Center Arlington Health System d/b/a VHC Health's gross patient services revenue, consistent with the Virginia Hospital Center Arlington Health System system-wide charity care condition originally agreed to in 2014. 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. Virginia Hospital Center Arlington Health System d/b/a VHC Health will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Virginia Hospital Center Arlington Health System d/b/a VHC Health 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 942 U.S.C. § 1396 et seq.), and 10 U.S.C § 1071 et seq. Additionally, Virginia Hospital Center Arlington Health System d/b/a VHC Health will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.





1701 N. George Mason Drive • Arlington, VA 22205  
703.558.5000 • [vhchealth.org](http://vhchealth.org)

January 23, 2024

VIA ELECTRONIC MAIL ([erik.bodin@vdh.virginia.gov](mailto:erik.bodin@vdh.virginia.gov))

Erik O. Bodin, III  
Director, Division of COPN  
Virginia Department of Health  
9960 Mayland Drive - Suite 401  
Henrico, Virginia 23233

**RE: Acceptance of Charity Care Condition  
COPN Request No. VA-8735  
Virginia Hospital Center Arlington Health System d/b/a VHC Health  
Establish a Specialized Center for CT and MRI Imaging (Planning District 8)**

Dear Mr. Bodin:

I write on behalf of Virginia Hospital Center Arlington Health System d/b/a VHC Health ("VHC Health") in follow-up to the staff report issued by the Division of Certificate of Public Need ("DCOPN") on January 19, 2024, regarding the above-referenced Certificate of Public Need application. That application proposes to expand VHC Health's existing CT and MRI services via the establishment of a specialized center for CT and MRI services in Planning District 8. VHC Health appreciates DCOPN's recommendation of conditional approval of VHC Health's application and is pleased to accept the recommended charity care condition as set forth in the DCOPN staff report.

On behalf of VHC Health, thank you for DCOPN's diligent review of our project and for the favorable recommendation. As always, please let me know of any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Adrian Stanton".

Adrian Stanton  
Vice President, Real Estate Acquisition and Development  
VHC Health  
703.558.6319

cc: Dean Montgomery, Executive Director, Health Systems Agency of Northern Virginia  
Valerie Cheatham, Project Analyst, Division of Certificate of Public Need  
Jamie Martin, Esquire

# **VIRGINIA DEPARTMENT OF HEALTH**

## **Office of Licensure and Certification**

### **Division of Certificate of Public Need**

#### **Staff Analysis Report**

January 19, 2024

**COPN Request No. VA-8726**

Inova Health Care Services d/b/a Inova Fairfax Hospital  
Falls Church, Virginia  
Add one fixed MRI scanner

**COPN Request No. VA-8727**

IFRC, LLC  
Lansdowne, Virginia  
Add one fixed MRI scanner at 19455 Deerfield Ave Lansdowne

**COPN Request No. VA-8728**

IFRC, LLC  
Springfield, Virginia  
Establish CT services at 5501 Backlick Road, Springfield

**COPN Request No. VA-8730**

Insight Health Corporation  
Woodbridge, Virginia  
Introduce fixed CT imaging at Insight Imaging - Woodbridge

**COPN Request No. VA-8734**

District Hospital Partners, LP  
Falls Church, Virginia  
Establish a specialized center for CT and MRI imaging

**COPN Request No. VA-8735**

Virginia Hospital Center Arlington Health System d/b/a VHC Health  
Arlington, Virginia  
Establish a specialized center for CT and MRI imaging

#### **Applicants**

**COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)**

Inova Health Care Services d/b/a Inova Fairfax Hospital (IFH) is a 501(c)(3) Virginia non-stock corporation. Inova Health System Foundation, a 501(c)(3) Virginia non-stock corporation, is the sole owner of IFH. IFH is located in Falls Church, Virginia, Planning District (PD) 8, Health Planning Region (HPR) II.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

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

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

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

COPN Request No. VA-8730: Insight Health Corporation (Insight)

Insight Health Corporation (Insight) is a for-profit stock corporation that was organized in the State of Delaware. Insight Health Corporation is a wholly owned subsidiary of Insight Health Services Corporation. Insight Health Services Corporation is a wholly owned subsidiary of Insight Health Services Holdings Corporation. Insight Health Services Holdings Corporation is a wholly owned subsidiary of Diagnostic Services Holdings, Inc. Insight does business as Rayus Radiology – Woodbridge in Prince William County, Virginia, which is located in PD 8 within HPR II.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

District Hospital Partners, L.P. (DHP) is a limited partnership formed in the District of Columbia in 1997. DHP is a wholly owned subsidiary of Universal Health Services (UHS). The partners of DHP are UHS of DC, Inc., the majority owner (80%), and UHS Capital Acquisition, LLC, the minority owner (20%). Subsidiaries of DHP include The George Washington University Hospital (GWUH), GWUH Comprehensive Breast Center, GWUH Imaging Center, GWUH Radiation Oncology Center and GWUH Ambulatory Surgery Center. DHP proposes to establish The West Falls Church Regional Health Center (the Center) in Falls Church, Virginia, which is located in PD 8 within HPR II.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

Virginia Hospital Center Arlington Health System d/b/a VHC Health, a Virginia, non-stock corporation, is the sole owner of Virginia Hospital Center (VHC) and will be the sole owner of VHC Health Outpatient Imaging Center. VHC is located in Arlington, Virginia and VHC Health Outpatient Imaging Center will be located in McLean, Virginia. Both VHC and the proposed outpatient imaging center are located in PD 8, within HPR II.

**Background**

DCOPN records show that there are currently 73 COPN Authorized Computed Tomography (CT) scanners in PD 8 (**Table 1**).

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

Facility	# of Scanners
Centreville-Clifton Imaging Center - Fairfax Radiology	1
Fair Oaks Imaging Center	1
Fairfax Diagnostic Imaging Center	1
Fairfax ENT & Plastic Surgery Center	1
Fairfax MRI and Imaging Center at Tysons	1
Fairfax Radiology Center at Prosperity	2
Fairfax Radiology Center of Reston-Herndon	1
Fairfax Radiology Center at Woodburn	2
Inova Alexandria Hospital <sup>1</sup>	4
Inova Ashburn Healthplex	1
Inova Emergency Room of Fairfax City	1
Inova Fair Oaks Hospital	3
Inova Fairfax Hospital	7
Inova HealthPlex - Franconia/Springfield	1
Inova Imaging Center – Leesburg	1
Inova Imaging Center-Mark Center	1
Inova Lorton HealthPlex	1
Inova Loudoun Hospital	3
Inova Mount Vernon Hospital	2
Inova Oakville Ambulatory Center in the City of Alexandria	1
Inova Springfield Hospital <sup>2</sup>	1
Kaiser Permanente - Reston Medical Center	1
Kaiser Permanente - Tysons Corner Imaging Center	2
Kaiser Permanente - Woodbridge Imaging Center	1
Leesburg Emergency and Imaging Center <sup>3</sup>	1
Loudoun Medical Group, P.C.	1
Metropolitan ENT & Facial Plastic Surgery	1
Orthopaedic Foot and Ankle Center	1
Radiology Imaging Associates at Lansdowne	1
Radiology Imaging Associates at Sterling	1
Rayus Radiology - Arlington (formerly known as Insight Imaging - Arlington)	1
Rayus Radiology - Fairfax (formerly known as Insight Imaging - Fairfax / Medical Imaging Center of Fairfax)	1
Reston Hospital Center	4
Sentara Advanced Imaging Center - Alexandria	1
Sentara Lake Ridge Ambulatory Care Center	1
Sentara Northern Virginia Medical Center	2
Sentara Northern Virginia Medical Center - Century Medical Office Building	1
StoneSprings Hospital Center	2
Tysons Corner Emergency Center	1

<sup>1</sup> COPN No. VA-04793, issued July 7, 2022, authorized the addition of one fixed CT scanner at the relocated Inova Alexandria Hospital (Landmark).

<sup>2</sup> COPN No. VA-04832 authorized the relocation and replacement of Inova Alexandria, including the addition of one CT scanner.

<sup>3</sup> COPN No. VA-04863 authorized Reston Hospital Center, LLC to establish a specialized center for CT imaging, Leesburg Emergency and Imaging Center. The project is expected to be completed by November 30, 2025.



<b>Facility</b>	<b># of Scanners</b>
Tysons Corner Diagnostic Imaging	1
UVA Outpatient Imaging - Centreville (formerly known as Novant Health UVA Health System Imaging – Centreville)	1
UVA Health Haymarket Medical Center (formerly known as UVA Prince William Medical Center d/b/a UVA Health Haymarket Medical Center)	1
UVA Health Prince William Medical Center (formerly known as UVA Prince William Medical Center d/b/a UVA Health Prince William Medical Center)	2
VHC Emergency & Imaging Center <sup>4</sup>	1
Virginia Hospital Center	4
Washington Radiology Associates	1
Woodburn Nuclear Medicine/Metro Region PET	1
<b>Total</b>	<b>73</b>

Source: DCOPN records

Division of Certificate of Public Need (DCOPN) records show that there are currently 57 COPN authorized fixed-site magnetic resonance imaging (MRI) scanners in PD 8 (**Table 2**).

**Table 2. PD 8 COPN Authorized Fixed MRI Units**

<b>Facility</b>	<b># of Scanners</b>
Fairfax MRI and Imaging Center at Tysons	1
Inova Alexandria Hospital <sup>5</sup>	2
Inova Fair Oaks Hospital	2
Inova Fairfax Medical Campus	3
Inova Center for Personalized Health	6
Inova Imaging Center - Ballston	1
Inova Imaging Center - Mark Center	1
Inova Loudoun Diagnostic Imaging Center -- Leesburg	1
Inova Lorton Healthplex	1
Inova Loudoun Hospital	1
Inova Mount Vernon Hospital	1
Inova Reston-Herndon MRI Center	2 <sup>6</sup>
Inova Reston MRI Center	1
Inova Springfield HealthPlex	1
Rayus Radiology - Arlington (formerly known as Insight Imaging - Arlington)	2
Rayus Radiology - Fairfax (formerly known as Insight Imaging - Fairfax / Medical Imaging Center of Fairfax)	1
Rayus Radiology - Woodbridge (formerly known as Insight Imaging - Woodbridge/ Medical Imaging Center of Woodbridge)	2
Kaiser Permanente - Reston Medical Center	1
Kaiser Permanente - Tysons Corner Imaging Center	2
Kaiser Permanente - Woodbridge Imaging Center	2
MRI of Reston	4

<sup>4</sup> COPN No. VA-04775 authorized VHC to establish a specialized center for CT imaging at VHC Emergency and Imaging Center with one CT scanner. VHC Emergency and Imaging Center is expected to open in the fourth quarter of 2024.

<sup>5</sup> COPN No. VA-04793, issued July 7, 2022, authorized the relocation to the new Inova Landmark Hospital.

<sup>6</sup> COPN No. VA-04829 authorized Inova Reston MRI Center, LLC to add one MRI scanner at Inova Reston MRI Center-Herndon. The project is expected to be completed by December 2023.

<b>Facility</b>	<b># of Scanners</b>
UVA Centerville dba Vienna Diagnostic Imaging	2
UVA Prince William Medical Center d/b/a UVA Health Haymarket Medical Center	1
UVA Prince William Medical Center d/b/a UVA Health Prince William Medical Center	2
Radiology Imaging Associates at Lansdowne	2
Radiology Imaging Associates at Sterling	1
Reston Hospital Center	1
Sentara Advanced Imaging Center - Lake Ridge	1
Sentara Northern Virginia Medical Center	1
Stone Springs Hospital Center	1
Tysons Corner Diagnostic Imaging	2
Virginia Hospital Center	4
Washington Radiology Associates, PC	1
<b>Total</b>	<b>57</b>

Source: DCOPN records

### **Proposed Projects**

#### **COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)**

The applicant has expressed an institutional need to expand MRI services through the addition of a fourth MRI unit. The proposed MRI unit will be located in the existing imaging suite at the IFH main hospital.

The total capital costs of the proposed project are \$3,838,947, of which approximately 43% represents direct construction costs (**Table 3**). The applicant states that the proposed project will be funded using its accumulated reserves. Accordingly, there are no financing costs associated with this project.

**Table 3. IFH Capital Costs**

Direct Construction Costs	\$1,639,766
Equipment Not Included in Construction Contract	\$1,904,392
Site Acquisition Cost	\$0
Site Preparation Costs	\$26,647
Architectural and Engineering Fees	\$268,142
Other Consultant Fees	\$0
Taxes During Construction	\$0
<b>Total</b>	<b>\$3,838,947</b>

Source: COPN Request No. VA-8726

Construction for the proposed project is expected to begin by September 10, 2024, and to be completed by November 15, 2024. The applicant anticipates an opening date of December 2, 2024.

#### **COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)**

The applicant has expressed an institutional need to expand MRI services through the addition of a third MRI unit at its Lansdowne location at 19455 Deerfield Avenue, Suite 102, Lansdowne, Virginia (displayed as Radiology Imaging Associates at Lansdowne in **Table 2** above). The proposed MRI unit will be located in existing space at the Lansdowne facility.

The total capital costs of the proposed project are \$3,982,604, of which approximately 38% represents direct construction costs (**Table 4**). The applicant states that the construction portion of the proposed project will be funded using its accumulated reserves. Additionally, the MRI equipment will be leased from the vendor pursuant to a capital lease, whereby, at the end of the lease, IFRC will own the MRI unit.

**Table 4. IFRC – Lansdowne Capital Costs**

Direct Construction Costs	\$1,525,252
Equipment Not Included in Construction Contract	\$2,402,352
Site Acquisition Cost	\$0
Site Preparation Costs	\$0
Architectural and Engineering Fees	\$55,000
Other Consultant Fees	\$0
Taxes During Construction	\$0
<b>Total</b>	<b>\$3,982,604</b>

Source: COPN Request No. VA-8727

Construction for the proposed project is expected to begin by January 1, 2025, and to be completed by May 15, 2025. The applicant anticipates an opening date of July 1, 2025.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

The applicant proposes to establish a medical care facility for CT services with one CT unit at IFRC – Springfield, which is an existing outpatient imaging center that currently offers mammography, X-ray, DEXA and ultrasound. IFRC – Springfield is located at 5510 Alma Lane, Springfield, Virginia but will relocate to 5501 Backlick Road, Springfield, Virginia by September 2024 when the lease for the Alma Lane location ends. The proposed CT unit will be located in a dedicated outpatient setting, which will also offer mammography, X-ray, DEXA and ultrasound imaging services.

The applicant explains that the new CT unit will have cardiac imaging capabilities. The applicant further explains that cardiac CT is increasingly being used in the diagnosis of heart disease and care planning for cardiac patients. The technology is superior to other types of imaging because it provides the ability to see blood vessels of tumors and other abnormal blood vessels that may be of concern. IFRC currently offers CT cardiac imaging at two of its facilities – Lansdowne and Prosperity. However, the wait times average 23 to 29 days against a target of 10 days. The applicant explains that the three IFRC facilities with cardiac CT services will be geographically dispersed to optimally provide the service in an outpatient setting across PD 8: 1) in the north/west corridor at Lansdowne, 2) in the central region at Prosperity, and 3) in the south/east corridor at Springfield.

The total capital costs of the proposed project are \$3,873,508, of which approximately 16% represents direct construction costs (**Table 5**). The applicant states that the construction portion of the proposed project will be funded using its operating revenue and the CT equipment will be leased from the vendor pursuant to a capital lease, whereby, at the end of the lease, IFRC will own the CT unit.

**Table 5. IFRC – Springfield Capital Costs**

Direct Construction Costs	\$631,007
Equipment Not Included in Construction Contract	\$2,318,023
Site Acquisition Cost	\$899,893
Site Preparation Costs	\$0
Architectural and Engineering Fees	\$24,585
Other Consultant Fees	\$0
Taxes During Construction	\$0
<b>Total</b>	<b>\$3,873,508</b>

Source: COPN Request No. VA-8728

Construction for the proposed project is expected to begin one month after COPN approval and to be completed by four months after COPN approval. The applicant anticipates an opening date of October 1, 2024.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

The applicant proposes to establish CT services with one CT unit at Rayus Radiology – Woodbridge, which is located at 4001 Prince William Parkway, Suite 104, Woodbridge, Virginia. The proposed CT unit will be located at Rayus Radiology – Woodbridge’s existing facility on the second floor, which currently offers MRI services on the first floor. According to the applicant, the proposed project will only require slight remodeling to the existing office space.

The applicant explains that the new CT unit will perform calcium scoring. The applicant further explains that calcium scoring with CT is more predictive of future cardiovascular events than other risk factors and is essential for early detection of coronary artery disease. The total capital costs of the proposed project are \$1,152,050.08, of which approximately 30% represents direct construction costs (**Table 6**). The applicant states that the proposed project will be funded using its accumulated reserves. Accordingly, there are no financing costs associated with this project.

**Table 6. Insight Capital Costs**

Direct Construction Costs	\$349,369
Equipment Not Included in Construction Contract	\$438,055
Site Acquisition Cost	\$327,856.08
Site Preparation Costs	\$0
Architectural and Engineering Fees	\$35,000
Other Consultant Fees	\$0
Taxes During Construction	\$1,770
<b>Total</b>	<b>\$1,152,050.08</b>

Source: COPN Request No. VA-8730

Construction for the proposed project is expected to begin four months after COPN approval and to be completed seven months after COPN approval. The applicant anticipates an opening date eight months after COPN approval.



COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

The applicant proposes to establish a diagnostic imaging center with one CT scanner and one MRI scanner at The West Falls Church Regional Health Center. The proposed diagnostic imaging center will be located at 7171 Cardinal Lane, Falls Church, Virginia. The total capital costs of the proposed project are \$10,598,084.77, of which approximately 31% represents direct construction costs (**Table 7**). The applicant states that the proposed project would be financed using its accumulated reserves. Accordingly, there are no financing costs associated with this project.

**Table 7. DHP Capital Costs**

Direct Construction Costs	\$3,256,649.14
Equipment Not Included in Construction Contract	\$1,962,279.88
Site Acquisition Costs	\$5,135,276
Site Preparation Costs	\$0
Architectural and Engineering Fees	\$196,318.63
Other Consultant Fees	\$33,590.13
Taxes During Construction	\$13,971
<b>Total</b>	<b>\$10,598,084.77</b>

Source: COPN Request No. VA-8734

Construction for the proposed project is expected to begin by September 10, 2024, and to be completed by May 6, 2025. The applicant anticipates an opening date of May 6, 2025.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

The applicant has expressed an institutional need to expand CT and MRI services through the development of the VHC Outpatient Imaging Center, an off-campus diagnostic imaging center with one CT scanner and one MRI unit. The proposed CT and MRI units will be located at the VHC Outpatient Imaging Center at 1760 Old Meadow Road, McLean, Virginia. If the Commissioner approves the proposed project, VHC Health will have a resulting inventory of six CT scanners and five MRI units.

The total capital costs of the proposed project are \$11,774,070 of which approximately 52% represents direct construction costs (**Table 8**). The applicant states that the proposed project would be financed using its accumulated reserves. Accordingly, there are no financing costs associated with this project.

**Table 8. VHC Capital Costs**

Direct Construction Costs	\$6,098,415
Equipment Not Included in Construction Contract	\$4,706,735
Site Acquisition Costs	\$0
Site Preparation Costs	\$0
Architectural and Engineering Fees	\$968,920
Other Consultant Fees	\$0
Taxes During Construction	\$0
<b>Total</b>	<b>\$11,774,070</b>

Source: COPN Request No. VA-8735

Construction for the proposed project is expected to begin by July 29, 2024, and to be completed by June 9, 2025. The applicant anticipates an opening date of June 16, 2025.

### **Project Definitions**

#### **COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)**

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

#### **COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)**

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as “[t]he addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of... magnetic resonance imaging (MRI)...” A medical care facility includes “Any specialized center or clinic or that portion of a physician's office developed for the provision of ... magnetic resonance imaging (MRI)....”

#### **COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)**

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part as, “The establishment of a medical care facility.” A medical care facility includes “...Specialized centers or clinics or that portion of a physician's office developed for the provision of...computed tomographic (CT) scanning...”

#### **COPN Request No. VA-8730: Insight Health Corporation (Insight)**

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as “[t]he addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of... computed tomographic (CT) scanning...” A medical care facility includes “...Specialized centers or clinics or that portion of a physician's office developed for the provision of...computed tomographic (CT) scanning...”

#### **COPN Request No. VA-8734: District Hospital Partners, LP (DHP)**

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part as, “The establishment of a medical care facility.” A medical care facility includes “...Specialized centers or clinics or that portion of a physician's office developed for the provision of...computed tomographic (CT) scanning... and ... magnetic resonance imaging (MRI)....”

#### **COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)**

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

The Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations at 12VAC5-220-220 requires that applications for the same or similar services which are proposed for the same planning district shall be considered as competing applications. The six projects that are the subject of this staff analysis report are considered competing as follows:

- COPN Request Nos. VA-8728 and 8730, are requests for only CT services in PD 8.
- COPN Request Nos. VA-8726 and 8727, are requests for only MRI services in PD 8.
- COPN Request Nos. VA-8734 and 8735 are requests for both CT and MRI services in PD 8, which ties requests for only CT and for only MRI together in the competing review.

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

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

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

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2021, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 2.63% of all reported total gross patient revenues (Table 9).

**Table 9. HPR II Charity Care Contributions: 2021**

<b>Hospital</b>	<b>Gross Patient Revenues</b>	<b>Adjusted Charity Care Contribution</b>	<b>Percent of Gross Patient Revenue:</b>
Inova Alexandria Hospital	\$1,099,098,713	\$48,200,302	4.39%
Inova Mount Vernon Hospital	\$586,328,215	\$23,515,873	4.01%
Encompass Health Rehab Hosp of Northern Virginia	\$44,352,947	\$1,727,170	3.89%
Inova Loudoun Hospital	\$1,063,559,182	\$34,808,182	3.27%
Inova Fairfax Hospital	\$4,579,299,978	\$143,761,495	3.14%
UVA Health Prince William Medical Center	\$620,916,889	\$19,226,771	3.10%
Inova Fair Oaks Hospital	\$756,218,384	\$23,149,143	3.06%
Sentara Northern Virginia Medical Center	\$943,730,551	\$25,008,347	2.65%
Virginia Hospital Center	\$1,828,402,362	\$35,153,100	1.92%
UVA Health Haymarket Medical Center	\$334,178,317	\$3,397,874	1.02%
Dominion Hospital	\$173,930,124	\$1,370,987	0.79%
Reston Hospital Center	\$1,743,343,281	\$11,983,844	0.69%
StoneSprings Hospital Center	\$352,270,979	\$1,575,166	3.60%
North Spring Behavioral Healthcare	\$65,581,626	\$215,233	0.33%
<b>Total Inpatient Hospitals:</b>			<b>14</b>
<b>HPR II Inpatient Hospital Median</b>			<b>3.08%</b>
<b>HPR II Total Inpatient \$ &amp; Mean %</b>	<b>\$14,191,211,548</b>	<b>\$373,093,487</b>	<b>2.63%</b>

Source: VHI (2021)

**Table 10** shows projected population growth in PD 8 through 2030. Overall, the planning district was projected to add an estimated 356,377 people in the 10-year period ending in 2020. For the 10-year period ending in 2030, the planning district is projected to add an estimated 350,128 people. DCOPN notes that the population of PD 8 as a whole is expected to increase approximately 16% for the period ending in 2020 and approximately 14% for the period ending in 2030, rates nearly double that of the statewide average. With regard to the 65 and older age cohort, Weldon-Cooper projects a much more rapid increase (**Table 10**). Specifically, Weldon-Cooper projects an increase of approximately 56% for the period ending in 2020 and approximately 38% for the period ending in 2030.

**Table 10. Population Projections for PD 8, 2010-2030**

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

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

Geographically, IFH is located at 3300 Gallows Road, Falls Church, Virginia and is in Fairfax County. IFH is accessible from the north and south via Interstates 495 and 95 and from the east via Route 50 and Interstate 66. The applicant states that public transportation is available via a public bus stop located at the main entrance of the campus. Metro transport is available via the Dunn Loring metro stop located approximately three miles from the facility.

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2021, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 2.63% of all reported total gross patient revenues (**Table 9**). For that same year, IFH provided 3.14% of its gross patient revenue in charity care (**Table 9**). DCOPN notes that the applicant is part of the Inova Health System, and should the Commissioner approve the proposed project, it would be subject to the 3.9% system-wide charity care condition currently in place.

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



COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

Geographically, IFRC – Lansdowne is located at 19455 Deerfield Avenue, Lansdowne, Virginia in Loudoun County. IFRC – Lansdowne is accessible from Route 7, which is a major east-west corridor in Loudoun County and the nearest cross street is Riverside Parkway. The applicant states that the Loudoun County Bus Service has multiple stops along Riverside Parkway.

Regarding socioeconomic barriers to access to the applicant’s services, DCOPN notes that the applicant is part of the Inova Health System, and should the Commissioner approve the proposed project, it would be subject to the 3.9% system-wide charity care condition currently in place.

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

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

Geographically, IFRC- Springfield is currently located at 5510 Alma Lane, Springfield, Virginia but is relocating to 5501 Backlick Road, Springfield, Virginia by September 2024 when the lease for the Alma Lane location ends. The Backlick Road facility will be located close to Interstates 95 and 395. Additionally, the Backlick Road facility is close to two Metro stations (Franconia-Springfield and Van Dorn Street) and there is a bus stop in front of the building.

Regarding socioeconomic barriers to access to the applicant’s services, DCOPN notes that the applicant is part of the Inova Health System, and should the Commissioner approve the proposed project, it would be subject to the 3.9% system-wide charity care condition currently in place.

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

COPN Request No. VA-8730: Insight Health Corporation (Insight)

Geographically, Rayus Radiology – Woodbridge is located at 4001 Prince William Parkway, Woodbridge, Virginia. Prince William Parkway is a major thoroughfare in Prince William County. Additionally, OmniRide Local is a local bus service that transfers individuals throughout neighborhoods in the Prince William County area. Furthermore, WMATA buses are available with stops directly in front of the facility and several others within a five-to-seven-minute walk. Finally, Virginia Railway also offers a stop in Woodbridge.

Regarding socioeconomic barriers to access to the applicant’s services, according to regional and statewide data regularly collected by VHI, for 2021, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 2.63% of all reported total gross patient revenues (**Table 9**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, Insight should be subject to a charity care condition no less than the 2.63% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

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

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

Geographically, The Center will be located at 7171 Cardinal Lane, Falls Church, Virginia. The proposed facility is accessible by public transportation along the Route 7 corridor and by the West Falls Metro Train Station adjacent to the West Falls Development.

As previously discussed, in 2021, the average amount of charity care provided by HPR II facilities was 2.63% of all reported total gross patient revenues (**Table 9**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, DHP should be subject to a charity care condition no less than the 2.63% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

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

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

Geographically, the proposed site will be located at 1701 Old Meadow Road, McLean, Virginia. The proposed imaging facility will be located in an existing building that will not require any new construction, but only remodeling. The site is located less than a mile from I-495 and accessible through an interchange at I-495 and Route 123. Additionally, the McLean Metro Station is one-half mile away and the Fairfax Connector, the public bus system that services the region, has two bus routes which cover the proposed location, with a bus stop 0.2 miles away.

Regarding socioeconomic barriers to access to the applicant's services, DCOPN notes according to regional and statewide data regularly collected by VHI, for 2021, the most recent year for which such data is available, the applicant provided 1.92% of its reported gross revenue in the form of charity care. If the Commissioner approves the proposed project, it would be subject to the 3% Virginia Hospital Center system-wide charity care condition, originally agreed to in 2014.

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

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

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

DCOPN received three letters of support for the proposed project from members of the Inova medical community, which addressed:

- There is a strong demand for sophisticated MRI scanning in multiple areas: emergency department, acute stroke team, trauma care, cardiac MRI and pediatrics.

- Cardiac MRI is recommended by the professional society guidelines and quality care standards in evaluation of patients who present with cardiovascular toxicities such as chest pain and myocardial infarction, patients with heart failure symptoms or myocarditis. Prompt cardiac MR imaging is needed to establish correct diagnosis and initiate appropriate treatment in all of these clinical scenarios.
- Timely access to MRI services is critical for the care of my patients and the expansion of MRI capacity at IFH will help ensure IFH's patients are able to receive the MRI services they need.
- The expansion of MRI capacity will ensure IFH is able to meet the public need for MRI services as demand continues to grow.
- As a tertiary care hospital, IFH must always have adequate MRI capacity available to treat its patient population, including during periods of peak census.

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

#### Public Hearing

DCOPN provided notice to the public regarding these projects on November 9, 2023. The public comment period closed on December 26, 2023. On January 8, 2024, HSANV held a public hearing for the six projects. IFH's project was presented by Paul Dryer, Senior Director, Strategy and Planning, Inova Health System and Patrick Oliverio, MD, Chairman, Diagnostic Radiology. There was no public comment regarding the project.

#### COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

DCOPN received four letters of support for the proposed project from members of the PD 8 medical community, which addressed:

- FRC Lansdowne MRI utilization is already at 137% of the State Medical Facility plan standard. This places a limitation on availability of MRI services for ambulatory patients in Loudoun County.
- Improving access via increased capacity in the outpatient care setting is needed. An additional MRI scanner would be a 3T unit in order to maximize the ability to evaluate the widest diagnostic spectrum for patients. Such a scanner will include the most up-to-date capabilities including deep learning artificial intelligence, enhanced features for patient comfort, enhanced image quality, and reduced scan times.
- Knowing that the same specialized radiologists are reading the scans in the outpatient setting as the acute care setting is very important. Fairfax Radiology's radiologists provide high-quality consistency in both settings, and the addition of an MRI unit will improve timely access.
- Cardiac MRI helps in the diagnosis a wide range of heart conditions and the ability to plan a procedure. Access to expedient diagnostic tools such as MRI scans is important to quickly assess the need for possible intervention.

- Currently there are limited options available with cardiac-equipped MRI units in Loudoun County not in an acute care setting that fit the criteria of easy access and high-quality service.

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

#### Public Hearing

DCOPN provided notice to the public regarding these projects on November 9, 2023. The public comment period closed on December 26, 2023. On January 8, 2024, HSANV held a public hearing for the six projects. IFRC - Lansdowne's project was presented by its counsel, Elizabeth Breen and Lance Boyd, CEO, Fairfax Radiology Centers. There was no public comment regarding the project.

#### COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

DCOPN received four letters of support for the proposed project from members of the PD 8 medical community, which addressed:

- With the aging population, it is important for patients to have easy access to high-quality imaging in convenient outpatient locations.
- Outpatient imaging is a cost-effective approach because many patients do not need to be imaged in an acute care setting.
- Optimizing outpatient imaging options decreases the stress on the acute care settings, which can be overpopulated with long wait times.
- Having high-quality coronary CT is critical for diagnosis of obstructive coronary artery disease. Cardiovascular CT exams require the latest generation of CT scanner technology to acquire the best images of the beating heart and coronary arteries.
- High-quality CT scanning is paramount for the diagnosis and management of lung cancer, colorectal cancer and COPD.

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

#### Public Hearing

DCOPN provided notice to the public regarding these projects on November 9, 2023. The public comment period closed on December 26, 2023. On January 8, 2024, HSANV held a public hearing for the six projects. IFRC - Springfield's project was presented by its counsel, Elizabeth Breen and Melany Atkins, MD, Fairfax Radiology Consultants. There was no public comment regarding the project.

#### COPN Request No. VA-8730: Insight Health Corporation (Insight)

DCOPN received eight letters of support for the proposed project from members of the Woodbridge, Alexandria, Manassas and Prince William County medical communities, which addressed:



- Rayus Radiology has been extremely reliable to work with and takes many of the insurances other facilities do not take.
- Patient access to diagnostic imaging impacts timely diagnosis, enhances patient care, and greatly improves disease outcomes.
- The Mother of Mercy Free Clinic (with locations in Manassas and Woodbridge) has been serving the underserved and vulnerable populations in Prince William County for the last six years. The clinic is committed to providing free medical services to those who are most in need, and its partnership with Rayus Radiology has been instrumental in achieving this goal. However, the clinic's patients face significant challenges when they need access to advanced diagnostic services such as CT scans. Currently, the clinic's patients must travel to Fairfax to access CT scans, which can be both financially and logistically burdensome for them.
- Neighborhood Health is a 501 (c)(3) nonprofit Federally Qualified Health Center (FQHC) providing high-quality primary medical, dental, and behavioral health care to more than 36,000 low-income and mostly uninsured individuals at 14 clinics across Northern Virginia. Starting in March of 2023 our FQHC has participated in Rayus Radiology's Imaging for a Cause program, a charitable initiative providing cost free imaging for uninsured patients who are without financial means and have no health insurance coverage. Since the program's launch in March, our uninsured patients have benefited through timely free access to radiology services that they would otherwise have not received to include 115 CT scans.
- The installation of a CT machine in Woodbridge would greatly alleviate the financial and logistical burdens faced by underserved and vulnerable populations and would improve the overall healthcare of these patients.
- The existing facilities offering CT in Prince William County all exceeded the SMFP threshold for 2021, reflecting an unmet demand for CT imaging in this specific area. It is also logical to place a CT scanner at Rayus Radiology – Woodbridge because the facility is in a portion of PD 8 that is somewhat removed from the other existing freestanding facilities.
- Many of the existing nearby facilities offering CT imaging have limited operating hours. Rayus Radiology – Woodbridge is open 7 days a week, providing greater accessibility and ensuring patients can seek care at a time that is convenient for their schedule.
- The proposed project will bring new competition to the Prince William County/southeastern portion of PD 8 by placing CT services at an independent, freestanding facility unaffiliated with a major hospital.

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

#### Public Hearing

DCOPN provided notice to the public regarding these projects on November 9, 2023. The public comment period closed on December 26, 2023. On January 8, 2024, HSANV held a public hearing for the six projects. Insight's project was presented by its counsel, Peter Mellette, Amy Garrigues, CEO, Rayus Radiology and Summer Rivas, Director of Operations and Business

Development, Rayus Radiology. Three people spoke in support of the application. They noted Rayus Radiology's responsiveness to community needs and its record of serving the medically indigent.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

DCOPN received four letters of support for the proposed project from P. David Tarter, the Mayor of Falls Church, Letty Hardi, the Vice Mayor of Falls Church, residents and members of the medical community of Falls Church, which addressed:

- DHP's proposed new facility will bring state-of-the-art health care services from the GWUH to West Falls Church and will provide primary and specialty care, ambulatory surgery, and diagnostic imaging capabilities – all with connectivity back to one of the premier academic medical campuses in the region.
- The development will also offer convenient amenities for patients, staff, and visitors, such as housing options, a hotel, restaurants, and a grocery store.
- It is conveniently located near the Metro Orange Line, increasing patient accessibility to care and decreasing traffic congestion in the area.
- These diagnostic imaging services are necessary components for any ambulatory care center. The addition of a diagnostic imaging facility at the Wellness Center at West Falls will promote patient care coordination and improve health outcomes for residents of Falls Church and the surrounding communities.
- The diagnostic imaging center will provide greater access to technologies necessary for the early detection and management of a variety of health conditions.

DCOPN received one letter in opposition to the proposed project from the Inova Health System dated December 22, 2023 (Inova Opposition Letter), which addressed:

- The project is a clear attempt by DHP, which owns and operates the GWUH in Washington, D.C., to expand its geographic footprint into the Commonwealth of Virginia in order to increase its patient base.
- DHP currently has no presence in PD 8, and it does not serve an adequate number of ambulatory CT or MRI patients at its Washington, D.C. facilities to support the volume projections for its proposed Falls Church imaging center without redirecting patients from other existing PD 8 providers.
- The project should be denied because there is no public need for it.
- DHP's patient origin data demonstrate that the vast majority of DHP's existing CT and MRI patients are not in fact PD 8 residents. 90% of DHP's ambulatory MRI patients and 91% of its ambulatory CT patients originate outside of PD 8.

- Between January 1, 2021 and October 23, 2023, DHP performed a total of just 445 MRI procedures and 564 CT procedures on PD 8 patients at GWUH's existing ambulatory facilities in Washington, D.C. Moreover, during the same time period, less than 1% of DHP's ambulatory MRI and ambulatory CT patients originated from the zip code (22043) where DHP proposes to establish its Center.
- CT and MRI utilization data provided for GWUH's existing ambulatory facility reflect substantial available capacity. This is of particular importance given that nearly one-half of GWUH's patient encounter volume from the Center's projected PSA originates from Washington, D.C., where the existing GWUH ambulatory imaging facilities are located, and from Maryland.
- Based on the utilization data DHP supplied, the 1 CT unit and 3 MRI units DHP operates at GWUH's ambulatory facilities in Washington, D.C., have substantial available capacity when evaluated under the CT and MRI utilization standards contained in the Virginia SMFP. The one CT unit is currently operating at 23% of the SMFP utilization standard and the three MRI units are operating at 8% of the SMFP utilization standard. Moreover, DHP's ambulatory CT and MRI volume appears to be declining.
- To the extent DHP is able to achieve its CT and MRI volume projections at the Center, it can only do so by redirecting volume from existing PD 8 providers of the services.
- DHP's substantial over-projection of PD 8 CT and MRI volume, its exceptionally aggressive 61.2% annual growth projections for CT and MRI services to be performed at its proposed Center, coupled with the very low numbers of PD 8 residents currently receiving ambulatory CT and MRI services from DHP at the existing GWUH ambulatory facilities (445 MRI procedures and 564 CT procedures in the ~21-month period January 1, 2021 and October 23, 2023) demonstrate that DHP will only be able to achieve its volume projections through redirection of CT and MRI volume from existing PD 8 providers.

On January 8, 2024, DHP responded to Inova's Opposition (DHP Response Letter). The DHP Response Letter addressed:

- Through its opposition, Inova seeks to maintain its position as the dominant provider of health care services, including CT and MRI imaging services, in PD 8.
- [Inova's] position fails to account for current and future market needs and the considerable benefit patients receive when there is healthy competition within the healthcare landscape.
- DHP's proposed imaging services will improve access for DHP patients living PD 8, specifically, which is geographically identical to the HPR II boundaries – and just beyond its borders in HR I localities (e.g., New Baltimore, VA). Moreover, DHP's proposed imaging services will improve access for new PD 8 patients that will arise not only due to DHP's increased physician staffing, but also due to population growth and aging.

- Inova further asserts that “DHP currently has no presence in PD 8 and does not serve an adequate number of ambulatory CT or MRI patients at its Washington, D.C. facilities to support the volume projections for its proposed Falls Church imaging center without redirecting patients from other existing PD 8 providers.” This argument fails to consider that the additional primary and specialty care physicians DHP intends to staff at the Center will drive increased imaging demand at the facility. DHP’s proposed imaging services will benefit current and future DHP patients.
- Inova also takes issue with the fact that “substantial portions of DHP’s expansive projected PSA for the Center consist of zip codes located outside PD 8.” The fact that the proposed imaging services will also benefit residents of Washington, D.C. and Maryland cannot be a basis to dispute the public need for the Center. While Virginia Department of Health’s primary concern should be the health of Virginia residents, it should not discount the additional economic benefits of servicing D.C. and Maryland residents – including adding to the tax base in West Falls Church as a tax-paying entity.
- Inova contends that DHP’s existing ambulatory patient population has adequate access to CT and MRI imaging services at GWU Hospital’s ambulatory facility in Washington, D.C., citing a 23 percent SMFP utilization standard for CT and an 8 percent SMFP utilization standard for MRI. But this narrow focus on utilization levels ignores the key considerations of access and convenience for these patients. As explained in DHP’s COPN application, significant traffic congestion, parking challenges, and public transit reliability issues create barriers to access for residents of PD 8 and the surrounding areas attempting to receive care in Washington, D.C. DHP’s proposed imaging services will provide a more convenient alternative to DHP’s Washington, D.C. ambulatory sites for patients living in and around PD 8.
- Inova relies on current market share without factoring in projected population growth among the aging population who will be relying more heavily on healthcare and related ancillary services. Research shows that utilization of diagnostic imaging increases with age (until a certain point). Utilization of CT scans has been found to peak at around 80-84 years of age, and utilization of MRI scans.
- Projected population growth among individuals 65 and older will have a significant impact on imaging volume needs in PD 8.
- A comparative analysis of imaging units per 100,000 population across Virginia’s five HPRs reveals a significantly lower amount of CT units and MRI units per capita in HPR II as compared with each of the other Virginia HPRs – suggesting existence of an unmet need that DHP’s proposed services will help to meet.
- It is unreasonable to expect so many Virginia residents to have to leave the state to obtain imaging care with their preferred provider as part of an integrated health system.
- Even assuming that DHP’s proposed project at the Center will pull some volume from existing PD 8 providers, Inova has failed to demonstrate why that is inconsistent with the

SMFP and required consideration that new projects foster institutional competition. Competition in the healthcare landscape leads to improvements in customer service, access and quality of care, and cost, all of which benefit patients. Inova's blatant attempt to protect its market share does not serve the best interests of patients living in and around PD 8.

- Adding one piece of equipment in each category will not lead to an oversupply or overutilization in a growing market that has demonstrated need – particularly when being proposed by an applicant that operates a nationally recognized academic medical center in GWUH.

On January 17, 2024, Inova replied to the DHP Response Letter (Inova January 17, 2024 Response Letter). The Inova January 17, 2024 Response Letter addressed:

- As observed in the Inova Opposition Letter, DHP's patient origin data demonstrate that the overwhelming majority of DHP's MRI and CT patients – 90% of ambulatory MRI patients and 91% of ambulatory CT patients – originate from outside PD 8, primarily from Washington, D.C. and Maryland.
- The DHP Response also focuses for the first time on the provision of CT and MRI services to residents of Prince William and Loudoun Counties, notwithstanding that fact that the PSA DHP identifies in its COPN application does not include any zip codes from either county, and residents of those counties would need to bypass numerous existing CT and/or MRI sites operated by multiple existing PD 8 providers to access DHP's proposed imaging site.
- In recognition that DHP's existing CT and MRI patient base originating from PD 8 is insufficient to support its Falls Church volume projections for either COPN-regulated service, the DHP Response doubles down on DHP's claim that all GWUH patients originating from PD 8, irrespective of the services those patients receive from GWU Hospital, are relevant to DHP's CT and MRI volume projections for its proposed Falls Church imaging facility because "[t]he fact that certain DHP patients have not previously required advanced imaging in no way precludes the possibility that they will require these services in the future, which would be more conveniently accessed at the Center.
- Additionally, while this COPN application is for CT and MRI services, the Center will also include a host of outpatient services, such as x-ray and ultrasound. DHP's data demonstrates the ease of access for PD 8 patients that already have a relationship with DHP." DHP's arguments, however, are fundamentally flawed in at least two respects. First, public need for a COPN-regulated service is not evaluated on the basis of utilization of wholly unrelated health care services. Second, DHP's focus on the contemplated co-location of x-ray and ultrasound have no bearing on the public need assessment for its proposed CT or MRI services. Neither x-ray nor ultrasound is COPN regulated and no provision of the COPN law prevents DHP from establishing either service at its contemplated Falls Church facility.
- No evidence supports DHP's implied claim that its existing facilities do not provide its patient population with adequate access to CT and MRI services. DHP's existing ambulatory facilities in Washington, D.C., are substantially underutilized – 23% of the SMFP standard

for CT and 8% of the SMFP standard for MRI. It is difficult to see how establishing CT and MRI services in Falls Church is necessary to improve access for DHP's patient population when there appears to be no such access problem in the first place: 90% of DHP's ambulatory CT patients and 91% of its ambulatory MRI patients originate outside PD 8, and nearly 50% of the patient encounters projected for the PSA of its project also originate outside PD 8.

- DHP's claims of unmet need in PD 8 for MRI and CT services are predicated on national use rates, which are substantially greater than PD 8 use rates and therefore materially overstate projected CT and MRI volume for PD 8.
- If one were to assume that DHP's hiring projections are realistic – DHP states it intends to hire 47 primary care physicians and 26 specialist physicians at its contemplated Falls Church facility over a 5-year period<sup>19</sup> – the redirection of CT and MRI volume would likely be significant.

#### Public Hearing

DCOPN provided notice to the public regarding these projects on November 9, 2023. The public comment period closed on December 26, 2023. On January 8, 2024, HSANV held a public hearing for the six projects. DHP's project was presented by its counsel, Amandeep Sidhu, Kimberly Russo, CEO, GWUH, John McMahon, CFO, Southeast Region, Universal Health Services, and Karren Davis, Managing Director, Alvarez & Marsal. Paul Dryer, Senior Director, Strategy and Planning, Inova Health System presented Inova's opposition to the project.

#### COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

DCOPN received four letters of support for the proposed project from Cigna, members of the VHC medical community, Delegate Patrick Hope, Virginia House of Delegates – 47<sup>th</sup> District, and Senator Barbara Favola, Senate of Virginia – 31<sup>st</sup> District, which addressed:

- With continuing emphasis on the delivery of high-quality care in the most appropriate settings at lower costs, the availability of options for lower-cost imaging services is increasingly important for Cigna and its patients.
- Having VHC, the only remaining independent community hospital in Northern Virginia and one of the lowest-cost providers in the region, in Cigna's network has been critical to our mission in that market and a critical option for Cigna's patients.
- The proposed expansion of VHC's highly utilized CT and MRI services to an off campus, lower-cost location will strengthen VHC's ability to serve our patients in VHC's longstanding service area. Approval of the project will dramatically enhance the availability and geographic and logistic accessibility of diagnostic imaging services for patients while also offering access to a lower-cost setting.
- The high demand on the imaging resources of VHC is extremely challenging for VHC patients and staff and can impair the delivery of timely, high-quality care. During peak

hours, there are regular backlogs, frustrating patient flow and throughput and undermining care delivery.

- Many VHC patients require scans of particularly lengthy duration – utilization which is not captured in a simple count of scan volumes.
- Outpatients currently wait several weeks for available appointments, and once scheduled, outpatient studies must frequently be rescheduled or delayed to accommodate more urgent inpatients and emergency patients.
- Imaging hours must at times be extended late into the evening to accommodate inpatients added or rescheduled throughout the day.
- There is no room on the VHC campus to expand diagnostic imaging services; the campus is congested and landlocked and cannot accommodate additional services.

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

#### Public Hearing

DCOPN provided notice to the public regarding these projects on November 9, 2023. The public comment period closed on December 26, 2023. On January 8, 2024, HSANV held a public hearing for the six projects. VHC's project was presented by Adrian Stanton, Vice President, Real Estate A&D, VHC Health, Chris Lane, CEO, VHC Health, and Melody Dickerson, Vice President & CNO, VHC Health. There was no public comment regarding the project, other than the letters of support filed with the application.

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

##### COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner. As previously discussed, IFH has expressed an institutional need to expand its MRI services. As noted in **Table 20** below, for 2021, the most recent year for which VHI data is available, the three MRI units at the main hospital operated at a utilization rate of 105.79% and the six MRI units at the Inova Center for Personalized Health operated at a utilization rate of 113.31%. Additionally, the applicant reports, in 2022<sup>7</sup>, the three MRI units performed 17,223 procedures with a utilization rate of 115% and the six MRI units at the Inova Center for Personalized Health performed 35,222 procedures with a utilization rate of 117%. Combined IFH's nine MRI units performed 49,863 MRI procedures in 2021 with a utilization rate of 110.8%. Furthermore, the applicant reports that IFH's nine MRI units performed a combined 52,445 MRI procedures in 2022, placing utilization at 117% of the SMFP standard.

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<sup>7</sup> As will be discussed in greater detail later in this staff analysis report, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that IFH's 2022 VHI utilization matches the utilization numbers provided in the application.

The applicant is part of the Inova Health System, which owns or is in partnership with 15 facilities operating 26 MRI units in PD 8. As shown in **Table 21** below, the majority of the Inova Health System's fixed site MRI units are well utilized, or the facility operates only one MRI unit. Therefore, DCOPN concludes that Inova Health System does not have any underutilized capacity that would be appropriate for reallocation.

In summary, for the reasons discussed, the status quo is not a preferable alternative to the proposed project because IFH's MRI units are overutilized.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project. As will be discussed in greater detail in this staff analysis report, IFRC – Lansdowne has expressed and demonstrated an institutional need to expand its MRI services by adding one MRI unit, for a total complement of three MRI units. As noted in **Table 20** below, for 2021, the most recent year for which VHI data is available, IFRC – Lansdowne's two MRI units operated at a utilization rate of 77.27% (displayed as "Radiology Imaging Associates at Lansdowne" in **Table 20**). However, the applicant reports, in 2022<sup>8</sup>, the MRI unit performed 11,421 procedures with a utilization rate of 114.2%. Although DCOPN is unable to independently confirm, the applicant further reports that as of November 2023, the MRI unit performed 12,376 procedures. Annualizing this through December, the two MRI units are projected to perform 13,501 procedures and operate at 135% utilization. Even without relying on 2023 utilization data, the applicant has demonstrated an institutional need to expand its MRI services. The majority owner of IFRC – Lansdowne is Inova Health Care services. As previously discussed, the majority of the Inova Health System's fixed site MRI units are well utilized, or the facility operates only one MRI unit. For these reasons, the status quo is not a preferable alternative to the proposed project because IFRC – Lansdowne's two MRI units are overutilized.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner. As will be discussed in greater detail later in this staff analysis report, DCOPN has calculated a need for three CT scanners in PD 8. Regarding the effect that the proposed location would have on other facilities in the area, DCOPN's analysis of the available data, both in the application and from VHI, shows no evidence that the proposed location would significantly reduce the utilization of existing providers in the area. Furthermore, as previously discussed, the proposed CT unit will be equipped with cardiac imaging capabilities and the applicant intends for it to serve its existing patients and decompress the utilization of its existing facilities. IFRC currently offers cardiac imaging at two of its facilities – Lansdowne and Prosperity. However, the wait times average 23 to 29 days against a target of 10 days. The applicant explains that the three IFRC facilities with cardiac CT services will be geographically

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<sup>8</sup> As will be discussed in greater detail later in this staff analysis report, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that IFRC – Lansdowne's 2022 VHI utilization matches the utilization numbers provided in the application.



dispersed to optimally provide the service in an outpatient setting across PD 8: 1) in the north/west corridor at Lansdowne, 2) in the central region at Prosperity, and 3) in the south/east corridor at Springfield. Moreover, there is no opposition to the proposed project from existing providers. For these reasons, DCOPN concludes that no alternatives exist that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner. As will be discussed in greater detail later in this staff analysis report, approximately 67% of the CT scanners in PD 8 are owned by, or in partnership with, three hospital systems – Inova Health Care Services, Sentara Healthcare or HCA. Moreover, all of the existing CT scanners in close proximity to the location of the proposed project, are owned by, or in partnership with Inova Health Care Services or the Sentara Health System (**Table 19**).

Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8. Regarding the effect that the proposed location would have on other facilities in the area, DCOPN's analysis of the available data, both in the application and from VHI, shows no evidence that the proposed location would significantly reduce the utilization of existing providers in the area. Moreover, there is no opposition to the proposed project from existing providers. For these reasons, DCOPN concludes that no alternatives exist that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

Maintaining the status quo is a reasonable alternative to the proposed project. As will be discussed in greater detail later in this staff analysis report, DCOPN's analysis of the available data shows substantial evidence that approval of the proposed project would significantly reduce the utilization of existing providers in the area. According to DHP's patient origin data, from 2020-2023 GWUH performed only 564 CT scans and 445 MRI scans on its ambulatory CT scanner and ambulatory MRI units on patients from PD 8. Therefore, approval of the proposed project would significantly reduce the utilization of current providers in PD 8 because the applicant has not demonstrated that it has an existing patient base in PD 8 and would therefore need to redirect volume from existing providers to meet its projected patient volume.

Additionally, DCOPN also notes that the utilization of GWUH's existing ambulatory CT and MRI units within the District of Columbia is extremely low and appears to be decreasing. The applicant reports that in 2021, the CT scanner performed 2,611 scans, which equates to 35.3% utilization. In 2022, the CT scanner in the District of Columbia performed 2,037 scans, which equates to 27.5% utilization by Virginia's standards. Additionally, the applicant's annualization for CT scans performed in the District of Columbia in 2023 is 1,737 scans, which equates to 23.5% utilization by Virginia's standards. Furthermore, the applicant reports that in 2021, the three District of Columbia ambulatory MRI units performed a total of 1,949 scans, which equates to 12.9% utilization by Virginia's standards. In 2022, the District of Columbia MRI units performed a total of 1,681 scans, which equates to 11.2% utilization by Virginia's standards.

Additionally, the applicant's annualization for MRI scans in the District of Columbia in 2023 is a total of 1,165 scans, which equates to 7.8% utilization by Virginia's standards.

Finally, DCOPN has calculated a current surplus of nine MRI units in PD 8. In summary, the status quo is more beneficial than the proposed project because it prevents the reduction of utilization of existing providers, and it avoids the unnecessary duplication of imaging services in PD 8.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner. As previously discussed, VHC Health has expressed an institutional need to expand its CT and MRI services through expansion to an off-campus diagnostic imaging center. As noted in **Table 17** below, for 2021, the most recent year for which VHI data is available, the three CT scanners at VHC operated at 212.75% utilization. DCOPN notes that the applicant is authorized for two additional CT scanners which are not reflected in the 2021 VHI data – one CT scanner on the hospital campus authorized pursuant to COPN No. VA-0458, which became operational in July 2023, and one CT scanner at the VHC Emergency & Imaging Center authorized pursuant to COPN No. VA-04775, which is scheduled to be completed in the fourth quarter of 2024. Even accounting for the two additional CT scanners, 2021 utilization would have been 127.65%. The applicant further reports that VHC's CT utilization was 141.3% in 2022<sup>9</sup> and is projected to be 155.9% for 2023. DCOPN is unable to independently verify the 2023 utilization. However, even without relying on 2023 utilization data, the applicant has demonstrated an institutional need to expand its CT services.

As noted in **Table 20** below, for 2021, the most recent year for which VHI data is available, the three MRI units at VHC operated at 104.97% utilization. DCOPN notes that the applicant is authorized for one additional MRI unit authorized pursuant to COPN No. VA-04547, which became operational in July 2023 and thus is not reflected in the 2021 VHI data. The applicant reports that based on four MRI units, VHC's MRI utilization was 84.1% in 2022<sup>10</sup> and is projected to be 92% for 2023. DCOPN is unable to independently verify the 2023 utilization.

The applicant explains that such high utilization makes it clinically and logistically challenging to meet the needs of VHC Health's patients, including complex high acuity patients cared for in the Comprehensive Stroke Center or Level II Trauma Center. According to the applicant, despite extended hours, inpatient studies have frequently required late evening appointments to accommodate inpatients added or rescheduled throughout the day and the outpatient caseload for VHC's MRI services has historically exceeded available time slots. The applicant reports that between January – June 2023, it received an average of eight outpatient MRI orders in excess of

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<sup>9</sup> As will be discussed in greater detail later in this staff analysis report, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that VHC's 2022 VHI utilization matches the utilization numbers provided in the application.

<sup>10</sup> Id.

its service capacity and average wait times ranged up to 27 days. To decompress the high utilization of VHC Health's CT and MRI services, the VHC Health Outpatient Imaging Center will be open from 7:00 a.m. – 9:00 p.m. Monday through Friday and from 7:00 a.m. – 5:00 p.m. on Saturday and Sunday.

The applicant further explains that there is no space to expand or build out on the hospital campus, which is landlocked in the middle of a residential neighborhood and maxed out on density under the applicable zoning rules. As will be discussed in greater detail later in this staff analysis report, the VHC Outpatient Imaging Center will be located approximately 15 minutes from the main VHC hospital campus in VHC's primary service area and will be located in VHC Health's comprehensive outpatient care center.

In summary, for the reasons discussed above, VHC Health has demonstrated an institutional need to expand CT and MRI imaging services. Moreover, for the reasons discussed, the status quo is not a preferable alternative to the proposed project.

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

HSANV considered the six proposed projects at its January 8, 2024 meeting.

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

The Board voted 12 in favor and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the January 8, 2024 public hearing, and on several findings and conclusions, including:

1. Regional MRI demand and capacity are well balanced. There is no regional need for additional capacity.
2. Inova Fairfax Hospital's MRI service has high use, with recent and projected service volumes higher than the nominal service volume standard in the Virginia State Medical Facilities Plan.
3. There is no excess capacity in other Inova Health System MRI services that can be reallocated or otherwise used to respond to the need for additional capacity at Inova Fairfax Hospital.
4. The project is consistent with the applicable MRI service criteria and planning standards specified in the Virginia State Medical Facilities Plan as they have been applied in recent years to proposals to establish and expand MRI scanning services.
5. The projected capital cost is reasonable for the service described.
6. It is unlikely that expanding MRI capacity at Inova Fairfax Hospital to meet current and projected demand would have negative effects on neighboring CT services.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

The Board voted 12 in favor and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the January 8, 2024, and on several findings and conclusions, including:

1. Regional MRI demand and capacity are well balanced. There is no regional public need for additional capacity.
2. IFRC Lansdowne's MRI service is highly used, with recent and projected service volumes higher than the nominal service volume standard in the Virginia State Medical Facilities Plan.
3. There is no excess capacity in other IFRC, Inova Health System, or Fairfax Radiological Consultants MRI services that can be reallocated or otherwise used to respond to the need for additional capacity at IFRC Lansdowne.
4. The project is consistent with the applicable MRI service criteria and planning standards specified in the Virginia State Medical Facilities Plan as they have been applied in recent years to proposals to establish and expand MRI scanning services.
5. The projected capital cost of the project is reasonable, within the range commonly seen for the service described.
6. It is unlikely that expanding MRI capacity at IFRC Lansdowne to meet current and projected demand would have significant negative effects on neighboring services.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

The Board voted 12 in favor and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the January 8, 2024 public hearing, and on several findings and conclusions, including:

1. There is a regional need for additional CT capacity in PD 8.
2. IFRC has seven CT services in northern Virginia. All have high use.
3. IFRC proposes to establish a CT scanner service with one CT scanner in Springfield, Virginia, at a location where IFRC will offer several other diagnostic imaging services.
4. There is no excess CT capacity in IFRC that can be reallocated or otherwise used to respond to the service volume projected for the Springfield service.
5. The project is consistent with the applicable criteria and planning standards specified in the Virginia State Medical Facilities Plan as they have been applied in recent years to proposals to establish and expand CT scanning services.

6. The projected capital cost is reasonable for the service described.
7. It is unlikely that establishing a CT service at IFRC Springfield would have negative effects on neighboring CT services.
8. The Springfield proposal is the preferred response to IFRC's need for additional capacity.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

The Board voted 12 in favor and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the January 8, 2024 public hearing, and on several findings and conclusions, including:

1. There is a need for additional CT scanning capacity in PD 8.
2. InSight Health Corporation (InSight) proposes to establish a CT scanner service with one CT scanner in Woodbridge, Virginia, at a location where Insight now offers MRI scanning and several other diagnostic imaging services. The CT service would complement the diagnostic imaging services now offered.
3. The project is consistent with the applicable criteria and planning standards specified in the Virginia State Medical Facilities Plan as they have been applied in recent years to proposals to establish and expand CT scanning services.
4. The projected capital cost is reasonable, within the range commonly seen locally and statewide, for the service and equipment described.
5. It is unlikely that establishing a CT service at InSight Imaging-Woodbridge would have significant negative effects on neighboring CT services.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

The Board voted nine in favor and three opposed to recommend that the application be denied. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the January 8, 2024 public hearing, and on several findings and conclusions, including:

1. District Hospital Partners (DHP), a subsidiary of Universal Health Services, owns and operates George Washington University Hospital (GWUH) and associated outpatient centers in the District of Columbia. DHP does not have facilities or services in Virginia.
2. DHP's claim that it needs CT and MRI services in Fairfax County to serve its northern Virginia patients is problematic. Its PD 8 patient base is miniscule, fewer than one patient a day in recent years, and decreasing. It does not have a PD 8 caseload large enough to support satellite freestanding CT and MRI services.

3. No Virginia zip code is in DHP's primary service area, which is centered in the District of Columbia and southern Maryland.
4. DHP's District of Columbia CT and MRI services have very low use. Were they Virginia services they would not qualify for consideration to expand.
5. Given the extraordinarily small number of northern Virginia residents served by DHP, and the low use of George Washington University Hospital CT and MRI services generally, it is evident that the project is a market development venture, not an advisable investment designed to serve its current patient population better.
6. The service area DHP hopes to carve out in northern Virginia is already well served by multiple CT and MRI service providers. There is no regional or community need for the DHP venture.

On January 17, 2024, DHP provided supplemental information after the HSANV meeting (DHP Supplemental Information). The DHP Supplemental Information discussed:

- HSANV's recommendation takes an overly pessimistic view of DHP's data and projections supporting the need for additional CT and MRI capacity at its new facility and misplaces attention on DHP's existing CT and MRI volumes at GWUH and outpatient sites in Washington, DC. DHP's projections of CT and MRI need are based on reasonable assumptions about population growth – particularly among the older bands of patients in PD 8.
- Despite the apparent unanimity of opinions that there is a need for additional CT capacity in PD 8, HSANV concluded that there is "no regional or community need for the DHP venture" and recommended denial of this component of DHP's project – seemingly based, in part, on concerns about DHP's existing CT scan volumes at GWUH.
- With regard to MRI scanning, DHP maintains its projection that there is a need for at least three additional scanners in PD 8. However, DHP recognizes that its projections may be at odds with HSANV's assessment that there is a surplus of MRI units in PD 8. While consistency with the SMFP numerical need calculation is just one factor among the eight Required Considerations, DHP respectfully submits that HSANV's conclusions (and, correspondingly, Inova's opposition) do not adequately consider population growth in the region and the importance of integrated care on a single campus with a patient's preferred providers.
- As to HSANV's criticism of DHP's existing CT and MRI scanning volumes, any analysis must account for GWUH's position as an academic medical center, with its unique patient base, complexity of scans, and a variety of other factors distinguishing its scan volumes from existing providers, as well as its own anticipated volumes at an outpatient facility in PD 8.
- As detailed in DHP's COPN application and supporting materials, the proposed project will provide increased access to academic medicine to GWUH's existing patients and meet the

additional CT and MRI needs of PD 8 in the coming years based on future population growth – in particular, the rapid growth of older patients with decreased mobility. For these existing GWUH outpatients, the opportunity to receive imaging care and other outpatient services at a West Falls Church site away from the congestion of downtown Washington, DC will offer significantly improved convenience and access. For GWUH inpatients from this service area, receiving follow-up outpatient care post-discharge at a conveniently accessible location in West Falls Church similarly represents a significant improvement in convenience and access versus traveling back into downtown Washington, DC for every follow-up imaging visit.

- GWUH is committed to hiring 47 primary care physicians and 26 specialty physicians to meet the growing demand and bringing cutting edge academic-level care to the community, including access to clinical trials for new treatments and the latest imaging technology (such as the 128-slice CT machine, which provides additional capabilities for new advanced screening as well as faster scanning and decreased the radiation exposure). As previously noted, the hiring of specialty and primary care physicians will drive the projected volume at the proposed West Falls Church site based on expected referrals. The five-year ramp-up in projected volumes for both CT and MRI aligns with the significant growth in the population aged 65 and older who are high utilizers of healthcare services.
- When viewed in context of GWUH’s status as an academic medical center, the age and expiration of certain DHP imaging equipment, and the general decrease in service volumes experienced by District of Columbia healthcare providers, DHP’s CT and MRI services do not have significantly lower use than their PD 8 counterparts. GWUH is an academic medical center that does not utilize CT and MRI at the same volumes as other incumbent Virginia providers, none of which are true academic medical centers. Accordingly, any comparison of GWUH to existing Virginia providers of CT and MRI services—or historical norms in PD 8—is an unfair “apples to oranges” comparison.
- GWUH’s lower imaging volumes are consistent with the global decrease in service volumes experienced by Washington, DC healthcare providers since the COVID-19 pandemic.
- While HSANV staff asserted that approval of DHP’s project would set a “dangerous precedent,” DHP posits the opposite: denial of its project would set a dangerous precedent for the Commonwealth, as it would reflect the use of COPN laws as a weapon to protect incumbent providers against healthy competition from a nationally recognized academic medical center seeking to provide a convenient, lower cost location to receive ambulatory care services and advanced imaging for its existing and future patients.
- While DHP has not yet conducted an analysis of the relevant antitrust markets in PD 8 for CT or MRI services, a preliminary review of the landscape reflects the clear market dominance of one provider, Inova, in a highly concentrated market for each of CT and MRI services, regardless of how the market is defined.
- Inova’s market dominance for CT services has created a *highly concentrated market*, as evidenced by an HHI of 2,833 even in a broadly defined CT services market.

- Inova’s market dominance for MRI services has created a *highly concentrated market*, as evidenced by an HHI of 3,891—more than double the 1,800 threshold—even in a broadly defined MRI services market.
- Competition in healthcare markets spurs innovation, lower prices, and higher quality goods and services for consumers, including healthcare consumers.
- DCOPN should consider the miniscule impact that DHP’s project will have on the utilization and efficiency of current market providers against the considerable benefits of fostering healthy competition in the Northern Virginia market.
- Given DHP’s commitment to establishing fully integrated care delivery systems, the Center will not be feasible without the inclusion of CT and MRI services.

On January 18, 2024, the HSANV replied to the DHP Supplemental Information, asserting:

- HSANV will respond to each DHP allegation and claim in due course, during pending informal fact-finding conference (IFFC) proceedings. The nature and tone of the attack on the integrity of HSANV and the timing of the filing require an immediate response lest these defamatory allegations be accepted as substantive by some.
- The timing of the supplemental filing, about a day and a half before the scheduled release of the DCOPN staff report on the DHP application, and the repeated spurious assertions that HSANV either colluded with Inova Health System or followed Inova’s lead in recommending denial of the proposal, amounts to a studied attempt to discredit HSANV, presumably to undermine the agency’s credibility and recommendation.
- The first paragraph launches the assault “Inova Health System (“Inova”) is opposed to DHP’s project and several of its purported concerns were adopted by HSANV.” This allegation is spurious, literally nonsense. DHP offers no utterance or other evidence to support the charge. Neither HSANV staff nor any member of the board mentioned or otherwise alluded to any Inova argument or concern.
- This allegation is also notable in that it attempts discredit the Inova argument by characterizing it as “purported concerns.” Inova’s calculations and arguments are precise and detailed. DHP ignores the data, calculations and detailed analysis presented. DHP does not offer data, information, or analysis that refutes arguments made by Inova.
- It is not clear how under existing regulatory requirements, DCOPN staff can “disregard” the HSANV recommendation. It is one of the mandated factors to be considered. In addition, there is no reason or basis for admonishing DCOPN to “conduct a thorough and independent analysis” of the application. There is no indication, or reason to believe, that DCOPN and HSANV do not undertake independent analysis and evaluation of all COPN applications.



- There is no collusion. The only contact between HSANV and DCOPN on the DHP application, and on the competing applications, is the information exchange required in ensuring an application is complete.
- DHP returns to its refrain of Inova guiding HSANV on pages eight and nine. Here the allegation is that HSANV staff ignored DHP's argument and adopted Inova's talking points. DHP does not bother to identify the suspect Inova talking points or specify those that were allegedly "effectively adopted" by HSANV staff.
- These and related DHP allegations and arguments in its January 17, 2024, letter amount to defamation, if not outright libel. This tactic is all too common in public discourse today. It has no place in health services planning and COPN regulation.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

The Board voted 12 in favor and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the January 8, 2024 public hearing, and on several findings and conclusions, including:

1. Regional MRI demand and capacity are well balanced. There is no regional public need for additional capacity.
2. There is a regional need for additional CT scanning capacity.
3. VHC Health's CT and MRI service are highly used. Its CT scanning service volumes are higher than the nominal Virginia SMFP planning standard. Its MRI scanning service volumes are near and will soon exceed the SMFP planning standard.
4. There is no excess capacity within VHC Health that can be reallocated or otherwise used to respond to the need for additional capacity.
5. VHC Health has a long history of maintaining efficient, high-volume diagnostic imaging services, notably CT and MRI scanning services.
6. VHC Health has demonstrated a service specific, institutional need for additional CT and MRI capacity as that provision has been interpreted and applied in similar circumstances.
7. The capital cost of the project is reasonable for the service described.
8. It is unlikely that expanding CT and MRI capacity at VHC Health to meet current and projected demand would have negative effects on neighboring services.

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

As demonstrated by **Table 3**, the projected capital costs of the proposed project are \$3,838,947, approximately 43% of which represent direct construction costs. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04779 issued to Carilion Medical Center to add one MRI scanner is anticipated to cost approximately \$3,570,434.

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

- The project related to Inova Health System's commitment to excellence in patient care by improving the quality and accessibility of MRI services and is a necessary component for the continued operational success of IFH.
- IFH has an institutional specific need to expand its existing MRI service. In 2021, the three MRI units at the main hospital performed 15,869 MRI procedures, placing utilization at 106% of the SMFP utilization standard of 5,000 procedures per unit. Volume on the three units grew to 17,223 MRI procedures in 2022, placing utilization at 115% of the SMFP standard. In order to meet existing and future IFH patient need for MRI services, IFH seeks approval to add a fourth MRI unit to its main hospital.
- As a tertiary care hospital and PD 8's sole Level 1 trauma center, IFH must always have adequate MRI capacity available to treat its patient population.
- The addition of one MRI machine will also be utilized for cardiac MRI scans for the patients at IFH. Cardiac MRI scans are beneficial to patients who wish to avoid harmful radiation from x-ray scans and show more clear images of the soft tissues of the body. The scan is unique in its ability to calculate blood flow through the blood vessels. Blurring of the image due to movement of the heart and blood vessels can be overcome by scanning in time with the heartbeat. MRI is considered to be the most effective test for measuring the pumping of blood through the heart.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

As demonstrated by **Table 4**, the projected capital costs of the proposed project are \$3,982,604, approximately 38% of which represent direct construction costs. The applicant states that the construction portion of the proposed project will be financed using its accumulated reserves. Additionally, the MRI equipment will be leased from the vendor pursuant to a capital lease, whereby, at the end of the lease, IFRC will own the MRI unit. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04779 issued to Carilion Medical Center to add one MRI scanner is anticipated to cost approximately \$3,570,434.

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

- IFRC – Lansdowne has an institutional need to expand. MRI utilization at the Lansdowne facility has grown significantly in the last three years. In 2021, the Lansdowne facility’s two existing MRI units performed 7,727 MRI procedures, placing utilization at 77.3% of the SMFP standard of 5,000 procedures per year. In 2022, volume on the two (2) existing MRI units grew to 11,421 MRI procedures, placing utilization at 114.2 % of SMFP standard.
- Adding a third MRI unit at the Lansdowne facility will improve access to IFRC’s patient population by reducing the backlog and improving the patient experience through greater efficiency and reduced wait times.
- The proposed expansion of the existing MRI services will not interrupt continuity of care at the Lansdowne facility.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

As demonstrated by **Table 5**, the projected capital costs of the proposed project are \$3,873,508, approximately 16% of which represent direct construction costs. The applicant states that the construction portion of the proposed project will be financed using its operating revenue and the CT equipment will be leased from the vendor pursuant to a capital lease, whereby, at the end of the lease, IFRC will own the CT unit. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04830 issued to Inova Loudoun Hospital to add one CT scanner is anticipated to cost approximately \$3,031,207.

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

- The current Alma Lane facility is located in an aged building and space is cramped, even for the existing complement of imaging services.
- Expanding the size of the facility through relocation to the new site, combined with a more comprehensive service offering, will enhance access to care, continuity of care, and the patient experience.
- IFRC proposes to establish CT services at the relocated Springfield imaging facility to address high and growing demand for CT services at its existing CT sites and to improve access to CT services for its patient population that resides in and near Springfield.
- Approval of IFRC’s COPN Request No. VA- 8728 will address IFRC’s need and a planning district need for additional capacity and, importantly, will do so without harming other providers because the project is designed to served IFRC’s existing patient population.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

As demonstrated by **Table 6**, the projected capital costs of the proposed project are \$1,152,050.08, of which approximately 30% represents direct construction costs. The applicant states that the proposed project will be funded using its accumulated reserves. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to

similar projects, these costs are reasonable. For example, COPN No. VA-04855 issued to IFRC, LLC to add one CT scanner is anticipated to cost approximately \$1,084,333.

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

- Rayus Radiology – Woodbridge currently offers MRI services as part of its diagnostic imaging center through 2 MRI scanners. Currently, patients who require CT imaging or other diagnostic care are directed to other Rayus Radiology locations within PD 8, often experiencing travel difficulties or interruptions in care. Upon approval of this project, Rayus Radiology – Woodbridge will offer comprehensive imaging with both MRI and CT imaging available in one convenient location for patients.
- This project stands to address the identified need for CT services for patients seeking services in this area and specifically at Rayus Radiology – Woodbridge who are currently being referred elsewhere.
- As an existing facility, Rayus Radiology – Woodbridge expects to only hire two additional staff members – a technician to conduct the CT scans and an insurance specialist.
- The CT unit will also allow Rayus Radiology – Woodbridge to perform CT calcium scoring, which will bring necessary preventative care to the area.
- As Rayus Radiology is a freestanding facility, patients will be able to access lower cost CT imaging as opposed to receiving such scans in an inpatient hospital setting.
- Patients prefer access to a convenient, freestanding facility due to the limited exposure to sicker patients at a hospital and due to the easier navigation of a smaller facility.
- Freestanding imaging centers are preferred by insurance companies in recognition of the significant cost savings.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

As demonstrated by **Table 7**, the projected capital costs of the proposed project are \$10,598,084.77, approximately 31% of which represent direct construction costs. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04671 issued to Lewis-Gale Medical Center, LLC to establish a specialized center for diagnostic imaging with one CT scanner is anticipated to cost approximately \$11,045,000.

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

- Currently, Northern Virginia residents must travel into Washington, DC to receive care at GWUH, DHP's flagship academic medical center and one of the top destinations for health care in the National Capital Region. To further improve patient access and better serve its existing patients and meet current and future needs of PD 8 residents, DHP is developing the Center to provide an access point in Northern Virginia that is convenient and accessible –

including ease of access to much-needed diagnostic imaging services with the addition of one CT scanner and one MRI scanner.

- DHP's existing and future patients who live and work in PD 8 would greatly benefit from having access to CT and MRI services within the GWUH network of care – with all of the benefits that come from an integrated care delivery model, including seamlessness of consults and referrals with specialists and other providers that support the patient.
- Currently, roughly 10,000 GWUH patients reside in the primary service area for the Center and the proposed CT and MRI services.
- The proposed project will also address the shift from hospital outpatient care to freestanding outpatient diagnostic centers.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

As demonstrated by **Table 8**, the projected capital costs of the proposed project are \$11,774,070 of which approximately 52% represents direct construction costs (**Table 8**). Regarding the costs of the proposed project, the applicant explains:

Notably, those costs reflect the entirety of the VHC Health Outpatient Imaging Center and all services to be provided at the facility – *i.e.*, COPN-reviewable CT and MRI services as well as certain non-reviewable diagnostic services (including ultrasound, x-ray, echocardiogram, mammography, SPECT, and bone densitometry services). The cost of the CT unit is \$1,430,000 and the cost of the MRI unit is \$2,360,000. Although construction costs are challenging to allocate accurately because of the extent of space shared between all the modalities to be offered at the proposed facility, construction costs related to only the CT and MRI rooms are approximately \$810,000. Thus, the CT and MRI components of the application represent approximately 80% of the total equipment costs and 13% of the total construction costs.

The applicant states that the proposed project would be financed using its accumulated reserves. Accordingly, there are no financing costs associated with this project. When focusing on the project costs of \$3,313,000 for the COPN-reviewable portion only, DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04696 issued to Medical Imaging of Fredericksburg to add one CT scanner and one MRI unit is anticipated to cost approximately \$3,904,642.

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

- The proposed facility will decompress utilization on the crowded hospital campus, freeing up hospital capacity for high-acuity complex and severely injured patients. At the same time, the project will offer patients appropriate for outpatient imaging a lower-cost, more accessible, and more convenient imaging option.

- The project's location in McLean supports excellent and convenient access for many VHC Health patients. About seven miles from VHC and squarely within VHC's primary service area. The proposed imaging facility will be collocated with VHC Health's only off-campus ASC, numerous VHC Health specialty physician offices (including cardiology, gastroenterology, obstetrics and gynecology, urology, and primary care), and other physician practices (including orthopedics).
- The simultaneous establishment of CT and MRI services at the VHC Health Outpatient Imaging Center, along with various other imaging services, offers unique opportunities for efficient design, implementation, staffing, and operation. The resulting efficiencies will benefit patients at the VHC campus (by freeing up CT and MRI capacity for higher-acuity inpatients and other patients who require the resources of a hospital campus) and at the VHC Health outpatient care center in McLean (by providing VHC Health's lower acuity outpatients with convenient on-site access to comprehensive diagnostic imaging services).
- The project will utilize space within an existing building to accommodate the proposed CT and MRI services, thus minimizing construction costs and generating operational efficiencies.
- Patient origin data suggests that significant numbers of VHC's outpatients and outpatient scans originate in the greater McLean area, long a part of VHC's PSA.

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 2.6% of IFH's gross revenues from MRI services (**Table 11**), which is lower than the Inova Health Care Services system-wide condition of 3.9%. As previously discussed, should the Commissioner approve the proposed project, IFH should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

**Table 11. IFH Pro Forma Income Statement**

	Year 1	Year 2
<b>Total Gross Patient Revenue</b>	<b>\$161,299,060</b>	<b>\$166,664,709</b>
Charity Care	(\$4,143,672)	(\$4,281,512)
Contractuals/Other Discounts	(\$86,824,196)	(\$89,712,422)
<b>Net Operating Revenue</b>	<b>\$70,331,193</b>	<b>\$72,670,775</b>
Total Operating Expenses	\$38,087,889	\$39,646,223
<b>Net Income</b>	<b>\$32,243,304</b>	<b>\$33,024,552</b>

Source: COPN Request No. VA-8726

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 0.7% in Year 1 and 0.8% in Year 2 of IFRC – Lansdowne’s gross revenue from MRI services (**Table 12**), which is much lower than the Inova Health Care Services system-wide condition of 3.9%. As previously discussed, should the Commissioner approve the proposed project, IFRC – Lansdowne should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

**Table 12. IFRC – Lansdowne Pro Forma Income Statement**

	Year 1	Year 2
<b>Total Gross Patient Revenue</b>	<b>\$22,804,000</b>	<b>\$24,529,000</b>
Charity Care	(\$170,000)	(\$207,000)
Contractuals/Other Discounts	(\$15,250,000)	(\$16,408,000)
<b>Net Operating Revenue</b>	<b>\$7,384,000</b>	<b>\$7,914,000</b>
Total Operating Expenses	\$6,692,000	\$6,928,000
<b>Net Income</b>	<b>\$692,000</b>	<b>\$986,000</b>

Source: COPN Request No. VA-8727

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 0.6% of IFRC – Springfield’s gross revenues from CT services (**Table 13**), which is much lower than the Inova Health Care Services system-wide condition of 3.9%. As previously discussed, should the Commissioner approve the proposed project, IFRC – Springfield should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

**Table 13. IFRC – Springfield Pro Forma Income Statement**

	Year 1	Year 2
<b>Total Gross Patient Revenue</b>	<b>\$4,297,000</b>	<b>\$7,367,000</b>
Charity Care	(\$28,000)	(\$50,000)
Contractuals/Other Discounts	(\$3,380,000)	(\$5,763,000)
<b>Net Operating Revenue</b>	<b>\$889,000</b>	<b>\$1,554,000</b>
Total Operating Expenses	\$1,025,000	\$1,228,000
<b>Net Income</b>	<b>(\$136,000)</b>	<b>\$326,000</b>

Source: COPN Request No. VA-8728

COPN Request No. VA-8730: Insight Health Corporation (Insight)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 9.9% in Year 1 and 7.3% in Year 2 (**Table 14**). DCOPN notes that these amounts are much higher than the average amount of charity care provided by HPR II facilities

in 2021, which was 2.63% of all reported total gross patient revenues (**Table 9**). In response to a question regarding this incongruity, the applicant explained “[t]he proposed charity care amount is projected based on past Rayus experience in Fairfax and elsewhere.... Rayus will accept the Department’s standard charity care condition for the health planning region.... Rayus should meet or exceed it.”

Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, Insight should be subject to a charity care condition no less than the 2.63% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

**Table 14. Insight Pro Forma Income Statement**

	Year 1	Year 2
<b>Total Gross Patient Revenue</b>	<b>\$461,904</b>	<b>\$707,351</b>
Charity Care	(\$45,880)	(\$51,797)
<b>Net Operating Revenue</b>	<b>\$416,025</b>	<b>\$655,554</b>
Total Operating Expenses	\$335,091	\$446,473
<b>Net Income</b>	<b>\$80,934</b>	<b>\$209,081</b>

Source: COPN Request No. VA-8730

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

The Pro Forma Income Statement provided by the applicant does not specifically address the provision of charity care (**Table 15**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, DHP should be subject to a charity care condition no less than the 2.63% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

**Table 15. DHP Pro Forma Income Statement<sup>11</sup>**

	Year 1	Year 2
<b>Total Gross Patient Revenue</b>	<b>\$2,896,000</b>	<b>\$10,338,000</b>
Charity Care	-	-
Contractual Allowances	(\$2,504,000)	(\$9,029,000)
<b>Net Revenue</b>	<b>\$391,000</b>	<b>\$1,308,000</b>
Bad Debt	(\$4,000)	(\$13,000)
Net Patient Revenue	\$387,000	\$1,295,000
Total Operating Costs	(\$624,000)	(\$962,000)
<b>EBITDA</b>	<b>(\$237,000)</b>	<b>\$333,000</b>

Source: COPN Request No. VA-8734

<sup>11</sup> DHP provided separate *pro forma* income statements for CT and MRI services. For purposes of **Table 15**, DCOPN combined the CT and MRI income statements.



COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 3% of VHC Health's gross revenues (**Table 16**), consistent with VHC's system-wide charity care condition. As previously discussed, if the Commissioner approves the proposed project, it would be subject to the 3% system-wide charity care condition, originally agreed to in 2014.

**Table 16. VHC Pro Forma Income Statement**

	<b>Year 1</b>	<b>Year 2</b>
<b>Total Gross Patient Revenue</b>	<b>\$15,742,404</b>	<b>\$20,754,204</b>
Charity Care	(\$472,272)	(\$622,626)
Bad Debt	(\$472,272)	(\$622,626)
Contractuals/Other Discounts	(\$8,500,898)	(\$11,207,270)
<b>Net Operating Revenue</b>	<b>\$6,296,961</b>	<b>\$8,301,682</b>
Total Operating Expenses	\$5,810,243	\$6,198,916
<b>Net Income</b>	<b>\$486,719</b>	<b>\$2,102,766</b>

Source: COPN Request No. VA-8735

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

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

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

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

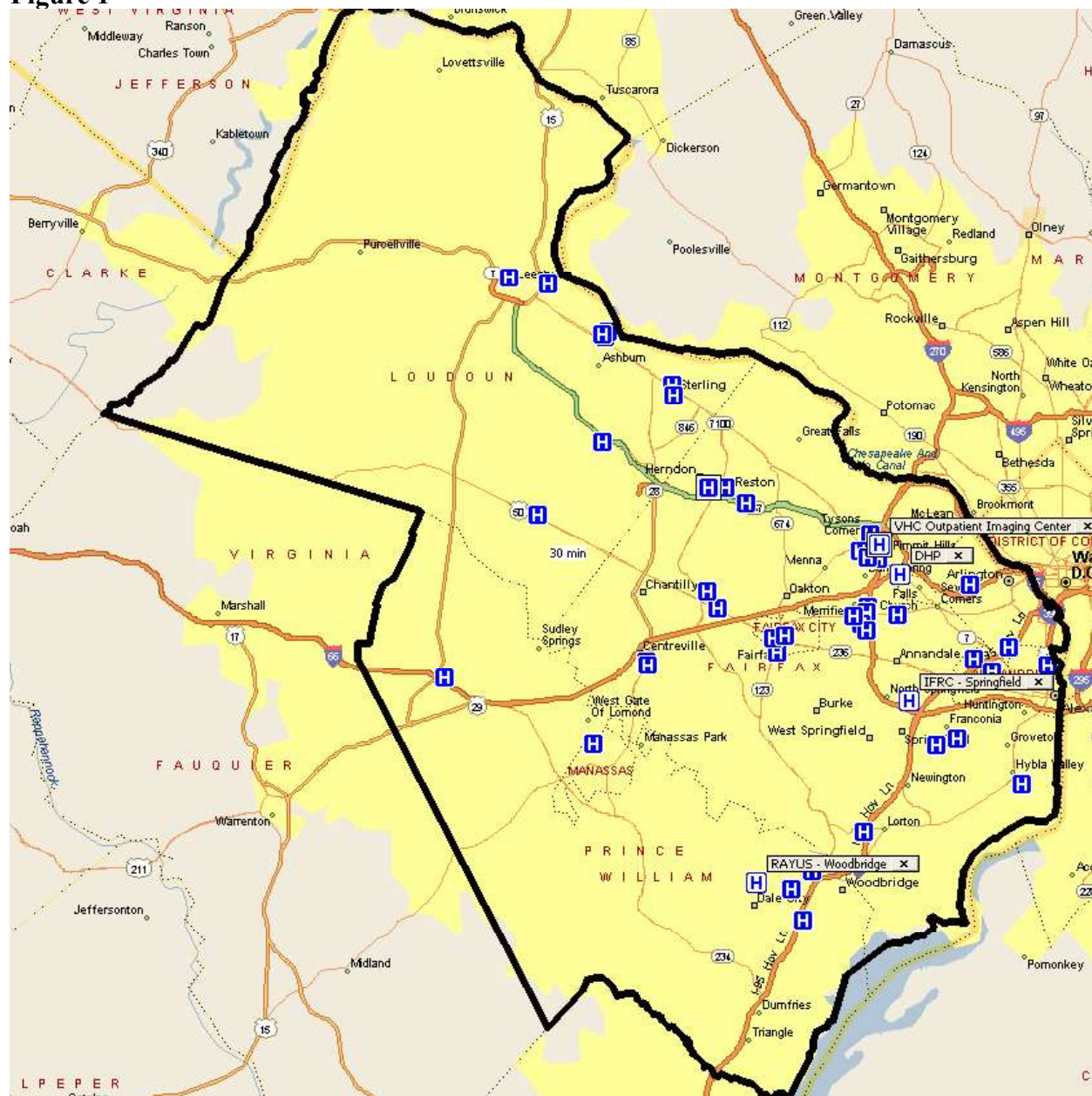
The SMFP contains criteria/standards for the establishment or expansion of CT services. They are as follows:

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

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

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

**Figure 1**



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

**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.**

DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, while the individual entities’ utilization and the PD 8 utilization may change, a preliminary review of the 2022 VHI data confirms that DCOPN’s recommendations would not change based upon the updated data. Additionally, DCOPN has identified some incomplete or incorrect data in the 2022 VHI PD 8 data set and it plans to reach out to the affected entities to rectify.

As noted in **Table 17** below, in 2021, the utilization of existing CT scanners in the planning district was 126.49% of the 7,400 procedures per scanner necessary to introduce CT scanning services to a new location under this section of the SMFP. Moreover, DCOPN calculates a need for three fixed CT scanners in the planning district.

DCOPN notes that several CT scanners have been added to the PD 8 inventory since the preparation of the VHI data as displayed in **Table 17**. **Table 1** displays the current inventory of CT scanners in PD 8.

Calculated Needed Fixed CT Scanners in PD 8

Calculated Needed CT scanners = 561,624 scans in the PD in 2021 / 7,400 scans = 75.89 (76) scanners needed

PD 8 Calculated Need = 76 CT scanners based on 2021 utilization data

2023 COPN authorized CT scanners = 73

PD 8 Calculated Need = 3 CT scanners

**Table 17. PD 8 COPN Authorized Fixed CT Units and Utilization: 2021**

Facility	# of Scanners	# of Scans	Procedures / Unit	Utilization Rate
Centreville / Clifton Imaging Center	1	6,462	6,462	87.32%
Fair Oaks Imaging Center	1	2,605	2,605	35.20%
Fairfax Diagnostic Imaging Center	1	6,430	6,430	86.89%
Fairfax ENT & Facial Plastic Surgery	1	533	533	7.20%
Fairfax MRI and Imaging Center at Tysons	1	3,524	3,524	47.62%
Fairfax Radiology Center of Reston-Herndon	1	6,300	6,300	85.14%
Fairfax Radiology Center of Sterling	1	4,670	4,670	63.11%
Inova Alexandria Hospital	3	41,411	13,804	186.54%
Inova Ashburn Healthplex	1	8,092	8,092	109.35%
Inova Fair Oaks Hospital	3	34,828	11,609	156.88%
Inova Fairfax Hospital	7	112,482	16,069	217.15%
Inova Imaging Center - Leesburg	1	12,289	12,289	166.07%
Inova Imaging Center-Mark Center	1	4,533	4,533	61.26%
Inova Lorton HealthPlex	1	7,504	7,504	101.41%
Inova Loudoun Hospital	2	39,387	19,694	266.13%
Inova Mount Vernon Hospital	2	20,977	10,489	141.74%
Inova Springfield HealthPlex	1	16,679	16,679	225.39%
Rayus Radiology – Arlington (fka Insight Imaging - Arlington / Medical Imaging Center of Arlington)	1	199	199	2.69% <sup>12</sup>
Rayus Radiology – Fairfax (fka Insight Imaging - Fairfax / Medical Imaging Center of Fairfax)	1	4,299	4,299	58.09%
Kaiser Permanente - Reston Medical Center	1	5,252	5,252	70.97%
Kaiser Permanente - Woodbridge Medical Center	1	10,952	10,952	148.00%
Kaiser Permanente Tyson's Corner	2	19,218	9,609	129.85%
Metro Region PET Center	1	2,815	2,815	38.04%
Novant Imaging Centerville dba Vienna Diagnostic Imaging	1	1,249	1,249	16.88%
Orthopaedic Foot & Ankle Center of Washington	1	168	168	2.27%
Prince William Hospital	2	23,716	11,858	160.24%
Prosperity Imaging Center	1	8,212	8,212	110.97%
Radiology Imaging Associates at Lansdowne	1	6,091	6,091	82.31%
Reston Hospital Center	4	32,315	8,079	109.17%
Sentara Advanced Imaging Center - Lake Ridge	1	8,941	8,941	120.82%
Sentara Advanced Imaging Center - Lorton <sup>13</sup>	1	2	2	0.03%
Sentara Advanced Imaging Center - Springfield <sup>14</sup>	1	0	0	0.00%
Sentara Northern Virginia Medical Center	3	26,169	8,723	117.88%
Stone Springs Hospital Center	1	8,182	8,182	110.57%
Tysons Corner Diagnostic Imaging	1	1,064	1,064	14.38%

<sup>12</sup> Partial year reported to VHI for 2021 – project was completed in March 2021 pursuant to COPN No. VA-04663. Insight reported that Rayus Radiology – Arlington performed 2,371 scans in 2022 and is projected to perform 3,566 scans in 2023.

<sup>13</sup> CT replaced and relocated to Advanced Imaging Center located at the Century Medical Building pursuant to COPN No. VA-04616, completed June 30, 2021.

<sup>14</sup> CT relocated to Sentara Advanced Imaging Center – Alexandria per COPN No. VA-04721, completed July 31, 2023.

**Table 17. PD 8 COPN Authorized Fixed CT Units and Utilization: 2021**

Facility	# of Scanners	# of Scans	Procedures / Unit	Utilization Rate
UVA Haymarket Medical Center	1	14,665	14,665	198.18%
Virginia Hospital Center	3	47,231	15,744	212.75%
Woodburn Diagnostic Center	2	12,178	6,089	82.28%
<b>Total/Average</b>	<b>60<sup>15</sup></b>	<b>561,624</b>	<b>9,360</b>	<b>126.49%</b>

Source: VHI (2021) and DCOPN records.

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH); and  
COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

Not applicable. The applicants are not seeking to add CT services.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

As shown above in **Table 17**, in 2021, the most recent year for which data is available, the 60 then-operational CT scanners performed an average of 9,360 scans per unit. Furthermore, as shown above, DCOPN has calculated a need for three CT scanners in PD 8. The proposed project would add one CT scanner to the PD 8 inventory and partially address this computational need.

Regarding the effect that the proposed location would have on other facilities in the area, as shown in **Table 18** below, all of the existing scanners within 15 miles of the location of IFRC – Springfield were well utilized in 2021. DCOPN notes that a partial year was reported to VHI for 2021 for Rayus Radiology – Arlington as the project was completed in March 2021 pursuant to COPN No. VA-04663. Insight reported that Rayus Radiology – Arlington performed 2,371 scans in 2022 and is projected to perform 3,566 scans in 2023. Additionally, the CT scanner at the Sentara Advanced Imaging Center – Springfield relocated to Sentara Advanced Imaging Center – Alexandria and the CT scanner at the Inova Oakville Ambulatory Center is not yet operational so utilization data was not available for those two facilities.

Furthermore, as previously discussed, the proposed CT unit will be equipped with cardiac imaging capabilities and the applicant intends for it to serve its existing patients and decompress the utilization of its existing facilities. IFRC currently offers cardiac imaging at two of its facilities – Lansdowne and Prosperity. However, the wait times average 23 to 29 days against a target of 10 days. The applicant explains that the three IFRC facilities with cardiac CT services will be geographically dispersed to optimally provide the service in an outpatient setting across PD 8: 1) in the north/west corridor at Lansdowne, 2) in the central region at Prosperity, and 3) in the south/east corridor at Springfield.

Finally, there is no opposition to the proposed project from existing providers. Therefore, DCOPN’s analysis of the available data, both in the application and from VHI, shows no evidence that the proposed location would significantly reduce the utilization of existing providers in the area.

<sup>15</sup> VHI data for 2021 reported that Kaiser Permanente - Tyson’s Corner had two CT scanners and Kaiser Permanente Tysons Corner Surgery Center had two CT scanners. These entries are duplicative and have been corrected in **Table 17** to reflect the correct inventory of two CT scanners at Kaiser Permanente - Tyson’s Corner.

**Table 18. Existing Closest CT Services and Proximity to Proposed Site of IFRC Springfield Project**

Facility	Distance	2021 Utilization
Inova Lorton HealthPlex	9.6 miles/22 minutes	101.41%
Inova Mount Vernon Hospital	13.8 miles/23 minutes	141.74%
Inova Springfield HealthPlex	4.8 miles/13 minutes	225.39%
Inova Imaging Center-Mark Center	5.7 miles/11 minutes	61.26%
Inova Alexandria Hospital	5.5 miles/9 minutes	186.54%
Insight Imaging - Arlington / Medical Imaging Center of Arlington ( <i>partial year reported in 2021</i> )	7 miles/11 minutes	2.69%
Sentara Advanced Imaging Center – Springfield ( <i>relocated to Sentara Advanced Imaging Center - Alexandria</i> )	6.5 miles/13 minutes	--
Inova Oakville Ambulatory Center ( <i>not yet operational</i> )	--	--

**Source:** DCOPN Records and Google Maps

COPN Request No. VA-8730: Insight Health Corporation (Insight)

As previously discussed, and as shown above in **Table 17**, in 2021, the most recent year for which data is available, the 60 then-operational CT scanners performed an average of 9,360 scans per unit. Furthermore, as shown above, DCOPN has calculated a need for three CT scanners in PD 8. The proposed project would add one CT scanner to the PD 8 inventory and partially address this computational need.

The applicant explains that currently patients of Rayus Radiology – Woodbridge who require CT imaging are directed to other Rayus Radiology locations in PD 8, often experiencing travel difficulties or interruptions in care. The applicant reports that in 2023 it had 1,897 patients who are residents of Prince William County and the surrounding areas. The location of the proposed CT scanner in Prince William County offers an improvement of geographical distribution of CT scanners in PD 8, which are currently heavily concentrated in the northeast section of the PD.

Moreover, approximately 67% of the CT scanners in PD 8 are owned by, or in partnership with, three hospital systems – Inova Health Care Services, Sentara Healthcare or HCA Healthcare. Additionally, all of the existing CT scanners in close proximity to the location of the proposed project, are owned by, or in partnership with Inova Health Care Services or the Sentara Health System. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8.

Regarding the effect that the proposed location would have on other facilities in the area, as shown in **Table 19** below, all the existing scanners within 15 miles of the location of the proposed project operated above 100% utilization in 2021. DCOPN also notes that the CT scanner at Kaiser Permanente - Woodbridge Medical Center would only be available to those individuals enrolled in a Kaiser health plan. As such, DCOPN concludes that the proposed project would not significantly reduce the utilization of existing providers.

**Table 19. Closest Existing CT Services and Proximity to Proposed Site of Insight Project**

Facility	Distance	2021 Utilization
Inova Lorton HealthPlex	10.1 miles/24 minutes	101.41%
Kaiser Permanente - Woodbridge Medical Center	2.5 miles/8 minutes	148.00%
Sentara Advanced Imaging Center - Lake Ridge	4 miles/11 minutes	120.82%
Sentara Northern Virginia Medical Center	4.3 miles/15 minutes	117.88%
Prince William Hospital	12.3 miles/27 minutes	160.24%

**Source:** DCOPN Records and Google Maps

Finally, there is no opposition to the proposed project from existing providers. Therefore, DCOPN's analysis of the available data, both in the application and from VHI, shows no evidence that the proposed location would significantly reduce the utilization of existing providers in the area.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

As the applicant is establishing a new CT service at The Center, this section of the SMFP is pertinent to the review of DHP's application. As shown above, DCOPN has calculated a need for three CT scanners when using the 2021 VHI data. In this staff analysis report, DCOPN has recommended for approval COPN Request Nos. VA- 8728, 2730 and 8735. If the Commissioner approves the proposed projects, this need for CT scanners in PD 8 will be satisfied.

Regarding the effect that the proposed project would have on other facilities in the area, DCOPN's analysis of the available data, shows substantial evidence that approval of the proposed project would significantly reduce the utilization of existing providers in the area. As noted above, the proposed location for The Center is 7171 Cardinal Lane, Falls Church, Virginia. The applicant anticipates that the primary service area for The Center will be within a five to seven miles radius of Zip Code 22046. The applicant asserts that over a five-year period, DHP intends to ramp-up to 47 primary care physicians (PCP) and 26 specialists at The Center and based on this hiring plan, imaging volume is expected to increase from approximately 2,800 procedures in Year 1 to 30,000 procedures in Year 5. However, according to DHP's CT scan patient origin data, from 2020-2023 GWUH performed only 564 CT scans on its ambulatory CT scanner on patients from PD 8. This amounts to only approximately 9% of DHPs ambulatory CT scans for that time period. Additionally, according to DHP's CT scan patient origin data, from 2020-2023 GWUH performed 2,344<sup>16</sup> outpatient CT scans on patients from PD 8 on its two CT scanners in the main hospital. This amounts to less than 900 outpatient scans per year on PD 8 patients (717 in 2021, 821 in 2022 and 806 YTD through 10/23/2023). Even if all of these patients received their CT scans on the requested CT scanner, which is unlikely, DHP has still not shown the imaging volume to support the proposed project. As such, DCOPN concludes that the applicant's assertions that it will have the imaging volume to support the proposed service are premature and that approval of the proposed project would significantly reduce the utilization of existing providers in PD 8 because the applicant has not demonstrated that it has an existing patient base in PD 8 and would therefore need to redirect volume from existing providers.

<sup>16</sup> The patient origin data provided by DHP included SPECT and PET procedures, which DCOPN excluded from this analysis.

DCOPN also notes that the utilization of GWUH's existing ambulatory CT scanner in Washington D.C. is extremely low according to the SMFP standard of 7,400 procedures per scanner necessary to introduce CT scanning services and appears to be decreasing. The applicant reports that in 2021, the CT scanner performed 2,611 scans, which equates to 35.3% utilization. In 2022, the CT scanner performed 2,037 scans, which equates to 27.5% utilization. Additionally, the applicant's annualization for CT scans in 2023 is 1,737 scans, which equates to 23.5% utilization.

In summary, for the reasons discussed above, DCOPN concludes that the applicant does not satisfy this standard.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

Not applicable. The applicant is not seeking to add new CT services, but rather to expand an existing service.

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

DCOPN has excluded existing CT scanners used solely for simulation prior to the initiation of radiation therapy from its inventory and average utilization of diagnostic CT scanners in PD 8 with respect to the proposed projects.

**12VAC5-230-110. Expansion of fixed site service.**

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH); COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne); COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield); COPN Request No. VA-8730: Insight Health Corporation (Insight); and COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

Not applicable. The applicants are not seeking to expand CT services.



COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

As previously discussed, VHC Health has cited an institutional specific need to expand its current CT services. VHC proposes to expand its CT services at a separate location within its primary service area consistent with this standard. As noted in **Table 17**, for 2021, the most recent year for which VHI data is available, the three CT scanners at VHC operated at 212.75% utilization. DCOPN notes that the applicant is authorized for two additional CT scanners which are not reflected in the 2021 VHI data – one CT scanner on the hospital campus authorized pursuant to COPN No. VA-0458, which became operational in July 2023, and one CT scanner at the VHC Emergency & Imaging Center authorized pursuant to COPN No. VA-04775, which is scheduled to be completed in the fourth quarter of 2024. Even accounting for the two additional CT scanners, 2021 utilization would have been 127.65%. The applicant further reports that VHC's CT utilization was 141.3% in 2022<sup>17</sup> and is projected to be 155.9% for 2023, based on five CT scanners. DCOPN is unable to independently verify the 2023 utilization. However, even without relying on 2023 utilization data, the applicant has demonstrated an institutional need to expand its CT services.

As previously discussed, VHC Health proposes to establish an outpatient diagnostic imaging center in its primary service area, The VHC Health Outpatient Imaging Center. The applicant has provided VHC's CT procedures by Zip Code and a map of VHC's primary service area. Additionally, the applicant explains that the imaging center will be co-located with VHC Health's off-campus ambulatory surgery center, numerous VHC Health physician offices (including primary care, cardiology, gastroenterology, obstetrics and gynecology and urology) and several independent physician practices, including orthopedics. The applicant asserts that more than 25% of VHC's outpatient CT scans originate within the proposed facility's projected primary service area. The applicant has demonstrated that the proposed location is within its primary service area. Furthermore, it is reasonable to conclude that because the expansion of CT services is based upon an institutional need and is meant to serve existing VHC outpatients at a site off the congested hospital campus, it is unlikely to negatively affect existing providers.

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<sup>17</sup> As previously discussed, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that VHC's 2022 VHI utilization matches the utilization numbers provided in the application.

**12VAC5-230-120. Adding or expanding mobile CT services.**

- A. Proposals for mobile CT scanners shall demonstrate that, for the relevant reporting period, at least 4,800 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing CT providers in the health planning district.**
- B. Proposals to convert authorized mobile CT scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, at least 6,000 procedures were performed by the mobile CT scanner and that the proposed conversion will not significantly reduce the utilization of existing CT providers in the health planning district.**

Not applicable. The applicants do not propose to add or expand mobile CT services or to convert authorized mobile CT scanners to fixed site scanners.

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

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH); COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

Not applicable. The applicants are not seeking to add or expand CT services.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

The applicant confirmed that CT services would be under the direct supervision of certified and trained radiologists.

CO PN Request No. VA-8730: Insight Health Corporation (Insight)

The applicant confirmed that CT services would be under the supervision of board certified and fellowship trained radiologists.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

The applicant confirmed that CT services would be operated under the direction of a board-certified radiologist.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

The applicant confirmed that CT services would be under the direction or supervision of one or more board-certified radiologists who are active members of VHC's medical staff.

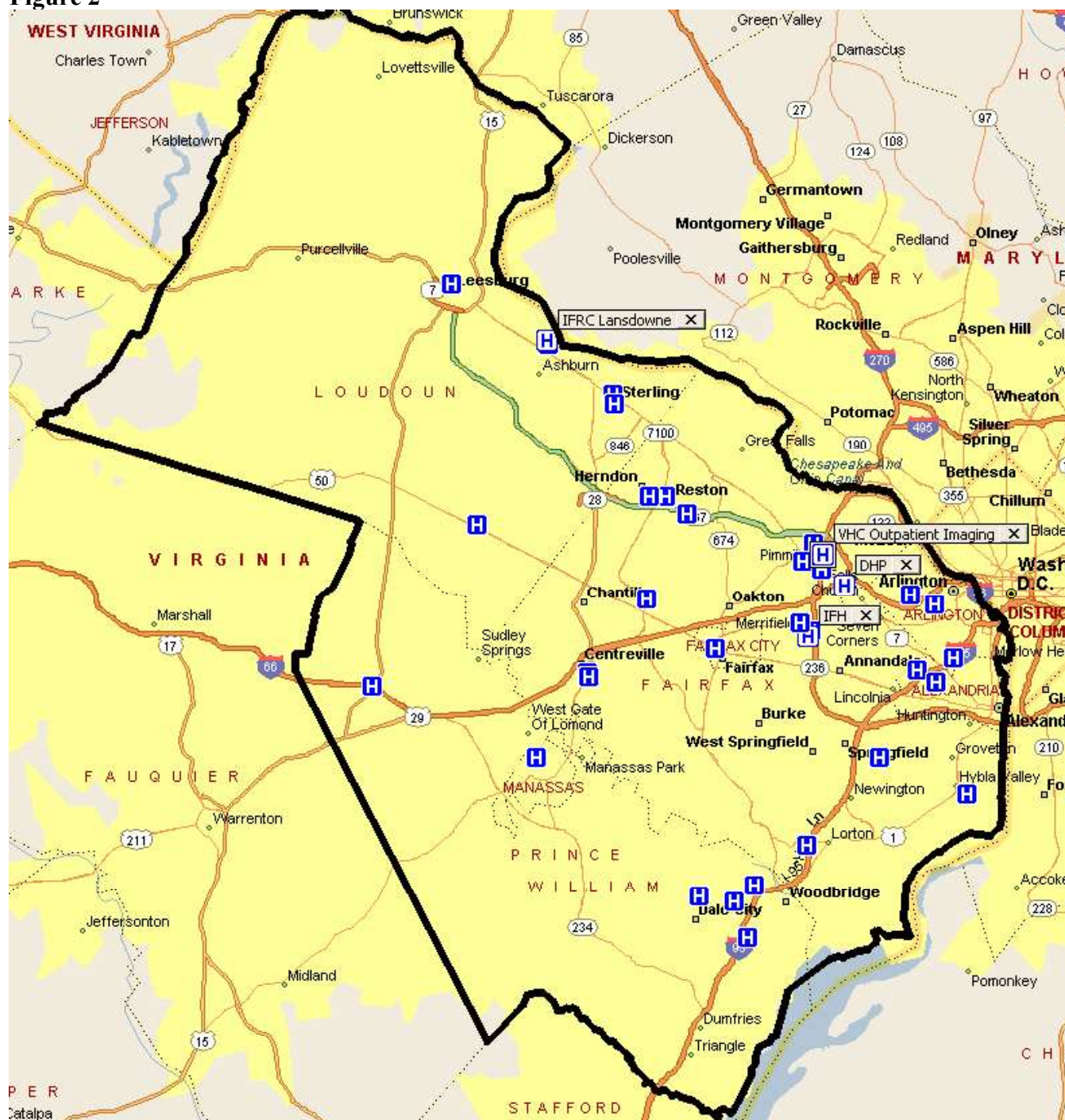
The SMFP contains criteria/standards for the establishment or expansion of MRI services. They are as follows:

Article 2  
Criteria and Standards for Magnetic Resonance Imaging

12VAC5-230-140. Travel time.

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

Figure 2



The heavy black line in **Figure 2** is the boundary of PD 8. The blue “H” symbols mark the locations of existing MRI providers in PD 8. The white “H” symbols mark the locations of the proposed projects. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing MRI services in PD 8. **Figure 2** clearly illustrates that MRI services are already well within a 30-minute drive under normal conditions of 95% of the residents of PD 8.

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

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

DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, while the individual entities’ utilization and the PD 8 utilization may change, a preliminary review of the 2022 VHI data confirms that DCOPN’s recommendations would not change based upon the updated data. Additionally, DCOPN has identified some incomplete or incorrect data in the 2022 VHI PD 8 data set and it plans to reach out to the affected entities to rectify.

As shown in **Table 20** below, the then-existing PD 8 fixed MRI inventory performed a collective MRI volume of 235,631 MRI procedures in 2021, with an overall utilization of 90.63%. Based on this data, DCOPN has calculated a current surplus of nine MRI units in PD 8 as follows:

DCOPN notes that several MRI units have been added to the PD 8 inventory since the preparation of the VHI data as displayed in **Table 20**. **Table 2** displays the current inventory of CT scanners in PD 8.

Calculated Needed MRI Units Scanners in PD 8

Calculated Needed MRI Units =  $235,631 \text{ (2021 MRI procedures)} \div 5,000 = 47.12 \text{ (48) scanners needed}$

PD 8 Calculated Need = 48 MRI Units based on 2021 utilization

2023 COPN authorized MRI Units = 57

PD 8 Surplus = 9 MRI Units

**Table 20. PD 8 COPN Authorized Fixed MRI Units and Utilization: 2021**

Facility	Fixed Unit	Procedures	Procedures /Unit	Utilization
Fairfax MRI and Imaging Center at Tysons	2	9,937	4,969	99.37%
Fairfax MRI Center at Reston	1	6,161	6,161	123.22%
Fairfax Radiology Center of Sterling	1	4,040	4,040	80.80%
Inova Alexandria Hospital	2	8,563	4,282	85.63%
Inova Arlington MRI Center	1	3,372	3,372	67.44%
Inova Fair Oaks Hospital	2	7,259	3,630	72.59%
Inova Fairfax Hospital	3	15,869	5,290	105.79%
Inova Fairfax MRI Center (Inova Center for Personalized Health)	6	33,994	5,666	113.31%
Inova Imaging Center - Leesburg	1	2,209	2,209	44.18%
Inova Imaging Center-Mark Center	1	3,265	3,265	65.30%
Inova Lorton HealthPlex	1	2,360	2,360	47.20%
Inova Loudoun Hospital	1	5,917	5,917	118.34%
Inova Mount Vernon Hospital	1	5,116	5,116	102.32%
Inova Springfield HealthPlex	1	3,745	3,745	74.90%
Rayus Radiology - Arlington (formerly known as Insight Imaging - Arlington)	2	7,451	3,726	74.51%
Rayus Radiology - Fairfax (fka Insight Imaging - Fairfax / Medical Imaging Center of Fairfax)	1	4,236	4,236	84.72%
Rayus Radiology - Woodbridge (fka Insight Imaging - Woodbridge/ Medical Imaging Center of Woodbridge)	2	8,349	4,175	83.49%
Kaiser Permanente - Reston Medical Center <sup>18</sup>	1	5,844	5,844	116.88%
Kaiser Permanente - Woodbridge Medical Center	1	5,587	5,587	111.74%
Kaiser Permanente Tyson's Corner	2	13,726	6,863	137.26%
MRI of Reston	4	20,128	5,032	100.64%
Novant Imaging Centerville dba Vienna Diagnostic Imaging	1	5,866	5,866	117.32%
Prince William Hospital	2	6,092	3,046	60.92%
Radiology Imaging Associates at Lansdowne	2	7,727	3,864	77.27%
Reston Hospital Center	1	3,959	3,959	79.18%
Sentara Advanced Imaging Center - Lake Ridge	1	2,351	2,351	47.02%
Sentara Northern Virginia Medical Center	1	3,867	3,867	77.34%
Stone Springs Hospital Center	1	1,831	1,831	36.62%
Tysons Corner Diagnostic Imaging	2	6,381	3,191	63.81%
UVA Haymarket Medical Center	1	4,683	4,683	93.66%
Virginia Hospital Center	3	15,746	5,249	104.97%
<b>Total/Average</b>	<b>52</b>	<b>235,631</b>	<b>4,531</b>	<b>90.63%</b>

Source: VHI Data (2021)

<sup>18</sup> VHI data for 2021 reported that Kaiser Permanente – Reston Medical Center had one MRI unit and Kaiser Permanente Tysons Corner Surgery Center had two MRI units. Both entries reflected 5,844 scans for that year. These entries are duplicative and have been corrected in **Table 20** to reflect the correct inventory of four MRI units for Kaiser Permanente in PD 8.

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH); COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne); and COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

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

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield); and COPN Request No. VA-8730: Insight Health Corporation (Insight)

Not applicable. The applicants are not seeking to add MRI services.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

As shown in **Table 20**, the then-existing PD 8 fixed MRI inventory performed a collective MRI volume of 235,631 MRI procedures in 2021, with an overall utilization of 90.63%. As shown above, DCOPN has calculated a current surplus of nine MRI units in PD 8.

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. The applicant asserts that the proposed project will meet the needs of existing GWUH patients who are living in PD 8. However, DCOPN's analysis of the available data shows substantial evidence that approval of the proposed project would significantly reduce the utilization of existing providers in the area. As noted above, the proposed location for The Center is 7171 Cardinal Lane, Falls Church, Virginia. The applicant anticipates that the primary service area for The Center will be within a five to seven miles radius of Zip Code 22046. The applicant asserts that over a five-year period, DHP intends to ramp-up to 47 primary care physicians (PCP) and 26 specialists at The Center and based on this hiring plan, imaging volume is expected to increase from approximately 2,800 procedures in Year 1 to 30,000 procedures in Year 5. However, according to DHP's patient origin data, from 2020-2023 GWUH performed only 445 MRI scans on its three ambulatory MRI units in the District of Columbia on patients from PD 8. This amounts to only approximately 10% of DHP's ambulatory MRI scans for that time period. Additionally, according to DHP's MRI scan patient origin data, from 2020-2023 GWUH performed 701<sup>19</sup> outpatient MRI scans on patients from PD 8 on its two MRI units in the main hospital (257 in 2021, 266 in 2022 and 178 YTD through 10/23/2023). Even if all of these patients received their MRI scans on the requested MRI unit, which is unlikely, DHP has still not shown the imaging volume to support the proposed project. As such, DCOPN concludes that the applicant's assertions that it will have the imaging volume to support the proposed service are premature and that approval of the proposed project would significantly reduce the utilization of existing providers in PD 8 because the applicant has not demonstrated that it has an existing patient base in PD 8 and would therefore need to redirect volume from existing providers.

DCOPN also notes that the utilization of GWUH's existing ambulatory MRI units in Washington D.C. is extremely low according to the SMFP standard of 5,000 procedures per scanner

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<sup>19</sup> The patient origin data provided by DHP included intraoperative procedures, which DCOPN excluded from this analysis.

necessary to introduce MRI services and appears to be decreasing. The applicant reports that in 2021, the three ambulatory MRI units performed a total of 1,949 scans, which equates to 12.9% utilization. In 2022, the MRI units performed a total of 1,681 scans, which equates to 11.2% utilization. Additionally, the applicant's annualization for MRI scans in 2023 is a total of 1,165 scans, which equates to 7.8% utilization.

In summary, for the reasons discussed above, DCOPN concludes that the applicant does not satisfy this standard.

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

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

As previously discussed, IFH has cited an institutional specific need to expand its current MRI services. As noted in **Table 20** above, for 2021, the most recent year for which VHI data is available, the three MRI units at the main hospital operated at a utilization rate of 105.79% and the six MRI units at the Inova Center for Personalized Health operated at a utilization rate of 113.31%. Additionally, the applicant reports, in 2022<sup>20</sup>, the three MRI units performed 17,223 procedures with a utilization rate of 115% and the six MRI units at the Inova Center for Personalized Health performed 35,222 procedures with a utilization rate of 117%. Combined, IFH's nine MRI units performed 49,863 MRI procedures in 2021 with a utilization rate of 110.8%. Furthermore, the applicant reports that IFH's nine MRI units performed a combined 52,445 MRI procedures in 2022, placing utilization at 117% of the SMFP standard. The applicant satisfies this standard.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

As previously discussed, IFRC – Lansdowne has cited an institutional specific need to expand its current MRI services. As noted in **Table 20** above, for 2021, the most recent year for which VHI data is available, IFRC – Lansdowne's two MRI units operated at a utilization rate of 77.27% (displayed as "Radiology Imaging Associates at Lansdowne" in **Table 20**). However, the applicant reports, in 2022<sup>21</sup>, the MRI unit performed 11,421 procedures with a utilization rate of 114.2%. Although DCOPN is unable to independently confirm, the applicant further reports that as of November 2023, the MRI unit performed 12,376 procedures. Annualizing this through

<sup>20</sup> As previously discussed, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that IFH's 2022 VHI utilization matches the utilization numbers provided in the application.

<sup>21</sup> As previously discussed, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that IFRC – Lansdowne's 2022 VHI utilization matches the utilization numbers provided in the application.

December, the two MRI units are projected to perform 13,501 procedures and operate at 135% utilization. Even without relying on 2023 utilization data, the applicant has demonstrated an institutional need to expand its MRI services. The applicant satisfies this standard.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield); and COPN Request No. VA-8730: Insight Health Corporation (Insight)

Not applicable. The applicants are not seeking to expand MRI services.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

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

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

As previously discussed, VHC Health has cited an institutional specific need to expand its existing MRI services. VHC proposes to expand its MRI services at a separate location within its primary service area consistent with this standard. As noted in **Table 20**, for 2021, the most recent year for which VHI data is available, the three MRI units at VHC operated at 104.97% utilization. DCOPN notes that the applicant is approved for one additional MRI unit authorized pursuant to COPN No. VA-04547, which became operational in July 2023 and thus, is not reflected in the 2021 VHI data. The applicant reports that based on four MRI units, VHC's MRI utilization was 84.1% in 2022<sup>22</sup> and is projected to be 92% for 2023. Although this is slightly below the SMFP utilization standard required for expansion, DCOPN recommends that the Commissioner, in this specific instance, does not allow this standard to bar the addition of an MRI unit.

DCOPN recognizes that the applicant has demonstrated that, despite extended hours, inpatient studies have frequently required late evening appointments to accommodate inpatients added or rescheduled throughout the day and the outpatient caseload for VHC's MRI services has historically exceeded available time slots. As previously discussed, the applicant reports that between January – June 2023, it received an average of eight outpatient MRI orders in excess of its service capacity and average wait times ranged up to 27 days. To decompress the high utilization of VHC Health's MRI services, the VHC Health Outpatient Imaging Center will be open from 7:00 a.m. – 9:00 p.m. Monday through Friday and from 7:00 a.m. – 5:00 p.m. on Saturday and Sunday. Shifting appropriate outpatient studies to the MRI unit to be located at the VHC Health Outpatient Imaging Center will enhance access for higher acuity and more complex inpatient studies.

Furthermore, the applicant explains that as an academic medical center, stroke center and Level II Trauma Center, redundancy of imaging units is particularly important. Finally, DCOPN acknowledges that implementing both CT and MRI services at the same time presents cost

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<sup>22</sup> As previously discussed, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that VHC's 2022 VHI utilization matches the utilization numbers provided in the application.



savings and efficiencies in terms of construction and equipment, training for staff and reduces operational interruptions.

As previously discussed, VHC Health proposes to establish an outpatient diagnostic imaging center in its primary service area, The VHC Health Outpatient Imaging Center. The applicant has provided VHC's MRI procedures by Zip Code and a map of VHC's primary service area. Additionally, the applicant explains that the imaging center will be co-located with VHC Health's off-campus ambulatory surgery center and numerous VHC Health physician offices. The applicant asserts that more than 26% of VHC's outpatient MRI scans originate within the proposed facility's projected primary service area. The applicant has demonstrated that the proposed location is within its primary service area. Furthermore, it is reasonable to conclude that because the expansion of MRI services is based upon an institutional need and is meant to serve existing VHC outpatients at a site off the congested hospital campus, it is unlikely to negatively affect existing providers.

**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.**

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH); COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne); COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield); COPN Request No. VA-8730: Insight Health Corporation (Insight); COPN Request No. VA-8734: District Hospital Partners, LP (DHP); and COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)  
Not applicable. The applicants are not proposing to add or expand mobile MRI services.

**12VAC5-230-180. Staffing.**

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

The applicant has provided assurances that all MRI services will be under the direction and supervision of board-certified and trained radiologists.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

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

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield); and COPN Request No. VA-8730: Insight Health Corporation (Insight)

Not applicable. The applicants are not seeking to add or expand MRI services.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

The applicant confirmed that MRI services would be operated under the direction of a board-certified radiologist.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

The applicant confirmed that MRI services would be under the direction or supervision of one or more board-certified radiologists who are active members of VHC's medical staff.

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

### **Part 1**

#### **Definitions and General Information**

#### **12VAC5-230-30. 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 regulation 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 demand of the particular service area.**

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

Of IFH's COPN-regulated projects completed in the past fifteen years, two significant changes were filed for time extensions on 10 completed projects and four of the 10 projects (40%) were completed more than six months late. Additionally, of the 10 completed projects, four projects were completed in excess of the authorized capital costs. With respect to the proposed project, the projected capital cost is \$3,838,947. The applicant has an established history of complying with state licensure and federal certification regulations. In 2021, IFH provided 3.14% of its gross patient revenue in the form of charity care. Should the Commissioner approve the proposed project, the applicant should be subject to the Inova System-Wide Condition 3.9% as of January 1, 2022.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

Based on an analysis of previous COPN projects, IFRC, LLC has a consistent history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the projected capital cost is \$3,982,604. As a freestanding imaging facility, the applicant is not bound by hospital state licensure and federal certification regulations. Should the Commissioner approve

the proposed project, the applicant should be subject to the Inova System-Wide Condition 3.9% as of January 1, 2022.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

Based on an analysis of previous COPN projects, IFRC, LLC has a consistent history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the projected capital cost is \$3,873,508. As a freestanding imaging facility, the applicant is not bound by hospital state licensure and federal certification regulations. Should the Commissioner approve the proposed project, the applicant should be subject to the Inova System-Wide Condition 3.9% as of January 1, 2022.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

Based on an analysis of previous COPN projects, Insight has a consistent history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the projected capital cost is \$1,152,050.08. As a freestanding imaging facility, the applicant is not bound by hospital state licensure and federal certification regulations. Finally, the applicant has indicated that it will accept the DCOPN's suggested charity care condition.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

As the GWUH is not a Virginia facility, DCOPN does not have a history of projects or documented unreimbursed service to examine. Nor is DCOPN able to speak to the applicant's history of meeting state licensure and federal certification regulations. With respect to the proposed project, the projected capital cost is \$10,598,084.77. DHP has indicated that under UHS' Charity Care Procedure, it is the intent of UHS to provide quality care to patients regardless of their ability to pay.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

Of VHC Health's COPN-regulated projects completed in the past fifteen years, four significant changes were filed for time extensions on 11 completed projects and 5 of the 11 projects (45%) were completed more than six months late. Additionally, of the 11 completed projects, one project was completed in excess of the authorized capital costs. With respect to the proposed project, the projected capital cost is \$11,774,070. The applicant has an established history of complying with state licensure and federal certification regulations. Finally, in 2021, VHC Health provided 1.92% of its gross patient revenue in the form of charity care.

Conclusion

DCOPN does not believe that any applicant warrants preference with respect to its performance record on projects, meeting state licensure and federal certification regulations or displaying a commitment to charity care.

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

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

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

As previously discussed, for 2021, the most recent year for which VHI data is available, the three MRI units at the main hospital operated at a utilization rate of 105.79% and the six MRI units at the Inova Center for Personalized Health operated at a utilization rate of 113.31%. Additionally, the applicant reports, in 2022<sup>23</sup>, the three MRI units performed 17,223 procedures with a utilization rate of 115% and the six MRI units at the Inova Center for Personalized Health performed 35,222 procedures with a utilization rate of 117%. Combined, IFH's nine MRI units performed 49,863 MRI procedures in 2021 with a utilization rate of 110.8%. Furthermore, the applicant reports that IFH's nine MRI units performed a combined 52,445 MRI procedures in 2022, placing utilization at 117% of the SMFP standard.

The applicant is part of the Inova Health System, which owns or is in partnership with 15 facilities operating 26 MRI units in PD 8. As shown in **Table 21** below, the majority of the Inova Health System's MRI units are well utilized. DCOPN concludes that the Inova Health System does not have any underutilized capacity that would be appropriate for reallocation, as the majority of its MRI units are well utilized, or there is only one unit at the facility.

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<sup>23</sup> As previously discussed, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that IFH's 2022 VHI utilization matches the utilization numbers provided in the application.

**Table 21. Inova PD 8 COPN Authorized Fixed MRI Units and Utilization: 2021**

Facility	Fixed Unit	Procedures	Utilization
Fairfax MRI and Imaging Center at Tysons	2	9,937	99.37%
Fairfax MRI Center at Reston	1	6,161	123.22%
Fairfax Radiology Center of Sterling	1	4,040	80.80%
Inova Alexandria Hospital	2	8,563	85.63%
Inova Arlington MRI Center	1	3,372	67.44%
Inova Fair Oaks Hospital	2	7,259	72.59%
Inova Fairfax Hospital	3	15,869	105.79%
Inova Fairfax MRI Center	6	33,994	113.31%
Inova Imaging Center - Leesburg	1	2,209	44.18%
Inova Imaging Center-Mark Center	1	3,265	65.30%
Inova Lorton HealthPlex	1	2,360	47.20%
Inova Loudoun Hospital	1	5,917	118.34%
Inova Mount Vernon Hospital	1	5,116	102.32%
Inova Springfield HealthPlex	1	3,745	74.90%
Radiology Imaging Associates at Lansdowne	2	7,727	77.27%
<b>Total and Average</b>	<b>26</b>	<b>119,534</b>	<b>91.95%</b>

Source: VHI Data (2021)

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

As previously discussed, for 2021, the most recent year for which VHI data is available, IFRC – Lansdowne’s two MRI units operated at a utilization rate of 77.27% (displayed as “Radiology Imaging Associates at Lansdowne” in **Table 20**). However, the applicant reports, in 2022<sup>24</sup>, the MRI unit performed 11,421 procedures with a utilization rate of 114.2%. Although DCOPN is unable to independently confirm, the applicant further reports that as of November 2023, the MRI unit performed 12,376 procedures. Annualizing this through December, the two MRI units are projected to perform 13,501 procedures and operate at 135% utilization. Even without relying on 2023 utilization data, the applicant has demonstrated an institutional need to expand its MRI services. As previously discussed, DCOPN concludes that Inova Health System does not have any underutilized capacity that would be appropriate for reallocation, as the majority of its MRI units are well utilized, or the location operates only one MRI unit.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

The applicant has asserted an institutional need to expand its CT services at IFRC – Springfield, an existing outpatient imaging center that does not currently offer any COPN-regulated services. IFRC currently operates a total of eight CT units (and is approved for a ninth per COPN No. VA-04855) at seven locations in PD 8. In support of its claim of an institutional need to expand CT services, the applicant asserts “in 2022, IFRC’s eight existing CT units performed a total of 58,383 CT procedures, placing utilization at 99% of the SMFP utilization standard of 7,400 procedures per unit.”

<sup>24</sup> As previously discussed, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that IFRC – Lansdowne’s 2022 VHI utilization matches the utilization numbers provided in the application.

Section 32.1-102.1:3 of the Code of Virginia defines a medical care facility as “...Specialized centers or clinics or that portion of a physician's office developed for the provision of...computed tomographic (CT) scanning...” Additionally, pursuant to 12VAC5-230-80, “the commissioner may grant approval for the expansion of services at an existing medical facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility’s need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility”..... and “applicants shall not use this section to justify a need to establish new services.” With regard to the proposed project, IFRC – Springfield does not meet the definition of a medical care facility because it does not currently offer a COPN-regulated service. Therefore, it is not able to rely on the medical care facility’s current need to expand as required by 12VAC5-230-80. Moreover, 12VAC5-230-80 prohibits an applicant from using an institutional need to justify the establishment of a new service. Finally, even if IFRC – Springfield met the definition of a medical care facility, the seven IFRC locations that currently offer CT services are seven separate medical care facilities for which utilization data cannot be combined to prove an institutional need at one of the facilities.

Nonetheless, as discussed above, DCOPN has recommended approval of the proposed project because it has calculated a need for three CT scanners in PD 8 and the applicant has shown that its proposal would partially satisfy this need.

COPN Request No. VA-8730: Insight Health Corporation (Insight); COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

Not applicable. The applicants are not asserting an institutional need to expand.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

As previously discussed, for 2021, the most recent year for which VHI data is available, the three CT scanners at VHC operated at 212.75% utilization (**Table 17**). DCOPN notes that the applicant is authorized for two additional CT scanners which are not reflected in the 2021 VHI data – one CT scanner on the hospital campus authorized pursuant to COPN No. VA-0458, which became operational in July 2023, and one CT scanner at the VHC Emergency & Imaging Center authorized pursuant to COPN No. VA-04775, which is scheduled to be completed in the fourth quarter of 2024. Even accounting for the two additional CT scanners, 2021 utilization would have been 127.65%. The applicant further reports that VHC’s CT utilization was 141.3% in 2022<sup>25</sup> and is projected to be 155.9% for 2023. DCOPN is unable to independently verify the 2023 utilization. However, even without relying on 2023 utilization data, the applicant has demonstrated an institutional need to expand its CT services.

Additionally, for 2021, the three MRI units at VHC operated at 104.97% utilization (**Table 20**). DCOPN notes that the applicant is authorized for one additional MRI unit authorized pursuant to COPN No. VA-04547, which became operational in July 2023 and thus is not reflected in the

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<sup>25</sup> As previously discussed, DCOPN notes that 2022 VHI data was available too late in the process to be fully incorporated into this staff analysis report. However, DCOPN has confirmed that VHCs 2022 VHI utilization matches the utilization numbers provided in the application.

2021 VHI data. The applicant reports that based on four MRI units, VHC's MRI utilization was 84.1% in 2022<sup>26</sup> and is projected to be 92% for 2023. DCOPN is unable to independently verify the 2023 utilization.

Finally, the applicant is part of VHC Health System and does not operate any underutilized CT scanners or MRI units that would be appropriate for reallocation.

### Required Considerations Continued

**4. The extent to which the proposed project fosters institutional competition that benefits the area to be served while improving access to essential health care services for all people in the area to be served;**

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

The applicant has expressed an institutional need to expand. Additionally, DCOPN records indicate that of the current inventory of 57 MRI units in PD 8 (**Table 2**), 27, or 47%, are owned by, or in partnership with, Inova Health Care Services. Therefore, the proposed project is not meant to, and will not foster institutional competition that will benefit the area to be served.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

The applicant has expressed an institutional need to expand. Additionally, DCOPN records indicate that of the current inventory of 57 MRI units in PD 8 (**Table 2**), 27, or 47%, are owned by, or in partnership with, Inova Health Care Services. Therefore, the proposed project is not meant to, and will not foster institutional competition that will benefit the area to be served.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

As previously discussed, DCOPN records indicate that of the current inventory of 73 CT scanners in PD 8 (**Table 1**), 36, or 49%, are owned by, or in partnership with, Inova Health Care Services. Therefore, approval of the proposed project would not introduce beneficial institutional competition, as the proposed CT scanner will be an Inova partnership. The proposed project would, however, increase access to cardiac imaging, which the applicant explains is increasingly being used in the diagnosis of heart disease and care planning for cardiac patients. The applicant further explains that the technology is superior to other types of imaging because it provides the ability to see blood vessels of tumors and other abnormal blood vessels that may be of concern. The applicant asserts that the proposed project is meant to optimize the geographic availability of this service in an outpatient setting across PD 8.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

As previously discussed, DCOPN records indicate that of the current inventory of 73 CT scanners in PD 8 (**Table 1**), 36, or 49%, are owned by, or in partnership with, Inova Health Care Services. Furthermore, another 13 of the 65 CT scanners in the PD 8 inventory are operated by Sentara Healthcare or HCA Health System, bringing the total number of CT scanners operated by one of these three hospital systems to 49, or approximately 67% of the CT scanners in PD 8. Additionally, all the existing CT scanners in close proximity to the location of the proposed

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<sup>26</sup> Id.

project, are owned by, or in partnership with Inova Health Care Services or the Sentara Health System. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

As previously discussed, DCOPN records indicate that of the current inventory of 73 CT scanners in PD 8 (**Table 1**), 36, or 49%, are owned by, or in partnership with, Inova Health Care Services. Furthermore, another 13 of the 65 CT scanners in the PD 8 inventory are operated by Sentara Healthcare or HCA Health System, bringing the total number of CT scanners operated by one of these three hospital systems to 49, or approximately 67% of the CT scanners in PD 8. Additionally, DCOPN records indicate that of the current inventory of 57 MRI units in PD 8 (**Table 2**), 27, or 47%, are owned by, or in partnership with, Inova Health Care Services. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT and MRI providers in PD 8. However, the beneficial competition would come at the expense of the utilization of existing providers because DHP has not demonstrated that it has an existing patient base in PD 8, and would therefore need to redirect volume from existing providers.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

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

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

As already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need for an additional MRI unit. Furthermore, as already discussed, DCOPN further concludes that transferring the requested MRI unit from another Inova facility is not a reasonable alternative to the proposed project. Lastly, because the project hinges upon an institutional need, DCOPN contends that approval of the proposed project is not likely to have a significant negative impact on existing providers of MRI services in PD 8.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

As already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need for an additional MRI unit. Furthermore, as already discussed, DCOPN further concludes that transferring the requested MRI unit from another Inova facility is not a reasonable alternative to the proposed project. Lastly, because the project hinges upon an institutional need, DCOPN contends that approval of the proposed project is not likely to have a significant negative impact on existing providers of MRI services in PD 8.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

As shown above in **Table 17**, in 2021, the most recent year for which data is available, the 60 then-operational CT scanners performed an average of 9,360 scans per unit. Furthermore, as shown



above, DCOPN has calculated a need for three CT scanners in PD 8. The proposed project would add one CT scanner to the PD 8 inventory and partially address this computational need. Finally, as discussed above, approval of the proposed project is unlikely to significantly affect the utilization and efficacy of existing providers in the area.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

As discussed above, given the market share held by Inova Health Care Services in PD 8 and the high utilization of the CT scanners in PD 8, approval of the proposed project is unlikely to significantly affect the utilization and efficacy of existing providers in the area.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

As discussed above, DCOPN concludes that the applicant's assertions that it will have the imaging volume to support the CT and MRI services are premature and that approval of the proposed project would significantly reduce the utilization of existing providers in PD 8 because the applicant has not demonstrated that it has an existing patient base in PD 8 and would therefore need to redirect volume from existing providers.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

As already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need for an additional CT scanner and MRI unit. Furthermore, as already discussed, the applicant does not operate any CT scanners or MRI units that would be appropriate for reallocation. Lastly, because the project hinges upon an institutional need, DCOPN contends that approval of the proposed project is not likely to have a significant negative impact on existing providers of MRI services in PD 8.

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

As already discussed, DCOPN contends that the projected costs of \$3,838,947 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04779 issued to Carilion Medical Center to add one MRI scanner is anticipated to cost approximately \$3,570,434. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant (**Table 11**) projects a net profit of \$132,243,304 from in the first year of operation, and a net profit of \$33,024,552 in the second year of operation.

Regarding staffing, the applicant anticipates the need to hire two MRI technicians to staff the proposed project. The applicant is an established provider of MRI services and has a well-developed and effective recruitment and employee retention program. Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

As already discussed, DCOPN contends that the projected costs of \$3,982,604 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04779 issued to Carilion Medical Center to add one MRI scanner is anticipated to cost approximately \$3,570,434. The construction portion of the proposed project will be financed using its accumulated reserves. Additionally, the MRI equipment will be leased from the vendor pursuant to a capital lease, whereby, at the end of the lease, IFRC will own the MRI unit. The Pro Forma Income Statement provided by the applicant (**Table 12**) projects a net profit of \$692,000 from in the first year of operation, and a net profit of \$986,000 in the second year of operation.

With regard to staffing, the applicant anticipates the need to hire five Full Time Equivalent (FTE) employees to staff the proposed project – one administration/business office FTE and four radiologic technologists. The applicant is an established provider of MRI services and has a well-developed and effective recruitment and employee retention program. Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

As already discussed, DCOPN contends that the projected costs of \$3,873,508 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04830 issued to Inova Loudoun Hospital to add one CT scanner is anticipated to cost approximately \$3,031,207. The applicant states that the construction portion of the proposed project will be financed using its operating revenue and the CT equipment will be leased from the vendor pursuant to a capital lease, whereby, at the end of the lease, IFRC will own the CT unit. The Pro Forma Income Statement provided by the applicant (**Table 13**) projects a net loss of \$136,000 from in the first year of operation, but a net profit of \$326,000 in the second year of operation.

With regard to staffing, the applicant anticipates the need to hire 5.5 FTE employees to staff the proposed project – 1.5 administration/business office FTEs, one licensed practical nurse and three radiologic technologists. The applicant is an established provider of CT services and has a well-developed and effective recruitment and employee retention program. Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

As already discussed, DCOPN contends that the projected costs of \$1,152,050.08 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04855 issued to IFRC, LLC to add one CT scanner is anticipated to cost approximately \$1,084,333. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant (**Table 14**) projects a net profit of \$80,934 from in the first year of operation, and a net profit of \$209,081 in the second year of operation. With regard to staffing, the applicant anticipates the need to hire two FTEs to staff the proposed project – one radiologic technician and one insurance specialist. The applicant is an established provider of

CT services and will obtain the FTEs by internal recruiting strategies and public advertisements. Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

As already discussed, DCOPN contends that the projected costs of \$10,598,084.77 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04671 issued to Lewis-Gale Medical Center, LLC to establish a specialized center for diagnostic imaging with one CT scanner is anticipated to cost approximately \$11,045,000. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant (**Table 15**) projects a net loss of \$237,000 from in the first year of operation, but a net profit of \$333,000 in the second year of operation.

The applicant anticipates the need to hire eight FTEs to staff the proposed project for Year 1 – one administration/business office FTE; four radiologic technicians and three other health professionals, including a front desk FTE, a scheduling FTE, and an authorization FTE. With regard to its hiring plan, the applicant states:

An organizational website for the Center, with a career section, will be launched approximately six months prior to the pre-determined start date for staff. This will include “pre-start” time for training and orientation. This career site will mirror the UHS template, including, but not limited to: 1) Key facets of business and employee groups needed (i.e., RNs, Physical Therapists, etc.); 2) Benefits offered; 3) Organizational culture; and 4) Location benefits.

A recruitment marketing plan for the Center will be developed approximately three months prior to the launch of the career site. This plan will drive prospective candidates to the career site to apply. The plan will include social media, in-person hiring events, virtual hiring events, and optimization of positions on the Internet. In addition, community groups and schools will be contacted, and existing scholarship programs from GWU Hospital (for RNs and Techs, to name a few) will be launched. All employees at the Center, including the staffing support for the CT and MRI units, will be drawn from the local community in Northern Virginia and nearby communities in the region.

Moreover, with GWU Hospital as the primary teaching hospital for the GWU School of Medicine and other health professional graduate programs, DHP will leverage its position as one of the preeminent academic medical health systems in the region to enhance recruitment of top talent. DHP will include professional development programs for its employees at the Center as an extension of the programs that are offered to its employees at GWU Hospital and other facilities in the District.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

As already discussed, DCOPN contends that when focusing on the project costs of \$3,313,000 for the COPN-reviewable portion only, these costs are reasonable when compared to similar projects.

For example, COPN No. VA-04696 issued to Medical Imaging of Fredericksburg to add one CT scanner and one MRI unit is anticipated to cost approximately \$3,904,642. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant (**Table 16**) projects a net profit of \$486,719 from in the first year of operation, and a net profit of \$2,102,766 in the second year of operation.

With regard to staffing, the applicant anticipates the need to hire 23 FTEs to staff the proposed project – eight administration/business office FTEs; one Radiation Safety Nurse; 13 radiologic technicians and one tech aide. The applicant states that personnel will be recruited through customary channels, including the internet and print advertising, and the many schools with which VHC Health is affiliated. The applicant also states that for many staff living west of the VHC hospital campus, the VHC Health Outpatient Imaging Center will offer an attractive work location. Additionally, the ambulatory care setting and the associated hours of operation will similarly provide a desirable workplace setting for some staff. Moreover, VHC Health anticipates cross-training CT and MRI techs to serve both modalities and ensure efficient utilization of human resources. VHC Health is an established provider of CT and MRI services and has a well-developed and effective employee recruitment and retention program. DCOPN contends that the applicant will not have difficulty securing the needed personnel or that doing so will have a significantly negative impact on existing providers of surgical services.

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

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

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

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

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

The proposed CT scanner will have cardiac imaging capabilities, a CT function that is increasingly being used in the diagnosis of heart disease and care planning for cardiac patients. According to the applicant, the technology is superior to other types of imaging because it provides the ability to see blood vessels of tumors and other abnormal blood vessels that may be of concern. The proposed project also increases the potential for provision of services on an outpatient basis for patients who do not need imaging services performed in a hospital setting

because the applicant does not provide CT services at the proposed location. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of the Commissioner.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. However, the proposed project does increase the potential for provision of services on an outpatient basis for patients who do not need imaging services performed in a hospital setting. Moreover, according to the applicant, freestanding imaging centers are preferred by insurance companies in recognition of the significant cost savings. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of the Commissioner.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. However, the proposed project does increase the potential for provision of services on an outpatient basis for patients who do not need imaging services performed in a hospital setting because the applicant does not provide CT or MRI services at the proposed location. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of the Commissioner.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. However, the proposed project does increase the potential for provision of services on an outpatient basis for patients who did not need imaging services performed in a hospital setting. Moreover, according to the applicant, commercial payor reimbursement is expected at one-third of current hospital-based rates; and Medicare reimbursement is likewise substantially lower than in a hospital setting. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of the Commissioner.

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

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH); COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne); COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield); and COPN Request No. VA-8730: Insight Health Corporation (Insight)

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

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

With regard to this consideration, the applicant stated:

DHP's GWU Hospital is the primary teaching hospital for the GWU School of Medicine & Health Sciences and other health professional graduate programs at GWU. The proposed CT and MRI services at the Center will be part of a comprehensive suite of outpatient services that represent the future of comprehensive primary care and complex specialty care being delivered in a convenient, outpatient setting. Relatedly, the GW Medical Faculty Associates ("MFA") intends to provide staffing of physicians and other health care providers at the Center.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

With regard to this consideration, the applicant stated:

VHC is an academic medical center that partners with numerous educational institutions and health care organizations. Its affiliates include Medstar Georgetown University and Medstar Washington Hospital Center, Kaiser Permanente, and Children's National Medical Center. In addition, VHC Health is closely affiliated with numerous educational and training facilities in Northern Virginia and the District of Columbia, including Marymount University, Northern Virginia Community College, George Mason University, Georgetown University, George Washington University, James Madison University, Catholic University, Shenandoah University, Stratford University, and Chamberlain University. In addition to those affiliations, VHC Health participates in a variety of initiatives with various partners that support VHC Health's recruitment and training efforts, including Virginia Commonwealth University, Arlington County, Friends of Nursing Foundation, the National Institute of First Assists, and the Foundation Poyant Fund. Through various programs, VHC hosts clinical rotations for residents in various specialties and regularly receives students and residents for hands-on training at the hospital. In 2022, VHC Health became the first hospital in the D.C. Metro area to become certified as a Practice Transition Accreditation Program – a national certification awarded by the ANCC for meeting global standards that transition new graduate registered nurses through their first twelve months of practice. Further, VHC Health has achieved Magnet status – a recognition by the ANCC which helps patients identify hospital with satisfied nurses and exceeding certain quality of care benchmarks.

**DCOPN Staff Findings and Conclusions**

COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)

DCOPN finds Inova Health Services d/b/a Inova Fairfax Hospital's COPN request to expand MRI services through the addition of one MRI unit in the main hospital's imaging suite is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The applicant has demonstrated an institutional need to expand, and the proposed project is more favorable than maintaining the status quo. Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved. Moreover, DCOPN finds that the total capital

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

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

DCOPN finds IFRC, LLC COPN request to expand MRI services through the addition of one MRI unit is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The applicant has demonstrated an institutional need to expand, and the proposed project is more favorable than maintaining the status quo. Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved. Moreover, DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term. Finally, there is no known opposition to the proposed project.

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

DCOPN finds IFRC, LLC's COPN request to establish CT services with one fixed CT scanner is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Furthermore, the proposed project is more favorable than maintaining the status quo and will address a computational need for CT scanners in PD 8. Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved. Moreover, DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term. Finally, there is no known opposition to the proposed project.

COPN Request No. VA-8730: Insight Health Corporation (Insight)

DCOPN finds Insight Health Corporation's COPN request to establish CT services with one fixed CT scanner is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Furthermore, the proposed project is more favorable than maintaining the status quo and will address a computational need for CT scanners in PD 8. Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved. Moreover, DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term. Additionally, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT providers in PD 8. Finally, there is no known opposition to the proposed project.

COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

DCOPN finds that District Hospital Partners, LP's COPN request to establish CT and MRI services with one CT scanner and one MRI unit is generally inconsistent with the applicable

criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be denied.

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

However, DCOPN concludes the applicant's assertions that it will have the imaging volume to support the proposed service are premature and that approval of the proposed project would significantly reduce the utilization of existing providers in PD 8 because the applicant has not demonstrated that it has an existing patient base in PD 8 and would therefore need to redirect volume from existing providers. According to DHP's CT scan patient origin data, from 2020-2023 GWUH performed only 564 CT scans on its ambulatory CT scanner on patients from PD 8. This amounts to only approximately 9% of DHPs ambulatory CT scans for that time period. Additionally, from 2020-2023 GWUH performed only 445 MRI scans on its three ambulatory MRI units on patients from PD 8. This amounts to only approximately 10% of DHPs ambulatory MRI scans for that time period. Moreover, as discussed, the utilization of GWUH's existing ambulatory CT scanner and MRI units in Washington D.C. is extremely low. Finally, DCOPN has calculated a surplus of nine MRI units in PD 8. For these reasons, DCOPN concludes that there are reasonable alternatives to the proposed project, including the status quo.

Finally, DCOPN received written opposition to the proposed project, which cited: (1) DHP currently has no presence in PD 8 and it does not serve an adequate number of ambulatory CT or MRI patients at its Washington, D.C. facilities to support the volume projections for its proposed Falls Church imaging center without redirecting patients from other existing PD 8 providers; (2) DHP's patient origin data demonstrate that the vast majority of DHP's existing CT and MRI patients are not in fact PD 8 residents; (3) CT and MRI utilization data provided for GWUH's existing ambulatory facility reflect substantial available capacity; and (4) the lack of public need for the project.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

DCOPN finds that Virginia Hospital Center Arlington Health System d/b/a VHC Health's COPN request to expand CT and MRI services with one fixed CT scanner and one fixed MRI unit is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The applicant has demonstrated an institutional need to expand, and the proposed project is more favorable than maintaining the status quo. Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved. Moreover, DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term. Finally, there is no known opposition to the proposed project.



### **Staff Recommendations**

#### **COPN Request No. VA-8726: Inova Health Services d/b/a Inova Fairfax Hospital (IFH)**

The Division of Certificate of Public Need recommends **conditional approval** of Inova Health Services d/b/a Inova Fairfax Hospital's COPN request to expand MRI services with one MRI unit for the following reasons:

1. The project is consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The applicant has demonstrated an institutional need to expand its MRI services.
3. The project is more favorable than maintaining the status quo.
4. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
5. The capital costs are reasonable.
6. The proposed project appears economically viable in the immediate and the long-term.
7. There is no known opposition to the proposed project.

#### **Recommended Condition**

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

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

COPN Request No. VA-8727: IFRC, LLC (IFRC – Lansdowne)

The Division of Certificate of Public Need recommends **conditional approval** of IFRC, LLC's COPN request to expand MRI services with one MRI unit for the following reasons:

1. The project is consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The applicant has demonstrated an institutional need to expand its MRI services.
3. The project is more favorable than maintaining the status quo.
4. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
5. The capital costs are reasonable.
6. The proposed project appears economically viable in the immediate and the long-term.
7. There is no known opposition to the proposed project.

**Recommended Condition**

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

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

COPN Request No. VA-8728: IFRC, LLC (IFRC – Springfield)

The Division of Certificate of Public Need recommends **conditional approval** of IFRC – Springfield's COPN request to establish CT services with one fixed CT scanner for the following reasons:

1. The project is consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The project is more favorable than maintaining the status quo.
3. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
4. The capital costs are reasonable.
5. The proposed project appears economically viable in the immediate and the long-term.
6. There is no known opposition to the proposed project.

**Recommended Condition**

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

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

COPN Request No. VA-8730: Insight Health Corporation (Insight)

The Division of Certificate of Public Need recommends **conditional approval** of Insight Health Corporation's COPN request to establish CT services with one fixed CT scanner for the following reasons:

1. The project is consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The project is more favorable than maintaining the status quo.

3. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
4. The capital costs are reasonable.
5. The proposed project appears economically viable in the immediate and the long-term.
6. There is no known opposition to the proposed project.

### **Recommended Condition**

Insight Health Corporation will provide CT services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 8 in an aggregate amount equal to at least 2.63% of Insight Health Corporation's gross patient revenue derived from CT services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Insight Health Corporation will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Insight Health Corporation will provide CT care to individuals who are eligible for benefits under Title XVIII of the Social Security Act (42 U.S.C. § 1395 et seq.), Title XIX of the Social Security Act (42 U.S.C. § 1396 et seq.), and 10 U.S.C. § 1071 et seq. Insight Health Corporation will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

### COPN Request No. VA-8734: District Hospital Partners, LP (DHP)

The Division of Certificate of Public Need recommends **denial** of District Hospital Partners, LP's COPN request to establish CT and MRI services with one CT scanner and one MRI unit, for the following reasons:

1. The project is inconsistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. There is a surplus of MRI units in PD 8.
3. The proposed project would significantly decrease volumes of existing providers.
4. There are reasonable alternatives to the proposed project, including the status quo.

5. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be denied.
6. There is documented opposition to the proposed project.

COPN Request No. VA-8735: Virginia Hospital Center Arlington Health System d/b/a VHC Health (VHC Health)

The Division of Certificate of Public Need recommends **conditional approval** of Virginia Hospital Center Arlington Health System d/b/a VHC Health's COPN request to expand CT and MRI services with one fixed CT scanner and one fixed MRI unit for the following reasons:

1. The project is consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The applicant has demonstrated an institutional need to expand its CT and MRI services.
3. The project is more favorable than maintaining the status quo.
4. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
5. The capital costs are reasonable.
6. The proposed project appears economically viable in the immediate and the long-term.
7. There is no known opposition to the proposed project.

**Recommended Condition**

Virginia Hospital Center Arlington Health System d/b/a VHC Health will provide CT and MRI services to all persons in need of this service, regardless of their ability to pay, and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 8 in an aggregate amount equal to at least 3.0% of Virginia Hospital Center Arlington Health System d/b/a VHC Health's gross patient services revenue, consistent with the Virginia Hospital Center Arlington Health System system-wide charity care condition originally agreed to in 2014. 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. Virginia Hospital Center Arlington Health System d/b/a VHC Health will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

Virginia Hospital Center Arlington Health System d/b/a VHC Health 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 942 U.S.C. § 1396 et seq.), and 10 U.S.C § 1071 et seq. Additionally, Virginia Hospital Center Arlington Health System d/b/a VHC Health will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

**COPN Request No. VA-8726**

Inova Health Care Services d/b/a Inova Fairfax Hospital  
Falls Church, Virginia  
Add one fixed MRI scanner

**COPN Request No. VA-8727**

IFRC, LLC  
Lansdowne, Virginia  
Add one fixed MRI scanner

**COPN Request No. VA-8728**

IFRC, LLC  
Springfield, Virginia  
Establish CT services

**COPN Request No. VA-8730**

Insight Health Corporation  
Woodbridge, Virginia  
Introduce fixed CT imaging at Insight Imaging - Woodbridge

**COPN Request No. VA-8734**

District Hospital Partners, LP  
Falls Church, Virginia  
Establish a specialized center for CT and MRI imaging

**COPN Request No. VA-8735**

Virginia Hospital Center Arlington Health System d/b/a VHC Health  
Arlington, Virginia  
Establish a specialized center for CT and MRI imaging

**STIPULATION**

**IT IS HEREBY STIPULATED AND AGREED**, by and among Inova Health Care Services d/b/a Inova Fairfax Hospital ("Inova"), IFRC, LLC ("IFRC"), Insight Health Corporation ("Insight"), District Hospital Partners, LP ("DHP"), Virginia Hospital Center Arlington Health System d/b/a VHC Health ("VHC Health"), each by counsel, the Health Systems Agency of Northern Virginia ("HSANV"), by its Executive Director, and the Virginia Department of Health ("the Department"), Office of Licensure and Certification's Division of Certificate of Public Need ("DCOPN"), by its Director (collectively, "the Parties"), as follows:

1. The Parties mutually desire to avoid further expense in Certificate of Public Need ("COPN") matters that do not require extensive additional administrative procedure. The Parties further recognize that this stipulation benefits the public interest and judicial efficiency. This stipulation reflects a narrowly tailored exception to the routine review process and is being employed by the Parties due to particular facts and circumstances of the above-referenced applications.

2. The COPN applications filed by Inova (COPN Request No. VA-8726), IFRC (COPN Request Nos. VA-8727 and -8728), Insight (COPN Request No. VA-8730), DHP (COPN Request No. VA-8734), and VHC Health (COPN Request No. VA-8735) (each a “project” as defined in Virginia Code Section 32.1-102.1 and collectively, the “Proposed Projects”) are currently under review in the same COPN batch review cycle and relate to computed tomography (“CT”) and/or magnetic resonance imaging (“MRI”) projects located in Planning District (“PD”) 8. No other CT and/or MRI projects are being reviewed in PD 8 in the COPN batch review cycle in which the Proposed Projects are being reviewed.
3. HSANV is the regional health planning agency designated for Health Planning Region II/PD 8.
4. The COPN application filed by Inova (COPN Request No. VA-8726) received recommendations of project approval from HSANV and DCOPN. DCOPN conditioned its recommendation of project approval on Inova’s acceptance of a charity care condition as described in the DCOPN staff report on the Proposed Projects (the “DCOPN Staff Report”). While Inova accepted DCOPN’s recommendation via correspondence dated January 29, 2024, and attached hereto as Exhibit A, Inova opposes DHP’s application (COPN Request No. VA-8734) and wishes to participate in the Informal Fact-Finding Conference (“IFFC”) as an applicant competing with the DHP application. Inova has agreed to reschedule the IFFC from the original February 7, 2024, date to a new date that is mutually agreed upon between and among Inova, DHP, HSANV, DCOPN, and the Adjudication Officer.
5. The COPN applications filed by IFRC (COPN Request Nos. VA-8727 and -8728) received recommendations of project approval from HSANV and DCOPN. DCOPN conditioned its recommendations of project approval on IFRC’s acceptance of charity care conditions as described in the DCOPN Staff Report. IFRC accepted DCOPN’s recommendations and the recommended charity care conditions via correspondence dated January 29, 2024, and attached hereto at Exhibit B.
6. The COPN application filed by Insight (COPN Request No. VA-8730) received recommendations of project approval from HSANV and DCOPN. DCOPN conditioned its recommendation of project approval on Insight’s acceptance of a charity care condition as described in the DCOPN Staff Report. Insight accepted DCOPN’s recommendation and the recommended charity care condition via communication dated January 24, 2024, and attached hereto at Exhibit C.
7. The COPN application filed by DHP (COPN Request No. VA-8734) received recommendations of project denial from HSANV and DCOPN.
8. The COPN application filed by VHC Health (COPN Request No. VA-8735) received recommendations of project approval from HSANV and DCOPN. DCOPN conditioned its recommendation of project approval on VHC Health’s acceptance of a charity care condition as described in the DCOPN Staff Report. VHC Health accepted DCOPN’s recommendation and the recommended charity care condition via correspondence dated January 23, 2024, and attached hereto at Exhibit D.



9. No petitions seeking to establish good cause standing ("Good Cause Petitions") with regard to the Proposed Projects were filed as of the January 23, 2024, deadline for filing such Good Cause Petitions pursuant to Virginia Code Section 32.1-102.6.E.3.
10. Ordinarily, the Department's Adjudication Officer would include all of the Proposed Projects in an IFFC because HSANV and DCOPN issued recommendations of denial for the competing application filed by DHP (COPN Request No. VA-8734).
11. While the Parties recognize that the State Health Commissioner (the "Commissioner") has the ultimate authority to determine whether an IFFC is necessary, the Parties have agreed that it is not necessary to address the COPN applications filed by IFRC (COPN Request Nos. VA-8727 and -8728), Insight (COPN Request No. VA-8730), and VHC Health (COPN Request No. VA-8735) at an IFFC because neither HSANV nor DCOPN found any compelling contrary fact basis or information that could be relied upon in making adverse decisions on these applications. Furthermore, none of IFRC, Insight, or VHC Health opposes the other applicants' projects or has taken a position on any of the other competing applications in this review, and no other applicant opposes or otherwise has taken a position on the IFRC, Insight, or VHC Health applications. Although neither HSANV nor DCOPN found any compelling contrary fact basis or information that could be relied on in making an adverse decision on the Inova application (COPN Request No. VA-8726), Inova wishes to participate in the IFFC in its capacity as a competing applicant to the DHP application (COPN Request No. VA-8734).
12. HSANV's and DCOPN's analyses of the COPN applications filed by IFRC (COPN Request Nos. VA-8727 and -8728), Insight (COPN Request No. VA-8730), and VHC Health (COPN Request No. VA-8735) constitute a sufficient record of public need for the corresponding projects upon which the Commissioner may, in accordance with her statutory authority, and in her discretion, issue corresponding COPNs. As such, the Parties have agreed that no report from the Department's Adjudication Officer is necessary on the COPN applications filed by IFRC (COPN Request Nos. VA-8727 and -8728), Insight (COPN Request No. VA-8730), and VHC Health (COPN Request No. VA-8735). This agreement stems from an interest in promoting judicial efficiency.
13. The Parties have agreed that DCOPN may forward the COPN applications filed by IFRC (COPN Request Nos. VA-8727 and -8728), Insight (COPN Request No. VA-8730), and VHC Health (COPN Request No. VA-8735), the HSANV staff report on the applications, the DCOPN Staff Report, and the executed version of this stipulation, to the Commissioner with a recommendation that she issue COPNs for the IFRC, Insight, and VHC Health projects as would otherwise be permitted under Virginia Code Sections 32.1-102.6.D and 32.1-102.6.E if there had been no competing application recommended for denial by HSANV and/or DCOPN. The Parties agree that it is not necessary to send the Adjudication Officer's recommendations on the Inova application (COPN Request No. VA-8726) and the DHP application (COPN Request No. VA-8734) remaining in this administrative review with the recommendation that the Commissioner issue COPNs for the IFRC, Insight, and VHC Health projects. Further, the Parties agree that DCOPN may forward the IFRC, Insight, and VHC Health applications to the Commissioner for approval immediately.

14. The Parties agree that the Department shall deem the record closed with respect to the IFRC, Insight, and VHC Health applications upon the signing of this stipulation by or on behalf of the Parties pursuant to Virginia Code Section 32.1-102.6.E.5.
15. The Parties agree that this stipulation and its execution will not serve as the basis, in any way, of an appeal of an unfavorable decision on any of the applications in this review.
16. IFRC, Insight, and VHC Health hereby waive all rights to appeal the Commissioner's decision on the Inova application (COPN Request No. VA-8726) and the DHP application (COPN Request No. VA-8734) remaining in this review, and Inova and DHP waive all rights to appeal the Commission's decision on the IFRC, Insight, and VHC Health applications.
17. The Parties entered into this stipulation with full knowledge and understanding that this stipulation cannot infringe upon the Commissioner's statutory duty to exercise her professional discretion in a manner consistent with the authority granted in Title 32.1 of the Code of Virginia.
18. Inova, IFRC, Insight, DHP, VHC Health, and HSANV must sign this stipulation before submission to the Department. To expedite the process of signing this stipulation, the Parties may execute this stipulation in any number of counterparts with the same effect as if the Parties had signed the same document. All counterparts will be construed together and shall constitute one agreement. Signatures transmitted by facsimile or as PDF attachments to e-mail shall have the same effect as original signatures. A final, consolidated document with all signatures included will be created and submitted for the Department's files. This stipulation shall become effective on the date signed by DCOPN on behalf of the Department.

Respectfully submitted,

**Inova Health Care Services d/b/a Inova Fairfax Hospital**

Elizabeth A. Breen  
By: Elizabeth A. Breen  
Counsel to Inova

02/01/2024  
Date

**IFRC, LLC**

Elizabeth A. Breen  
By: Elizabeth A. Breen  
Counsel to IFRC

02/01/2024  
Date

**Insight Health Corporation**

  
By: Peter M. Mellette  
Counsel to Insight

02/01/2024  
Date

**District Hospital Partners, LP**

By: Amandeep Sidhu  
Counsel to DHP

Date

**Virginia Hospital Center Arlington Health System d/b/a VHC Health**

By: Jamie B. Martin  
Counsel to VHC Health

Date

**Health Systems Agency of Northern Virginia**

By: Dean Montgomery  
Executive Director

Date

**Division of Certificate of Public Need**

  
By: Erik Bodin, Director, Office of  
Licensure and Certification


2 February 2024  
Date

**Insight Health Corporation**

\_\_\_\_\_  
By: Peter M. Mellette  
Counsel to Insight

\_\_\_\_\_  
Date

**District Hospital Partners, LP**

  
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By: Amandeep Sidhu  
Counsel to DHP

\_\_\_\_\_  
2/1/2024  
Date

**Virginia Hospital Center Arlington Health System d/b/a VHC Health**

\_\_\_\_\_  
By: Jamie B. Martin  
Counsel to VHC Health

\_\_\_\_\_  
Date

**Health Systems Agency of Northern Virginia**

\_\_\_\_\_  
By: Dean Montgomery  
Executive Director

\_\_\_\_\_  
Date

**Division of Certificate of Public Need**

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By: Erik Bodin, Director, Office of  
Licensure and Certification

\_\_\_\_\_  
Date

**Insight Health Corporation**

\_\_\_\_\_  
By: Peter M. Mellette  
Counsel to Insight

\_\_\_\_\_  
Date

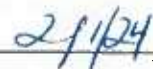
**District Hospital Partners, LP**

\_\_\_\_\_  
By: Amandeep Sidhu  
Counsel to DHP

\_\_\_\_\_  
Date

**Virginia Hospital Center Arlington Health System d/b/a VHC Health**

  
\_\_\_\_\_  
By: Jamie B. Martin  
Counsel to VHC Health

  
\_\_\_\_\_  
Date

**Health Systems Agency of Northern Virginia**

\_\_\_\_\_  
By: Dean Montgomery  
Executive Director

\_\_\_\_\_  
Date

**Division of Certificate of Public Need**

\_\_\_\_\_  
By: Erik Bodin, Director, Office of  
Licensure and Certification

\_\_\_\_\_  
Date

**Insight Health Corporation**

\_\_\_\_\_  
By: Peter M. Mellette  
Counsel to Insight

\_\_\_\_\_  
Date

**District Hospital Partners, LP**

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By: Amandeep Sidhu  
Counsel to DHP

\_\_\_\_\_  
Date

**Virginia Hospital Center Arlington Health System d/b/a VHC Health**

\_\_\_\_\_  
By: Jamie B. Martin  
Counsel to VHC Health

\_\_\_\_\_  
Date

**Health Systems Agency of Northern Virginia**



\_\_\_\_\_  
By: Dean Montgomery  
Executive Director

\_\_\_\_\_  
2/1/2024

\_\_\_\_\_  
Date

**Division of Certificate of Public Need**

\_\_\_\_\_  
By: Erik Bodin, Director, Office of  
Licensure and Certification

\_\_\_\_\_  
Date

EXHIBIT

A

**From:** [Cheatham, Valerie \(VDH\)](#)  
**To:** [Dreyer, Paul; COPN \(VDH\)](#)  
**Cc:** [Breen, Elizabeth](#)  
**Subject:** RE: Staff Report for COPN Request No. VA-8726  
**Date:** Monday, January 29, 2024 3:06:17 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)

**This Message Is From An External Sender**

Hunton Andrews Kurth warning: This message came from outside the firm.

Thank you, Paul DCOPN acknowledges receipt.

Valerie

**Valerie Cheatham**

Certificate of Public Need Analyst  
Office of Licensure and Certification

Phone: (804) 367-2370

<https://www.vdh.virginia.gov/licensure-and-certification/>

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Virginia Department of Health  
9960 Mayland Drive, Suite #401  
Henrico, Virginia 23233

**From:** Dreyer, Paul <Paul.Dreyer@inova.org>  
**Sent:** Monday, January 29, 2024 2:57 PM  
**To:** Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>  
**Cc:** Liz Breen (ebreen@hunton.com) <ebreen@hunton.com>  
**Subject:** RE: Staff Report for COPN Request No. VA-8726

Valerie,

Inova accepts the charity care condition proposed on this project.

Please let us know if you need anything further. Thank you.

**Paul Dreyer**

*He/Him*

Senior Director, Strategy & Planning

8095 Innovation Park Drive  
Fairfax, VA 22031  
C 703.403.7598

**Inova.org**



**From:** Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>

**Sent:** Friday, January 19, 2024 8:12 AM

**To:** Dreyer, Paul <Paul.Dreyer@inova.org>

**Cc:** COPN (VDH) <COPN@vdh.virginia.gov>; HSAHV\_DM (hsanv@aol.com) <hsanv@aol.com>;

MacLeod, Vanessa (VDH) <Vanessa.Macleod@vdh.virginia.gov>

**Subject:** Staff Report for COPN Request No. VA-8726

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Mr. Dreyer:

I have attached the staff report for COPN Request No. VA-8726. Please let me know if you have any questions.

Thank you,

Valerie

**Valerie Cheatham**

Certificate of Public Need Analyst

Office of Licensure and Certification

Phone: (804) 367-2370

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**From:** [Cheatham, Valerie \(VDH\)](#)  
**To:** [Dreyer, Paul](#)  
**Cc:** [Breen, Elizabeth; COPN \(VDH\)](#)  
**Subject:** RE: Staff Report for COPN Request No. VA-8727  
**Date:** Monday, January 29, 2024 3:05:59 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)

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Hunton Andrews Kurth warning: This message came from outside the firm.

Thank you, Paul DCOPN acknowledges receipt.

Valerie

**Valerie Cheatham**

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**From:** Dreyer, Paul <Paul.Dreyer@inova.org>  
**Sent:** Monday, January 29, 2024 2:59 PM  
**To:** Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>  
**Cc:** Liz Breen (ebreen@hunton.com) <ebreen@hunton.com>  
**Subject:** RE: Staff Report for COPN Request No. VA-8727

Valerie,

On behalf of IFRC, LLC, we accept the charity care condition proposed on this project.

Please let us know if you need anything further. Thank you.

**Paul Dreyer**

*He/Him*

Senior Director, Strategy & Planning

8095 Innovation Park Drive  
Fairfax, VA 22031  
C 703.403.7598

[inova.org](http://inova.org)



Official Health System for



**From:** Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>

**Sent:** Friday, January 19, 2024 8:14 AM

**To:** Dreyer, Paul <Paul.Dreyer@inova.org>

**Cc:** COPN (VDH) <COPN@vdh.virginia.gov>; HSAHV\_DM (hsanv@aol.com) <hsanv@aol.com>;  
Macleod, Vanessa (VDH) <Vanessa.Macleod@vdh.virginia.gov>

**Subject:** Staff Report for COPN Request No. VA-8727

**\*\*\*ATTENTION: This email originated from outside of Inova. Please proceed with caution if asked to click links or open attachments.\*\*\***

Mr. Dreyer:

I have attached the staff report for COPN Request No. VA-8727. Please let me know if you have any questions.

Thank you,

Valerie

**Valerie Cheatham**

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Henrico, Virginia 23233

**From:** [Cheatham, Valerie \(VDH\)](#)  
**To:** [Dreyer, Paul](#)  
**Cc:** [Breen, Elizabeth; COPN \(VDH\)](#)  
**Subject:** RE: Staff Report for COPN Request No. VA-8728  
**Date:** Monday, January 29, 2024 3:05:48 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)

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Thank you, Paul DCOPN acknowledges receipt.

Valerie

**Valerie Cheatham**

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Henrico, Virginia 23233

**From:** Dreyer, Paul <Paul.Dreyer@inova.org>  
**Sent:** Monday, January 29, 2024 2:59 PM  
**To:** Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>  
**Cc:** Liz Breen (ebreen@hunton.com) <ebreen@hunton.com>  
**Subject:** RE: Staff Report for COPN Request No. VA-8728

Valerie,

On behalf of IFRC, LLC, we accept the charity care condition proposed on this project.

Please let us know if you need anything further. Thank you.

**Paul Dreyer**

*He/Him*

Senior Director, Strategy & Planning

8095 Innovation Park Drive  
Fairfax, VA 22031  
C 703.403.7598  
[Inova.org](https://www.inova.org)

Official Health System for

**From:** Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>

**Sent:** Friday, January 19, 2024 8:16 AM

**To:** Dreyer, Paul <Paul.Dreyer@inova.org>

**Cc:** COPN (VDH) <COPN@vdh.virginia.gov>; HSAHV\_DM (hsanv@aol.com) <hsanv@aol.com>;

MacLeod, Vanessa (VDH) <Vanessa.Macleod@vdh.virginia.gov>

**Subject:** Staff Report for COPN Request No. VA-8728

**\*\*\*ATTENTION: This email originated from outside of Inova. Please proceed with caution if asked to click links or open attachments.\*\*\***

Mr. Dreyer:

I have attached the staff report for COPN Request No. VA-8728. Please let me know if you have any questions.

Thank you,

Valerie

**Valerie Cheatham**

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Henrico, Virginia 23233

**From:** [Cheatham, Valerie \(VDH\)](#)  
**To:** [Mellette, Peter](#); [Bodin, Erik \(VDH\)](#); [Dean Montgomery \(HSANV@aol.com\)](#)  
**Cc:** [MacLeod, Vanessa \(VDH\)](#); [COPN \(VDH\)](#)  
**Subject:** RE: Staff Report for COPN Request No. VA-8730 Insight Health Corp. d/b/a Rayus Radiology -Woodbrige - Addition of CT service to existing medical care facility  
**Date:** Thursday, January 25, 2024 9:14:42 AM  
**Attachments:** [Image001.png](#)

---

Good Morning, Peter:

DCOPN acknowledges receipt of Insight's acceptance of the charity care condition. Thank you for letting us know about the stipulation. In concept, we do not have an objection but will review the specific language of the stipulation when it is ready.

Valerie

**Valerie Cheatham**

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Henrico, Virginia 23233

**From:** Mellette, Peter <PMellette@goodmanallen.com>

**Sent:** Wednesday, January 24, 2024 6:38 PM

**To:** Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>; Bodin, Erik (VDH) <Erik.Bodin@vdh.virginia.gov>; Dean Montgomery (HSANV@aol.com) <HSANV@aol.com>

**Subject:** RE: Staff Report for COPN Request No. VA-8730 Insight Health Corp. d/b/a Rayus Radiology -Woodbrige - Addition of CT service to existing medical care facility

Erik, Valerie, Dean: As you are aware, the referenced CT application by Insight Health Corp. is part of a group of imaging projects recently reviewed and which led to conditional approval recommendations for all but one applicant. That applicant, District Hospital Partners, does not object to the Insight project's approval and is reportedly willing to proceed to an informal fact-finding conference without Insight's application as a participant. I am reaching out to you to confirm that the DCOPN and the HSANV have no objection in concept to a request by Insight to remove Insight from the Planning District 8 imaging project batch by stipulation of the parties and have the project go directly to the Commissioner for decision based on the recommendations of the HSANV and the DCOPN staff. The stipulation form would include the typical language of past stipulations, and the parties would all agree that the Insight application's removal from the batch would not trigger a decision or affect any rights of the

Department and the applicants remaining in the IFFC. I understand that Jamie Martin is likely to prepare a similar request for VHC Health, and that Liz Breen may approach you as well about the IFRC projects, and we will likely combine our efforts on a stipulation to present to Vanessa MacLeod.

Thanks for your consideration and kind reply. And thank you for your recommendations on the Insight project on behalf of DCOPN staff and the HSAHV. As indicated in its application and in communications with Valerie during the review process, Insight is willing to accept the Department's recommended charity care condition to the application.

*Peter*

**Peter Mellette**

Member

**GOODMAN | ALLEN | DONNELLY**

428 McLaws Circle, Suite 200

Williamsburg, VA 23185

(757) 707.9197 (direct)

(877) 635.5388 (toll free)

(757) 259.9201 (fax)

[PMellette@goodmanallen.com](mailto:PMellette@goodmanallen.com)

[www.goodmanallen.com](http://www.goodmanallen.com)



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**From:** Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>

**Sent:** Friday, January 19, 2024 8:18 AM

**To:** Mellette, Peter <PMellette@goodmanallen.com>

**Cc:** COPN (VDH) <COPN@vdh.virginia.gov>; HSAHV\_DM (hsanv@aol.com) <hsanv@aol.com>;

MacLeod, Vanessa (VDH) <Vanessa.Macleod@vdh.virginia.gov>

**Subject:** Staff Report for COPN Request No. VA-8730

Mr. Mellette:

I have attached the staff report for COPN Request No. VA-8730. Please let me know if you have any questions.

Thank you,

Valerie

**Valerie Cheatham**

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**From:** Martin, Jamie  
**Sent:** Tuesday, January 23, 2024 10:02 AM  
**To:** Cheatham, Valerie (VDH) <[Valerie.Cheatham@vdh.virginia.gov](mailto:Valerie.Cheatham@vdh.virginia.gov)>; Stanton, Adrian <[ASanton@vhchealth.org](mailto:ASanton@vhchealth.org)>  
**Cc:** COPN (VDH) <[COPN@vdh.virginia.gov](mailto:COPN@vdh.virginia.gov)>; HSNV\_DM ([hsanv@aol.com](mailto:hsanv@aol.com)) <[hsanv@aol.com](mailto:hsanv@aol.com)>; MacLeod, Vanessa (VDH) <[Vanessa.Macleod@vdh.virginia.gov](mailto:Vanessa.Macleod@vdh.virginia.gov)>  
**Subject:** RE: Staff Report for COPN Request No. VA-8735

Good morning.

Attached please find VHC Health's acceptance of the Division of Certificate of Public Need's recommended charity care condition.

Please let Adrian Stanton (copied) or me know if you need anything else from us.

Thanks to DCOPN and HSNV for their review and recommendations of approval of VHC Health's project. Regards - Jamie



Jamie Baskerville Martin  
*Attorney*  
T 804.420.6407  
[email](#) | [v-card](#) | [website](#) | [LinkedIn](#)

Williams Mullen Center | 200 South 10th Street, Suite 1600 | P.O. Box 1320 (23218) | Richmond, VA 23219

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**From:** Cheatham, Valerie (VDH) <[Valerie.Cheatham@vdh.virginia.gov](mailto:Valerie.Cheatham@vdh.virginia.gov)>  
**Sent:** Friday, January 19, 2024 8:27 AM  
**To:** Stanton, Adrian <[ASanton@vhchealth.org](mailto:ASanton@vhchealth.org)>; Martin, Jamie <[jbmartin@williamsmullen.com](mailto:jbmartin@williamsmullen.com)>  
**Cc:** COPN (VDH) <[COPN@vdh.virginia.gov](mailto:COPN@vdh.virginia.gov)>; HSNV\_DM ([hsanv@aol.com](mailto:hsanv@aol.com)) <[hsanv@aol.com](mailto:hsanv@aol.com)>; MacLeod, Vanessa (VDH) <[Vanessa.Macleod@vdh.virginia.gov](mailto:Vanessa.Macleod@vdh.virginia.gov)>  
**Subject:** Staff Report for COPN Request No. VA-8735

Mr. Stanton and Ms. Martin:

I have attached the staff report for COPN Request No. VA-8735. Please let me know if you have any questions.

Thank you,

Valerie



**Valerie Cheatham**

Certificate of Public Need Analyst  
Office of Licensure and Certification

Phone: (804) 367-2370

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703.558.5000 • [vhchealth.org](http://vhchealth.org)

January 23, 2024

VIA ELECTRONIC MAIL ([erik.bodin@vdh.virginia.gov](mailto:erik.bodin@vdh.virginia.gov))

Erik O. Bodin, III  
Director, Division of COPN  
Virginia Department of Health  
9960 Mayland Drive - Suite 401  
Henrico, Virginia 23233

**RE: Acceptance of Charity Care Condition  
COPN Request No. VA-8736  
Virginia Hospital Center Arlington Health System d/b/a VHC Health  
Establish a Specialized Center for CT and MRI Imaging (Planning District 8)**

Dear Mr. Bodin:

I write on behalf of Virginia Hospital Center Arlington Health System d/b/a VHC Health ("VHC Health") in follow-up to the staff report issued by the Division of Certificate of Public Need ("DCOPN") on January 19, 2024, regarding the above-referenced Certificate of Public Need application. That application proposes to expand VHC Health's existing CT and MRI services via the establishment of a specialized center for CT and MRI services in Planning District 8. VHC Health appreciates DCOPN's recommendation of conditional approval of VHC Health's application and is pleased to accept the recommended charity care condition as set forth in the DCOPN staff report.

On behalf of VHC Health, thank you for DCOPN's diligent review of our project and for the favorable recommendation. As always, please let me know of any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Adrian Stanton".

Adrian Stanton  
Vice President, Real Estate Acquisition and Development  
VHC Health  
703.558.6319

cc: Dean Montgomery, Executive Director, Health Systems Agency of Northern Virginia  
Valerie Cheatham, Project Analyst, Division of Certificate of Public Need  
Jamie Martin, Esquire