

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis Report

September 18, 2024

COPN Request No. VA-8765

CVFP, LLC

Lynchburg, Virginia

Establish a medical care facility with 1 MRI and 1 CT

Applicant

CVFP, LLC (CVFP) is a limited liability company formed under the laws of Virginia in 2015. CVFP is wholly owned by Central Virginia Family Physicians, Inc. CVFP does not have any subsidiaries. CVFP operates as CVFP Medical Group and is located in the city of Lynchburg, Virginia, Health Planning Region (HPR) III, Planning District (PD) 11.

Background

Division of Certificate of Public Need (DCOPN) records show that there are currently nine COPN authorized fixed-site Computed Tomography (CT) scanners at six sites in PD 11 (**Table 1**).

Table 1. PD 11 COPN Authorized Fixed CT Units

Facility	# of Scanners
Blue Ridge Ear, Nose, Throat and Plastic Surgery	1 ¹
Centra Bedford Memorial Hospital	1
Centra Lynchburg General Hospital	3
Centra Outpatient Imaging Center	1 ²
Centra Virginia Baptist Hospital	1
Central Virginia Imaging ³	2
Total	9

Source: DCOPN records

DCOPN records show that there are currently five COPN authorized fixed-site magnetic resonance imaging (MRI) scanners at three sites in PD 11 (**Table 2**). DCOPN notes that in

¹ COPN Request No. VA-04521 authorized Blue Ridge Ear, Nose and Throat and Plastic Surgery to establish a specialized center for CT services with one CT scanner, limited to head.

² COPN No. VA-04883 authorized Centra Health, Inc. to expand CT services at Lynchburg General Hospital through the addition of one CT unit and the establishment of Centra Outpatient Imaging Center. The project is expected to be completed by March 31, 2026.

³ Central Virginia Imaging is a joint venture between Radiology Consultants of Lynchburg, Inc. and Centra Health, Inc., with each entity owning a 50% interest.

addition to the fixed MRI units shown in **Table 1**, Centra Bedford Memorial Hospital has authorization for one mobile MRI site.

Table 2. PD 11 COPN Authorized Fixed MRI Units

Facility	# of Units
Centra Lynchburg General Hospital	2
Central Virginia Imaging ⁴	2
OrthoVirginia	1
Total	5

Source: DCOPN records

Proposed Project

The applicant proposes to establish a diagnostic imaging center with one CT scanner (128 slice Definition AS CT system) and one MRI unit (1.5 T “wide bore” MRI Espree system), both of which it will lease from Siemens. The proposed diagnostic imaging center will be located at 800 Graves Mill Road, Lynchburg, Virginia at CVFP’s to-be-constructed healthplex. According to the applicant, the healthplex will house a diverse group of medical professionals, including but not limited to primary care, pediatrics, sports medicine, behavioral health, endocrinology, osteopathic neuromusculoskeletal manipulative medicine, physical therapy and labs. Outpatient services will be available Monday-Thursday from 7:30 a.m. to 7:00 p.m., Friday 7:30 a.m. to 6:30 p.m. and Saturday 7:30 a.m. to 12:30 p.m.

The projected capital costs of the proposed project total \$1,488,362 (**Table 3**). The applicant will not incur any financing costs associated with construction of the facility because it will be leasing the land and building from Liberty University, Inc. and direct construction costs, site preparation costs, architectural and engineering fees and taxes during construction are included in leasehold expenses. The applicant will use \$55,000 of accumulated reserves to fund a portion of the project and will fund the remaining \$1,433,362 of costs with revenue from operations.

Table 3. CVFP Capital Costs

Direct Construction Costs	\$0
Equipment Not Included in Construction Contract	\$926,530
Site Acquisition Costs	\$566,832
Site Preparation Costs	\$0
Architectural and Engineering Fees	\$0
Other Consultant Fees	\$5,000
Taxes During Construction	\$13,971
Total	\$1,488,362

Source: COPN Request No. VA-8765

Construction for the proposed project is expected to begin six months after COPN approval and to be completed 17 months after COPN approval. The applicant anticipates an opening date 18 months after COPN approval.

⁴ Central Virginia Imaging is a joint venture between Radiology Consultants of Lynchburg, Inc. and Centra Health, Inc., with each entity owning a 50% interest.

Project Definition

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 “Any 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)....”

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;**

Geographically, the diagnostic imaging center will be located at 800 Graves Mill Road, Lynchburg, Virginia at CVFP’s to-be-constructed healthplex, just off US-501, which is a major thoroughfare that connects US-460 and US-29. This location is accessible by public transportation with a bus stop a one-minute walk from the proposed facility.

The population in PD 11 was 261,593 in 2020 and is projected to grow by 1.9% to 266,674 by 2030 (**Table 4**). This is a smaller growth rate than the 5.8% projected for Virginia during the 2020 to 2030 decade. In Lynchburg, the location of the proposed project, the population is projected to grow 2.9%, by the end of the decade, by 2,259 people (**Table 4**). Due to their central location in the PD and the rurality of the surrounding counties, Lynchburg-based facilities draw patients widely from across PD 11.

PD 11’s age 65 and older population is projected to grow by 19.6% in the 2020 to 2030 decade, less than Virginia with a projected growth rate of 26.3% (**Table 4**). PD 11 is projected to have more than 10,000 additional residents aged 65+ by 2030 than it did in 2020 (**Table 4**).

Table 4. Population Projections for PD 11, 2020-2030

Locality	2020	2030	Population Change 2020-2030	Percent Change	2020 Aged 65 and up	2030 Aged 65 and up	Population Change 2020-2030 Aged 65 & up	Percent Change Aged 65 and up
Amherst County	31,307	29,827	-1,480	-4.7%	6,754	7,833	1,079	16.0%
Appomattox County	16,119	17,018	899	5.6%	3,358	4,019	661	19.7%
Bedford County	79,462	82,822	3,360	4.2%	17,848	22,924	5,076	28.4%
Campbell County	55,696	55,739	43	0.1%	11,599	13,501	1,902	16.4%
Lynchburg City	79,009	81,268	2,259	2.9%	12,833	14,399	1,566	12.2%
PD 11	261,593	266,674	5,081	1.9%	52,392	62,677	10,285	19.6%
Virginia	8,631,393	9,129,002	497,609	5.8%	1,395,291	1,762,641	367,350	26.3%

Source: Weldon Cooper, data update August 2023

PD 11 has a poverty rate of 13.2%. higher than that of Virginia at 10.6%. Lynchburg’s poverty rate of 19.6% is the highest of the localities in PD 11 and much higher than Virginia’s. (Table 5).

Table 5. Poverty Rates 2022⁵

Locality	Poverty Rate
Amherst	12.8%
Appomattox	12.0%
Bedford	8.4%
Campbell	12.7%
Lynchburg City	19.6%
PD 11	13.2%
Virginia	10.6%

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2022, the most recent year for which such data is available, the average amount of charity care provided by HPR III facilities was 0.6% of all reported total gross patient revenues (Table 6). As shown in CVFP’s pro forma income statement (Table 7) below, the applicant has proffered a charity care percentage of 3% for the CT and MRI services. Therefore, if the Commissioner approves the proposed project, DCOPN recommends a charity care condition of no less than 3%, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 6. HPR III Charity Care Contributions: 2022

2022 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	% of Gross Patient Revenue:
Rehabilitation Hospital of Bristol, LLC	\$17,981,903	\$504,759	2.8%
Centra Specialty Hospital	\$48,716,727	\$1,120,485	2.3%
Carilion Franklin Memorial Hospital	\$216,535,912	\$4,076,850	1.9%
Carilion Tazewell Community Hospital	\$84,561,982	\$1,031,972	1.2%
Carilion Giles Memorial Hospital	\$182,762,966	\$2,056,398	1.1%
Carilion Medical Center	\$4,626,293,362	\$48,146,682	1.0%
Carilion New River Valley Medical Center	\$908,326,659	\$8,974,962	1.0%
LewisGale Hospital-Montgomery	\$945,286,546	\$6,043,431	0.6%
LewisGale Hospital - Alleghany	\$259,238,606	\$1,552,971	0.6%
LewisGale Hospital Pulaski	\$465,079,395	\$2,565,485	0.6%
LewisGale Medical Center	\$2,945,087,457	\$16,161,621	0.5%
Centra Health	\$3,023,784,179	\$10,182,695	0.3%

⁵ The latest poverty data available are for 2022: https://www.census.gov/data-tools/demo/saipe/#/?s_state=51&s_county=51009,51011,51515,51019,51031,51680&s_district=&s_geography=county

2022 Charity Care Contributions at or below 200% of Federal Poverty Level			
Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	% of Gross Patient Revenue:
Smyth County Community Hospital	\$214,723,312	\$630,654	0.3%
Bedford Memorial Hospital	\$175,626,005	\$474,228	0.3%
Norton Community Hospital	\$291,775,554	\$767,018	0.3%
Russell County Medical Center	\$135,556,168	\$330,439	0.2%
Dickenson Community Hospital	\$28,125,420	\$68,308	0.2%
Johnston Memorial Hospital	\$826,084,738	\$1,856,940	0.2%
Wellmont Lonesome Pine Mountain View Hospital	\$779,003,003	\$1,458,898	0.2%
Lee County Community Hospital	\$35,910,227	\$49,714	0.1%
Buchanan General Hospital	\$116,385,318	\$140,702	0.1%
DLP Twin County Regional Healthcare	\$255,330,355	\$293,349	0.1%
Sovah Health-Martinsville	\$677,045,264	\$349,080	0.1%
Clinch Valley Medical Center	\$656,673,348	\$293,630	0.0%
Sovah Health-Danville	\$932,808,724	\$86,078	0.0%
Wythe County Community Hospital	\$292,907,698	\$18,259	0.0%
Ridgeview Pavilion (Bristol Region)	\$7,807,715	--	0.0%
Total Facilities Reporting			27
Median			0.3%
Total \$ & Mean %	\$19,149,418,543	\$109,235,608	0.6%
Fairlawn Surgery Center, LLC	\$6,266,686	\$86,972	1.4%
Surgery Center of Lynchburg	\$71,978,392	\$650,781	0.9%
Roanoke Ambulatory Surgical Center	\$41,399,758	\$364,061	0.9%
Southwest Virginia Center for Sight	\$1,713,979	\$11,841	0.7%
Roanoke Valley Center for Sight	\$22,241,535	\$107,090	0.5%
Roanoke Valley Center for Sight at Oak Grove	\$4,952,855	\$22,821	0.5%
Roanoke Valley Center for Sight at Martinsville	\$5,105,196	\$21,245	0.4%
New River Valley Surgery Center	\$14,607,399	\$48,984	0.3%
Eye Surgery Center of Central Virginia, LLC	\$8,979,556	\$11,400	0.1%
Blue Ridge Surgery Center	\$106,092,378	\$25,571	0.0%
Piedmont Day Surgery Center	\$3,368,071	--	0.0%
Total Outpatient Hospitals:			11
HPR III Outpatient Hospital Median			0.5%
HPR III Total Outpatient Hospital \$ & Mean %	\$286,705,805	\$1,350,766	0.5%
Total Hospitals:			38
HPR III Hospital Median			0.3%
HPR III Total Hospital \$ & Mean %	\$19,436,124,348	\$110,586,374	0.6%

Source: VHI (2022)

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

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

DCOPN received 24 letters of support for the proposed project, which addressed:

- The project holds immense potential to enhance timely and affordable access to essential imaging services for patients in PD 11.
- Patients in Lynchburg have expressed challenges with accessing CT and MRI services, including significant delays in scheduling appointments, burdensome issues with pre-authorization requirements, and the logistical hurdles of traveling long distances to access alternate services outside of Lynchburg.
- CVFP has been a trusted provider of a wide range of healthcare services in PD 11 over the years. CVFP is currently the largest primary care provider in central Virginia.
- CVFP's facility will provide the highest quality services consistent with its practice and reputation for providing high quality, affordable care to patients in the area seeking services.
- CVFP has earned a reputation for their quality and affordability.
- Many times patients wait to seek access to care until treatment is too late because they cannot afford services or for fear of going to a hospital. The proposed project will offer another provider having charity care options for these patients.
- Patients must travel, sometimes, well over an hour for diagnostic imaging services. More immediate access and reducing the likelihood of authorization concerns would have an immediate positive impact on the community.
- A critical component to the success of various health care programmatic offerings is ensuring students in those programs have access to quality clinical rotations and practicum experiences to complete their respective degree requirements. In the past, Liberty University's students had limited access to community-based imaging center that was a joint collaboration between the independent radiology practice and the local Hospital system. Access to the facility was curtailed and subsequently completely lost several years ago. Having access to such a facility locally will enable Liberty to launch medical imaging and radiation services programs to address in demand programs and fill gaps in the healthcare workforce.
- Access to prompt and affordable diagnostic imaging plays an important role in early, accurate and effective treatment of various conditions including those affecting patients with kidney issues.

- Many patients are in severe pain and need prompt diagnosis to prevent complications. Having to navigate a new city in a new location with acute symptoms can only contribute to anxiety and worsened outcomes. Having more access to a CT and MRI service within PD 11 could dramatically impact patients.
- Since January of 2024, Collaborative Health Partners has either had delays or had to move 1,949 CT/MRI tests for its patients. This situation not only hinders timely medical interventions, but also places a financial burden on individuals and families seeking healthcare.
- In addition to the issue of timeliness, the cost of local hospital-based imaging services is a significant concern. Hospital-based services are typically priced two to three times higher than independent facilities, resulting in financial strain and further limiting access to essential diagnostic tests.
- The cost effectiveness of a centralized, independent diagnostic treatment facility will not only benefit patients directly but also alleviate the burden on healthcare payers and the overall healthcare system.
- The ability to easily access and exchange imaging reports, along with direct interactions with radiologists, will empower primary care practitioners to make informed decisions and provide personal treatment plans to patients.
- Needing to wait a period of greater than six weeks for prior authorizations to be completed is not acceptable. Sending a patient to Charlottesville or Roanoke for advanced imaging is a burden the patient should not have when they are symptomatic with radiculopathy for instance.
- Having access to affordable imaging facilities is vital for the care of college students and athletes. Many of these students come into the community without access to transportation thus prohibiting them from driving to neighboring communities for cheaper services. That combined with the fact that imaging may not be covered by their out of state insurance plans or is considered out of network greatly increases the cost burden to the patient and their families.
- An additional outpatient 3 Tesla unit would improve timely access for research subjects and all patients in the area.

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

Public Hearing

DCOPN provided notice to the public regarding this project on July 10, 2024. The public comment period closed on August 26, 2024. Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public.

COPN Request No. VA-8765 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

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

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 88% of the CT scanners and 80% of the MRI units in PD 11 are owned by, or in partnership with, Centra Health Inc. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT and MRI providers in PD 11.

Additionally, the applicant explains that the new facility will be an Independent Diagnostic Testing Facility (IDTF). The Centers for Medicare and Medicaid Services (CMS) defines an IDTF as “an entity independent of a hospital or physician’s office in which diagnostic tests are performed.” According to the applicant, CVFP’s project will offer a more affordable option for patients seeking coverage in the area. In support of this assertion, the applicant provided a comparison of existing costs of services compared to CVFP’s proposed charges. One such example shows the cost of an abdominal/pelvic CT procedure in the existing hospitals in PD 11 as \$2,582.97. The same procedure is projected to cost \$491 at CVFP’s facility. Another example shows the cost of an MRI of the leg join in the existing hospitals in PD 11 as \$1,548.08. This procedure is projected to cost \$577 at CVFP’s facility. The applicant asserts that it will be “the first and only [IDTF] in PD 11” and explains “[w]hile Centra Health, Inc’s recent application for a CT unit in PD 11 suggested that it would be able to offer prices comparable to an IDTF, the facility as approved is not a true independent imaging facility with the ability to offer low rates similar to those proposed by CVFP. Centra Outpatient Imaging Center is within the Centra Health umbrella and is to be used as a department or satellite of Lynchburg General Hospital, rather than a truly independent outpatient diagnostic facility. Similarly, Central Virginia Imaging is owned and controlled by Centra Health and is not independent.” Finally, the applicant argues that “IDTFs like the one proposed herein offer higher patient satisfaction, lower costs and more convenient and timely scheduling of services.”

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. As discussed in further detail below, in 2022, the CT scanners in PD 11 performed 68,772 procedures and operated at 116.17% utilization. The applicant projects performing 3,347 procedures in Year 1 of operation and 3,996 procedures in Year 2 of operation. Using 2022 procedure volume, even accounting for this utilization reduction of 4.9% in Year 1 and 5.8% in Year 2, the CT scanners in PD 11 would still operate above 100% utilization. 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.

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

Currently there is no organization in HPR III designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 11. Therefore, this consideration is not applicable to the review of the proposed project.

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

As demonstrated by **Table 3**, the projected capital costs of the proposed project are \$1,488,362. The applicant will not incur any financing costs associated with construction of the facility because it will be leasing the land and building from Liberty University, Inc. and direct construction costs, site preparation costs, architectural and engineering fees and taxes during construction are included in leasehold expenses. The applicant will use \$55,000 of accumulated reserves to fund a portion of the project and will fund the remaining \$1,433,362 of costs with revenue from operations. DCOPN concludes that when compared to similar projects, these costs are low. For example, COPN No. VA-04880 issued to Virginia Hospital Center Arlington Health System d/b/a VHC Health to establish a specialized center for CT and MRI imaging with one CT scanner and one MRI unit is expected to cost \$4,725,960, with the purchase of the CT unit costing \$1,430,000 and the purchase of the MRI unit costing \$2,360,000. DCOPN observes that the applicant is achieving substantial cost savings by leasing the CT unit for \$438,265 and MRI unit for \$438,265.

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

- CVFP's patients will be scheduled in a timely manner and will receive all imaging services in one centralized location. Results will be timely communicated to the patient and their provider as appropriate so that follow up treatment can be coordinated. As many patients receiving imaging services will be existing CVFP patients, their results will be easily shared through the CVFP network and viewable by providers.
- As an independent diagnostic treatment facility, CVFP will also be able to provide affordable MRI and CT imaging services to patients across PD 11 who are currently facing both scheduling and financial barriers to care. An IDTF is able to offer low-cost services as an outpatient facility. This will allow CVFP to ensure that there are cost-effective services available in the service area that are not currently an option for patients.
- The prices paid by patients and payors will be 30-85% less than the self-pay patient costs paid to existing hospital-based providers. For example, CVFP's self-pay cost for a head CT without contrast will be \$201 vs. an existing hospital outpatient paying \$884 on a self-pay basis. A comparable head MRI scan currently costs a PD 11 hospital outpatient \$2,696; the CVFP self-pay cost will be \$689.

- For 2023, CVFP referred out 5,337 patients for CT procedures and 1,742 patients were referred for MRI procedures. 1,949 of these patients ended up being referred out of PD 11 to facilities outside the planning district due to delays or other interruptions in scheduling care. As such, there is significant utilization of imaging services in the existing CVFP patient population that would be better served with the approval of this project.
- CVFP also intends to utilize the CT and MRI services to offer medical education to medical, nursing and radiologic technician students from Liberty University. CVFP understands that existing providers of imaging services in PD 11 no longer allow students to complete imaging rotations at their facilities. Field experience is a critical aspect of medical education and as such, CVFP will partner to allow for students to complete radiologic training at this proposed facility. Liberty University confirmed in its letter of support that such rotations and educational opportunities are not currently offered and indicated its strong support for this project, as it would allow Liberty to support its current educational offerings as well as develop additional medical education programs that would educate new providers that could fill gaps in the current workforce.
- The project as proposed will improve geographic and financial access in a timely manner to CT and MRI services in a convenient new facility operated by highly qualified providers who have been trusted providers of medical services within the community for years.

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

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 3% of CVFP’s gross revenues from CT and MRI services (**Table 7**). As previously discussed, according to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2022, the most recent year for which such data is available, the average amount of charity care provided by HPR III facilities was 0.6% of all reported total gross patient revenues (**Table 6**). As previously discussed, although the HPR III average was 0.6% in 2022, the applicant has proffered a charity care percentage of 3% in its pro forma income statement for the CT and MRI services. Therefore, if the Commissioner approves the proposed project, DCOPN recommends a charity care condition of no less than 3%, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 7. CVFP Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Revenue	\$1,407,500	\$1,707,000
Charity Care	(\$42,225)	(\$51,210)
Net Revenue	\$1,365,275	\$1,655,790
Total Expenses	\$1,328,493.72	\$1,432,028.32
Net Income	\$36,781.28	\$223,761.68

Source: COPN Request No. VA-8765

(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.

The heavy black line in **Figure 1** is the boundary of PD 11. The blue “H” symbols mark the locations of existing CT providers in PD 11. The white “H” symbols mark the location of the proposed project. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing CT services in PD 11. As shown in **Figure 1**, although the proposed project does not affect geographic access, there appear to be significant portions of PD 11 that do not have CT services within 30 minutes driving time, including large portions of Appomattox, Amherst and Campbell Counties which made up approximately 39% of PD 11’s population in 2020. Additionally, as shown in **Figure 2**, the proposed project is in an area that already has CT services and approval of the proposed project will not increase geographic access to CT services.

Figure 1

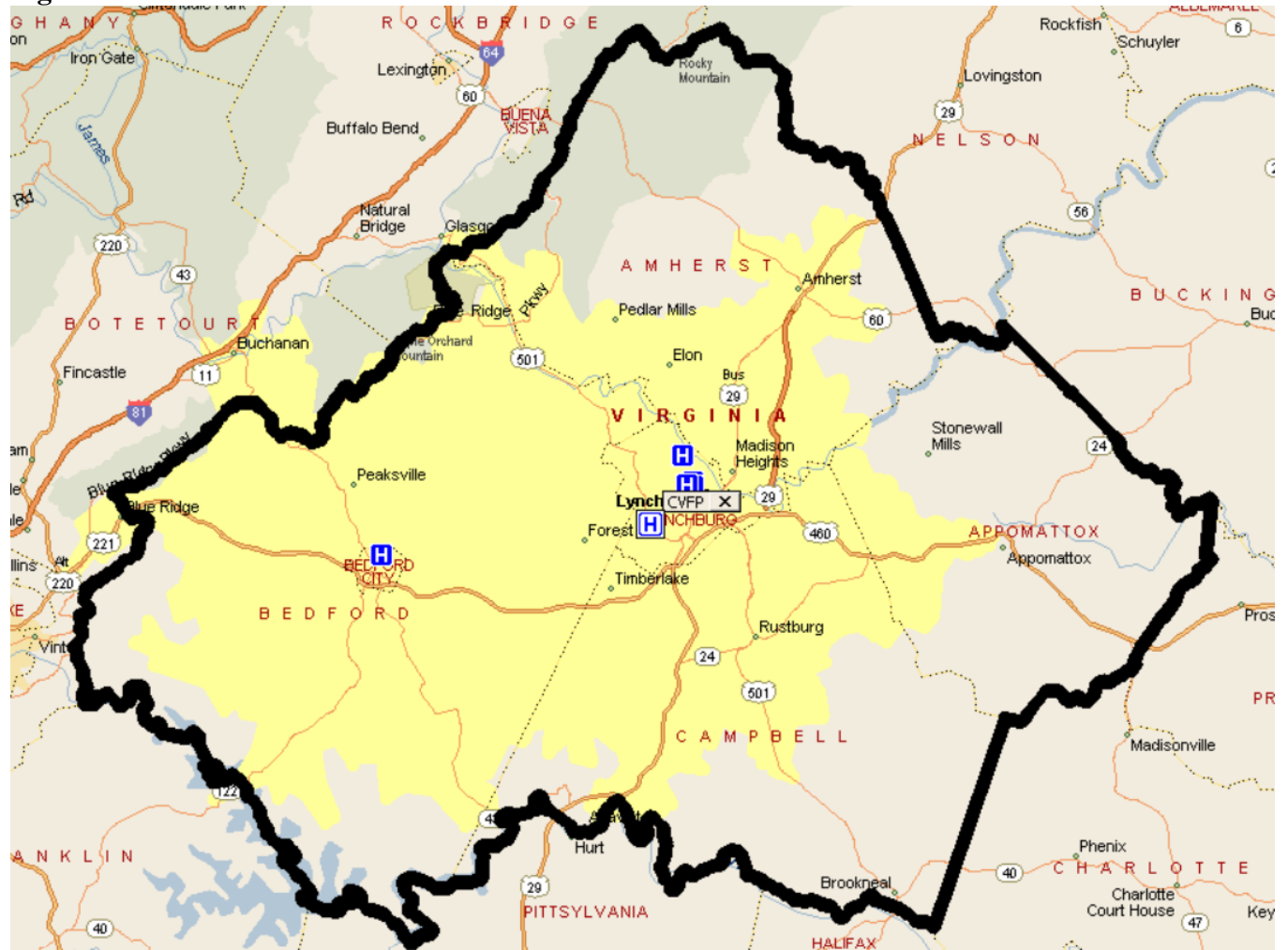
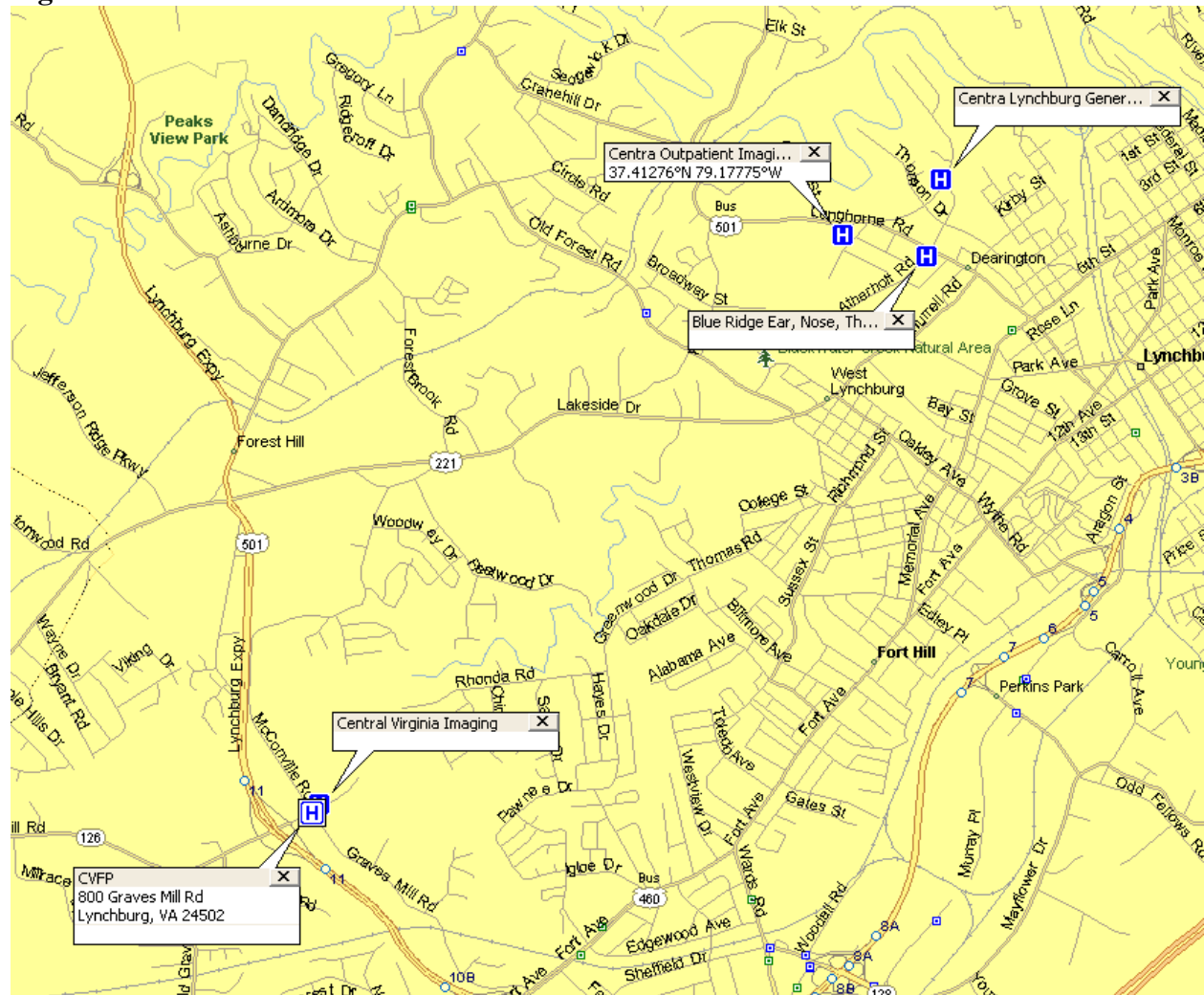


Figure 2



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.

As noted in **Table 8** below, the then-existing CT scanners performed a collective CT volume of 68,772 CT procedures in 2022, with a utilization of 116.71% of the 7,400 procedures SMFP standard. Moreover, as shown below, DCOPN calculates a need for one fixed CT scanner in the planning district.

Calculated Needed Fixed CT Scanners in PD 11

Calculated Needed CT scanners = 68,772 scans in the PD in 2022 / 7,400 scans = 9.29 (10) scanners needed

PD 11 Calculated Need = 10 CT scanners based on 2022 utilization data

2024 COPN authorized CT scanners = 9

PD 11 Calculated Need = 1 CT scanner

DCOPN notes that one CT unit was added to the PD 11 inventory since the preparation of the 2022 VHI data as shown in **Table 8**. COPN No. VA-04883 authorized Centra Health, Inc. to expand CT services at Lynchburg General Hospital through the addition of one CT unit and the establishment of Centra Outpatient Imaging Center. The project is expected to be completed by March 31, 2026. Centra Outpatient Imaging Center’s CT scanner added pursuant to COPN No. VA-04883 was considered when calculating the need for CT scanners in PD 11 and does not satisfy the computational need of one CT scanner.

Table 8. PD 11 COPN Authorized Fixed CT Units and Utilization: 2022

Facility	Fixed Units	Procedures	Procedures / Unit	Utilization Rate
Centra Bedford Memorial Hospital	1	10,635	10,635	143.72%
Blue Ridge Ear, Nose, Throat and Plastic Surgery	1	578	578	7.81%
Central Virginia Imaging	2	13,577	6,789	91.74%
Centra Lynchburg General Hospital	3	39,824	13,275	179.39%
Centra Virginia Baptist Hospital	1	4,158	4,158	56.19%
Total/Average	8⁶	68,772	8,597	116.17%

Source: VHI (2022) and DCOPN records.

As shown above, DCOPN has calculated a need for one CT scanner in PD 11. The proposed project would add one CT scanner, the tenth, to the PD 11 inventory and address this computational need.

The applicant explains that currently patients of CVFP “have significant hoops to jump through in order to receive imaging and also experience long wait-times in scheduling, forcing many patients to travel to Roanoke or to other locations outside of PD 11 to obtain timely imaging services.” The applicant reports that in 2023 CVFP treated 68,865 unique patients at its facilities across all service lines. Of those patients, 5,337 patients were referred for CT procedures and 1,742 patients were referred for MRI procedures. Furthermore, 1,949 patients ended up being referred out of PD 11 to facilities outside of the planning district due to delays or other interruptions in scheduling timely imaging services. The applicant has projected that it will perform 3,347 CT procedures in Year 1 of operations and 3,996 CT procedures in Year 2 of operations.

As shown in **Table 1** above, all of the existing CT scanners in PD 11, are owned by, or in partnership with Centra Health, Inc., except for the CT scanner at Blue Ridge Ear, Nose, Throat and Plastic Surgery, which is limited to head only. Additionally, as previously discussed, the proposed project will bring an IDTF to PD 11, which will offer lower cost imaging services as

⁶ A 9th scanner is authorized by COPN no. VA-04883 and is scheduled to become operational in March 2026.

compared to hospital-based imaging services. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for full service, unrestricted CT providers in PD 11.

Regarding the effect that the proposed location would have on other facilities in the area, as shown in **Table 8** above, all the existing scanners in PD 11 were well utilized in 2022, with the exception of the machine at Centra Virginia Baptist Hospital and the machine at Blue Ridge Ear, Nose, Throat and Plastic Surgery. DCOPN notes that Centra Virginia Baptist Hospital is approximately 6 miles and 15 minutes from the location of the proposed project at the CT unit at Blue Ridge Ear, Nose, Throat and Plastic Surgery is limited to head only. DCOPN further notes that the location of the proposed project will be ¼ miles from Central Virginia Imaging. However, the two CT scanners at Central Virginia Imaging are very well utilized, operating at 91.74% in 2022. Additionally, in 2022, the CT scanners in PD 11 performed 68,772 procedures and operated at 116.17% utilization. The applicant projects performing 3,347 procedures in Year 1 of operation and 3,996 procedures in Year 2 of operation. Using 2022 procedure volume, even accounting for this utilization reduction of 4.9% in Year 1 and 5.8% in Year 2, the CT scanners in PD 11 would still operate above 100% utilization. Moreover, there is no opposition to the proposed project from existing providers. Additionally, as previously discussed, DCOPN has calculated a need for one CT scanner in PD 11. 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.

The applicant satisfies this standard.

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

DCOPN has excluded existing CT scanners used solely for simulation prior to the initiation of radiation therapy, of which there is one, from its inventory and average utilization of diagnostic CT scanners in PD 11 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.

Not applicable. The applicant does not propose to expand fixed site CT services.

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 applicant does 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.

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

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.

The heavy black line in **Figure 3** is the boundary of PD 11. The blue “H” symbols mark the locations of existing MRI providers in PD 11. The white “H” symbol marks the location of the proposed project. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing MRI services in PD 11. As shown in **Figure 3**, although the proposed project does not affect geographic access, there appear to be significant portions of PD 11 that do not have MRI services within 30 minutes driving time, including large portions of Appomattox, Amherst and Campbell Counties which made up approximately 39% of PD 11’s population in 2020. Additionally, as shown in **Figure 4**, the proposed project is in an area that already has MRI services and approval of the proposed project will not increase geographic access to MRI services.

Figure 3

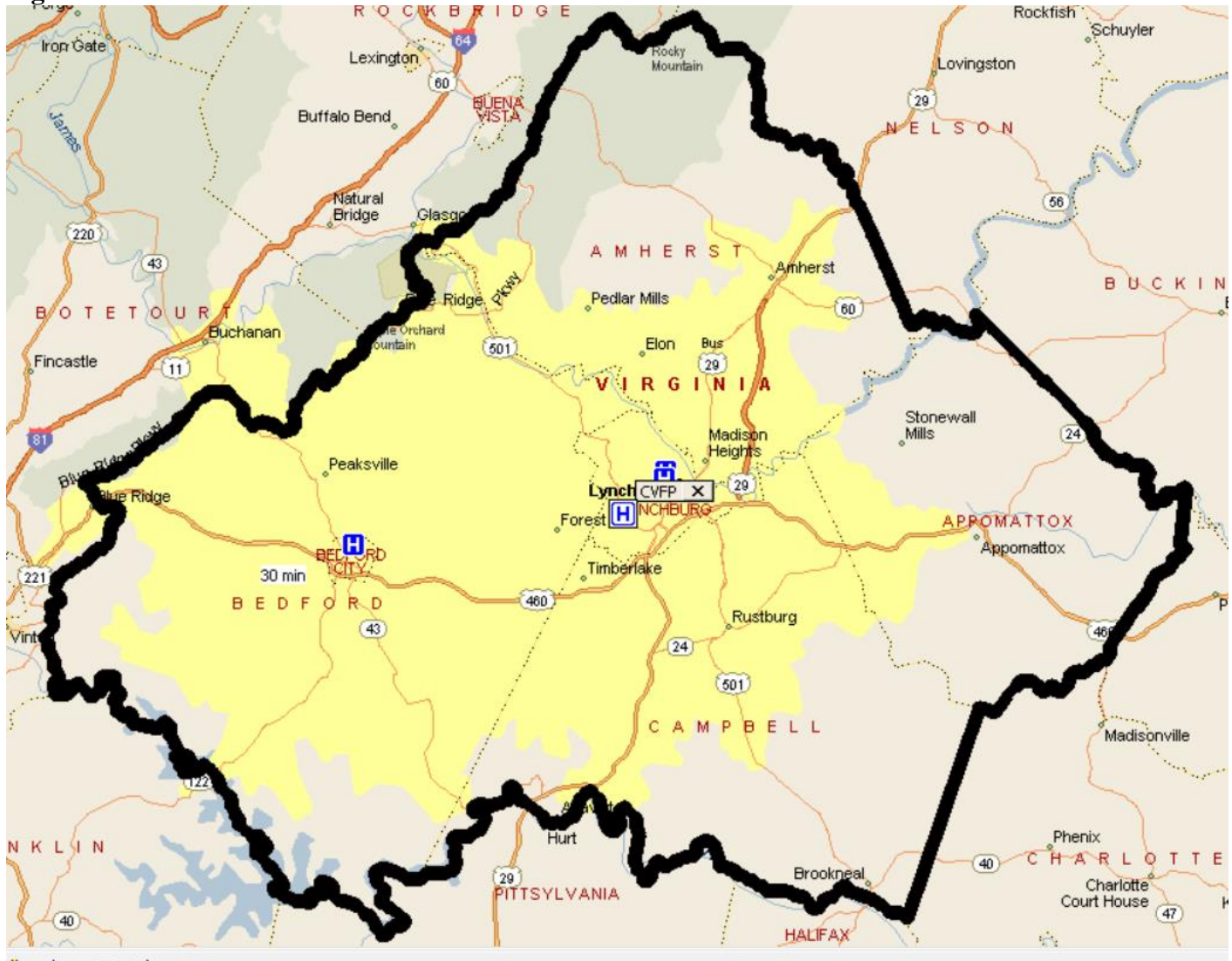
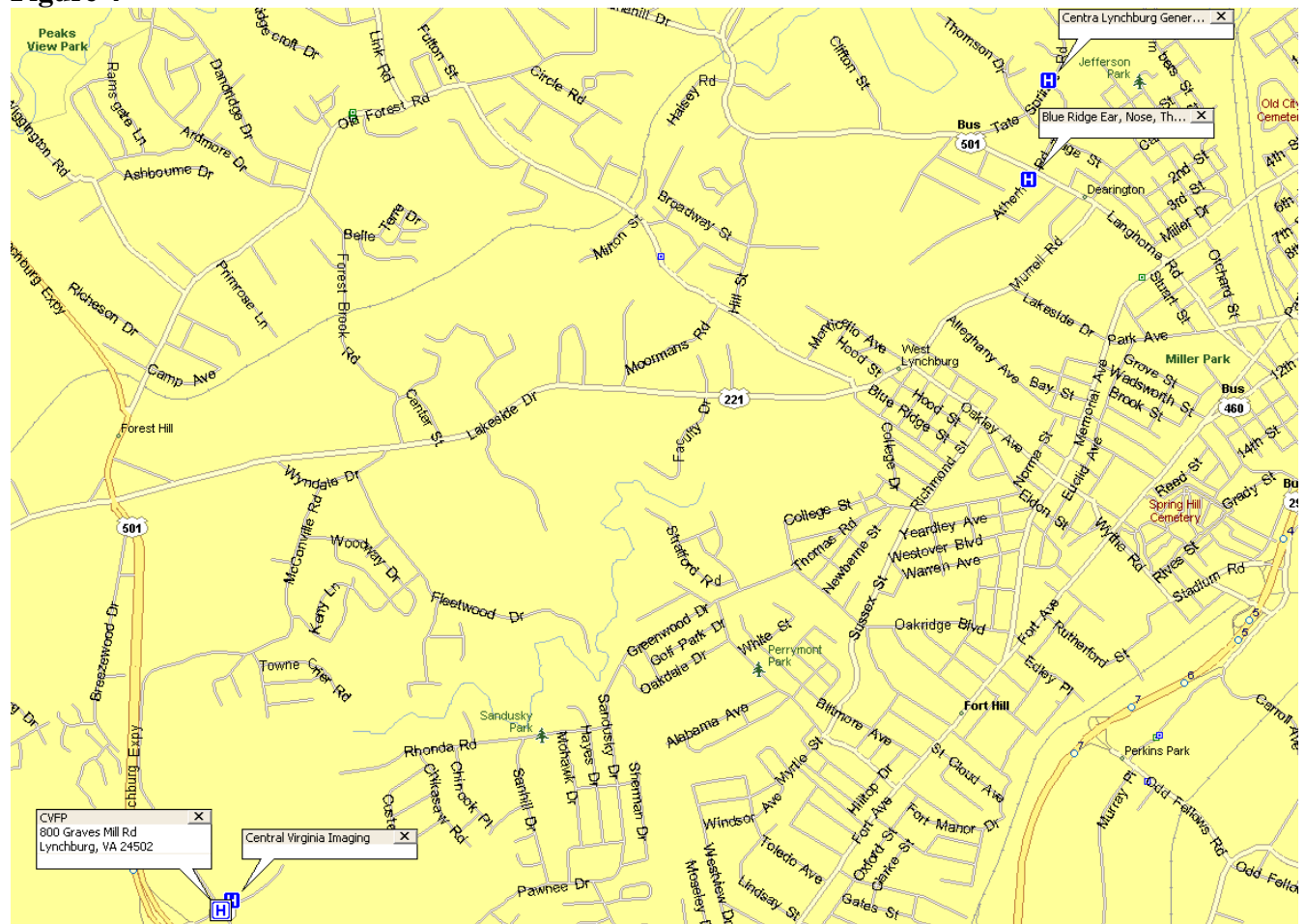


Figure 4



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.

As shown in **Table 9** below, the then-existing PD 11 fixed MRI inventory performed a collective MRI volume of 22,201 MRI procedures in 2022, with an overall utilization of 88.8%. Based on this data, DCOPN has determined that there is neither a surplus nor a deficit of MRI units in PD 11.

Calculated Needed MRI Units Scanners in PD 11

Calculated Needed MRI Units = 22,201 scans in the PD in 2022 / 5,000 scans = 4.44 (5) units needed

PD 11 Calculated Need = 5 MRI Units based on 2022 utilization

2024 COPN authorized MRI Units = 5

There is neither a surplus nor a deficit of MRI units in PD 11.

Table 9. PD 11 COPN Authorized Fixed MRI Units and Utilization: 2022

Facility	Fixed Units	Procedures	Procedures /Unit	Utilization
Centra Lynchburg General Hospital	2	7,770	3,885	77.70%
Central Virginia Imaging	2	8,412	4,206	84.12%
OrthoVirginia - Lynchburg	1	6,019	6,019	120.38%
Total/Average	5	22,201	4,440	88.80%

Source: VHI Data (2021)

As previously discussed, the applicant explains that currently patients of CVFP have difficulties receiving timely access to diagnostic services. The applicant reports that in 2023 CVFP treated 68,865 unique patients at its facilities across all services lines. Of those patients, 5,337 patients were referred for CT procedures and 1,742 patients were referred for MRI procedures. Furthermore, 1,949 patients ended up being referred out of PD 11 to facilities outside of the planning district due to delays or other interruptions in scheduling timely imaging services. The applicant has projected that it will perform 910 MRI procedures in Year 1 of operations and 1,027 MRI procedures in Year 2 of operations.

As shown in **Table 2** above, all of the existing MRI units in PD 11, are owned by, or in partnership with Centra Health, Inc., except for the MRI unit at OrthoVirginia Lynchburg which serves a unique orthopedic patient population. Additionally, as previously discussed, the proposed project will bring an IDTF to PD 11, which will offer lower cost imaging services as compared to hospital-based imaging services. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for MRI providers in PD 11.

Regarding the effect that the proposed location would have on other facilities in the area, as shown in **Table 9** above, all the existing MRI units in PD 11 were well utilized in 2022. DCOPN notes that the location of the proposed project will be ¼ miles from Central Virginia Imaging. However, the MRI units at Central Virginia Imaging were well utilized in 2022, operating at 84.12%. Moreover, DCOPN notes that 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.

While the computational analysis of this SMFP standard did not show a need, DCOPN recommends that the Commissioner, in this specific instance, does not allow this standard to bar the establishment of this MRI service because of the numerous benefits of the proposed project,

such as the introduction of beneficial competition into PD 11 where 80% of the MRI units are owned by, or in partnership with, Centra Health, Inc. and the lower pricing that will be offered in the proposed IDTF.

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.

Not applicable. The applicant is not seeking to expand MRI services.

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.**

Not applicable. The applicant is 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.

The applicant confirmed that MRI services will be directed and supervised by qualified physicians.

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;**

As previously discussed, DCOPN records indicate that of the current inventory of nine CT scanners in PD 11 (**Table 1**), eight, or 88%, are owned by, or in partnership with, Centra Health, Inc. Similarly, of the current inventory of five MRI units in PD 11 (**Table 2**), four, or 80%, are owned by, or in partnership with, Centra Health, Inc. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for CT and MRI providers in PD 11.

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

As discussed above, given the market share of CT and MRI units in PD 11 held by Centra Health, Inc., approval of the proposed project is unlikely to significantly affect the utilization and efficacy of existing providers in the area.

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;

As already discussed, DCOPN concludes that when compared to similar projects, these costs are low and the applicant is achieving substantial cost savings by leasing the CT and MRI equipment. The applicant will not incur any financing costs associated with construction of the facility because it will be leasing the land and building from Liberty University, Inc. and direct construction costs, site preparation costs, architectural and engineering fees and taxes during construction are included in leasehold expenses. The applicant will use \$55,000 of accumulated reserves to fund a portion of the project and will fund the remaining \$1,433,362 of costs with revenue from operations. The Pro Forma Income Statement provided by the applicant (Table 7) projects a net profit of \$36,781 from in the first year of operation, and a net profit of \$223,762 in the second year of operation.

Regarding staffing, the applicant anticipates the need to hire six radiologic technologists to staff the proposed project. The additional staff will be recruited through traditional means and internal recruiting strategies. CVFP intends to offer the opportunity for existing staff to transfer to the new facility, as well as recruit through newspaper and online advertisements, local school recruitment, and other traditional means. Because of the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

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

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, insurance companies recognize the significant benefits of IDTFs such as the lower costs associated with treatment. 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.**

The applicant provided the following with regard to this consideration:

CVFP intends to offer radiology rotations upon approval of this project. Currently, there are no opportunities for students to receive MRI and CT imaging training at existing facilities [in PD 11]. Hands-on experience and clinical training is critical to ensuring that students are properly prepared to treat patients, and CVFP is proud to partner with local educational facilities to facilitate this training.

As indicated [in his letter of support], the Provost and Chief Academic Officer of Liberty University, Dr. Scott Hicks, expressed that this project would allow Liberty University to support its existing programming for its [medical nursing and radiologic technician] students to offer clinical rotations and practicums and confirmed that there is no current ability to do so. Dr. Hicks also indicated that having access to CVFP's imaging center would allow Liberty to launch Medical Imaging and Radiation Sciences programs to address in-demand programs and help fill gaps in the healthcare workforce.

DCOPN Staff Findings and Conclusions

DCOPN finds CVFP's COPN Request No. VA-8765 to establish a medical care facility with 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 proposed project is more favorable than maintaining the status quo and will introduce beneficial competition for CT and MRI services in PD 11, where one hospital system currently holds a market share on CT and MRI services. As previously discussed, the proposed facility will be an IDTF, which will offer a more affordable option for imaging services in PD 11.

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

Staff Recommendations

The Division of Certificate of Public Need recommends **conditional approval** of CVFP, Inc.'s COPN Request No. VA-8765 to establish a medical care facility with 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 project is more favorable than maintaining the status quo.
3. The proposed project will introduce beneficial competition into PD 11, where one hospital system currently holds a market share on CT and MRI services.
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

CVFP, LLC will provide CT and MRI 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 11 in an aggregate amount equal to at least 3% of CVFP's gross patient revenue derived from CT and MRI services. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. CVFP, LLC 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.

CVFP, LLC will provide CT and MRI 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. CVFP, LLC will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.