

VIRGINIA DEPARTMENT OF HEALTH
Office of Licensure and Certification
Division of Certificate of Public Need
Staff Analysis

January 20, 2026

RE: COPN Request No. VA-8844

Med Atlantic, Inc.

Mechanicsville, Virginia

Introduce Fixed MRI Imaging Services in an Existing Medical Care Facility

Applicant

Med Atlantic, Inc. (hereafter known as “Med Atlantic”) is a Virginia limited liability company. Med Atlantic owns and operates the urology-specific outpatient surgical hospital at the Virginia Urology Stony Point location. The physicians employed by Virginia Urology are the sole owners of Med Atlantic. The two entities have identical ownership and are each owned and controlled by the Virginia Urology physicians; however, Virginia Urology and Med Atlantic are separate corporate entities and there is no parent-subsidary relationship. The location for the proposed project is 8152 Pleasant Grove Road, Mechanicsville, Virginia in Planning District (PD) 15, Health Planning Region (HPR) IV.

Background

Hanover County in PD 15 along with Charles City County, Chesterfield County, Goochland County, Henrico County, New Kent County, Powhatan County, and the City of Richmond. The total population of the PD is predicted to grow by 8.9% between 2020 and 2030 with the adult population growing approximately 9.5% and the population of people over the age of 65 growing 31.7% (**Table 1**).

The proposed project will be located in the City of Mechanicsville in Hanover County. The total population of the county is expected to increase by 7.6% from the 2020 population (**Table 1**). This will bring the population to 118,374. The total growth rate is slightly higher than the expected population growth rate of the PD, and greater than 5.8% of the expected growth rate for Virginia. As the proposed project is primarily focused on patients with prostate cancer which typically affects older patients, it is important to note that the 2030 population over the age of 65 is expected to grow by 38.6% in Hanover County from the 2020 population, which is greater than the predicted PD growth of 31.7%.

Table 1: PD 15 Population Expectation

Location	Experienced 2020			Predicted 2030			2020-2030 Change		
	Total	18+	65+	Total	18+	65+	Total	18+	65+
Charles City County	6,773	5,785	1,776	6,200	5,349	2,184	-8.5%	-7.5%	23.0%
Chesterfield County	364,548	277,149	58,200	406,942	311,402	78,858	11.6%	12.4%	35.5%
Goochland County	24,727	20,484	5,721	27,339	22,791	7,865	10.6%	11.3%	37.5%
Hanover County	109,979	85,947	20,688	118,374	93,446	28,681	7.6%	8.7%	38.6%
Henrico County	334,389	259,925	55,596	356,656	280,105	71,680	6.7%	7.8%	28.9%
New Kent County	22,945	18,235	4,405	27,067	21,546	6,216	18.0%	18.2%	41.1%
Powhatan County	30,333	24,045	5,848	32,152	25,757	8,085	6.0%	7.1%	38.2%
City of Richmond	226,610	184,420	29,874	245,437	199,119	36,307	8.3%	8.0%	21.5%
PD15 Total	1,120,304	875,990	182,108	1,220,168	959,515	239,874	8.9%	9.5%	31.7%
Virginia	8,631,393	6,729,459	1,395,291	9,129,002	7,173,130	1,762,641	5.8%	6.6%	26.3%

Source: Weldon-Cooper Center for Public Service

A Magnetic Resonance Imaging (MRI) scan uses magnetic field and computer-generated radio waves to scan the body to create detailed images of organs, tissues, and skeletal system¹. An MRI creates a three-dimensional (3D) image of the body and provides details about muscles, ligaments, and organs². The radio frequency is emitted from the MRI machine and stimulates protons out of equilibrium; once the machine is turned off, the protons return to where they were prior³. The scan is noninvasive and distinguishes between types of soft tissues and normal and abnormal soft tissues⁴.

In PD 15, there are currently 38 stationary MRI machines in use. One additional machine has been approved for the PD and began services in 2025⁵. **Table 2** shows the MRI utilization for stationary units in the PD for 2024, the latest year for which data are available. In 2024, the 38 reported MRI scanners performed a total of 133,132 procedures, operating at 70.1% utilization PD wide.

Virginia Urology, the partner company associated with Med Atlantic, has a mobile MRI that is currently providing services from another site of the facility, at 9101 Stony Point Drive, Richmond, Virginia. The facility reported 2,895 procedures with the mobile MRI in 2024; this equates to a utilization of approximately 69.1%.

¹ Mayo Foundation for Medical Education and Research. (2023, September 9). *MRI*. Mayo Clinic. <https://www.mayoclinic.org/tests-procedures/mri/about/pac-20384768>

² Memorial Sloan Kettering Cancer Center Department of Radiology. (2025, June 4). *CT scan vs. MRI: What's the difference?* Memorial Sloan Kettering Cancer Center. <https://www.mskcc.org/news/ct-vs-mri-what-s-difference-and-how-do-doctors-choose-which-imaging-method-use>

³ <https://www.nibib.nih.gov/science-education/science-topics/magnetic-resonance-imaging-mri>

⁴ Ibid.

⁵ COPN VA-04864 authorized for the establishment of the Bon Secours Ashland Emergency and Imaging Center at 11400 Lakeridge Parkway, Ashland, Virginia.

Table 2: Stationary MRI Utilization for PD15 (2024)

Facility	Stationary MRI Units	Procedures	Utilization
Bon Secours Imaging Center at Reynolds Crossing	2	5,485	54.9%
Bon Secours Memorial Regional Medical Center ⁶	2	11,025	110.3%
Bon Secours Richmond Community Hospital	1	1,327	26.5%
Bon Secours St. Francis Medical Center	2	10,231	102.3%
Bon Secours St. Mary's Hospital	2	5,854	58.5%
Bon Secours Tuckahoe Orthopedics MRI	1	2,649	53.0%
Bon Secours Westchester Imaging Center ⁷	1	2,737	54.7%
Bon Secours Westchester- ED		133	2.7%
Chesterfield Imaging	1	3,888	77.8%
Chippenham Hospital	2	7,169	71.7%
ED - Bon Secours Chester Emergency Center	1	2,285	45.7%
ED - Bon Secours Short Pump	1	4,226	84.5%
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	2,643	52.9%
Henrico Doctor's Hospital - Retreat	1	1,003	20.1%
Henrico Doctors' Hospital - Forest	2	7,447	74.5%
Independence Park Imaging	1	3,614	72.3%
Johnston-Willis Hospital	4	12,467	62.3%
MedRVA Imaging Center	1	2,839	56.8%
Neuroscience, Orthopedic and Wellness (NOW) Center	1	5,911	118.2%
OrthoVirginia MRI - Parham	1	6,480	129.6%
OrthoVirginia MRI - Westchester	1	1,649	33.0%
VCU Medical Center ⁸	8	27,199	68.0%
VCU Medical Center at Stony Point Radiology	1	4,871	97.4%
PD15 Total	38	133,132	70.1%

Source: VHI Data

⁶ COPN No. VA-4864 approved for the expansion of MRI services at Memorial Regional through the creation of the Ashland Emergency and Imaging Center at 11400 North Lakeridge Parkway, Ashland, Virginia. This facility was expected to open in October 2025, and there is not established VHI reported data.

⁷ The MRI at this location is dually reported- once as Bon Secours Westchester Imaging Center and again under Bon Secours Westchester Emergency Department.

⁸ Virginia Commonwealth University (VCU) Medical Center is currently licensed for 12 stationary MRI scanners per COPN No. VA-04760. This number is broken down as 8 at the downtown campus (the ninth is a simulation and therefore does not count as a stationary MRI), one at the NOW Center, one at Stony Point which is listed separately above, and two at Pauley Heart Pavilion per COPN No. VA-4953.

Med Atlantic and Virginia Urology opened the Pleasant Grove location in 2021, signing a 12-year lease. Med Atlantic completed the fourth year of the contract in August 2025 and has eight more years to go before the end of the lease with the option to extend for an additional five years. Virginia Urology is the only occupant of the building, and the facility was “built to suit the needs of Virginia Urology” with unused space built in for growth. The proposed MRI unit will be installed in part of the unused space. Other services provided by Virginia Urology in the facility include PET/CT scans, x-rays and ultrasounds for urology-specific purposes, and physician offices.

Map 1: PD 15 Existing Scanners and Proposed Project Location



Source: VHI Records, ArcGIS

Map 1 and **Table 3** show the other facilities with MRI scanners in PD 15. Med Atlantic is currently providing care at the Pleasant Grove location but is not licensed for an MRI. Half a mile from the facility, however, is Bon Secours Memorial Regional Medical Center (Memorial Regional) which has two MRI scanners and is operating at a 110.3% utilization (**Table 2**). The MRI scanners at the center are generalized and without restrictions, whereas Med Atlantic’s proposed MRI will be restricted to urological services.

Table 3: Existing Locations of Stationary MRI Scanners in PD 15

Facility	Existing Scanners	Street	City/ County
Bon Secours Imaging Center at Reynolds Crossing	2	6605 West Broad Street, Suite B	Richmond
Bon Secours Memorial Regional Medical Center	2	8260 Atlee Road	Hanover
Bon Secours Richmond Community Hospital	1	1500 North 28th Street	Richmond
Bon Secours St. Francis Medical Center	2	13700 St. Francis Boulevard	Chesterfield
Bon Secours St. Mary's Hospital	2	5801 Bremo Road	Richmond
Bon Secours Tuckahoe Orthopedics MRI	1	1501 Maple Avenue, Suite 101A	Richmond
Bon Secours Westchester ⁹	1	601 Watkins Center Parkway, Suite 150	Chesterfield
Chesterfield Imaging	1	13636 Hull Street Road	Chesterfield
Chippenham Hospital	2	7101 Jahnke Road	Richmond
Bon Secours Chester Emergency & Imaging Center	1	12021 Jefferson Davis Highway	Chesterfield
Bon Secours Short Pump Imaging Center	1	12320 West Broad Street	Henrico
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	7700 East Parham Road	Richmond
Henrico Doctor's Hospital - Retreat	1	2621 Grove Avenue	Richmond
Henrico Doctors' Hospital - Forest	2	1602 Skipwith Road	Richmond
Independence Park Imaging	1	9930 Independence Park Drive, Suite 100	Richmond
Johnston-Willis Hospital	4	1401 Johnston-Willis Drive	Richmond
MEDARVA West Creek Surgery Center	1	1630 Wilkes Ridge Pkwy, Suite 101	Henrico
VCU NOW Neuroscience, Orthopedic and Wellness Center	1	11958 West Broad Street	Henrico
OrthoVirginia MRI - Parham	1	7650 East Parham Road, Suite 102	Henrico
OrthoVirginia MRI - Westchester	1	15300 East West Rd	Chesterfield
VCU Health System ¹⁰	8	1250 East Marshall Street	Richmond
VCU Medical Center at Stony Point Radiology	1	9000 Stony Point Parkway	Richmond
Total Scanners	38		

Source: DCOPN Inventory

Proposed Project

Med Atlantic is proposing to introduce MRI services with one MRI scanner at 8152 Pleasant Grove Road in an existing medical facility for urological uses. The applicant stated that the use will primarily be for patients diagnosed with prostate cancer for the facility’s current patient base¹¹. The facility is operated by Med Atlantic, and services are provided by Virginia Urology physicians, with Virginia Urology as the only occupant of the building. The proposed MRI scanner will be housed in one of the empty spaces of the building and will require “only simple construction work to prepare for the equipment. Capital costs for this project reflect only the

⁹ This location is both the Bon Secours Westchester ED and the Bon Secours Westchester Imaging Center.

¹⁰ VCU has approval for the addition of two MRI scanners at Pauley Heart Pavilion per COPN VA-4953. This project is expected to be completed by April 30, 2028, and will bring the inventory of scanners to 40.

¹¹ Madigan, Dominic. Email to DCOPN. 14 Nov. 2025

costs of the MRI equipment and construction costs to convert an unused portion of its... office.” The costs, shown in **Table 4**, have the capital cost of the project at \$2,710,087.

Table 4: Total Cost Summary

Direct Construction	1,056,650
Equipment Not Included	1,576,437
Architectural and Engineering Fees	77,600
Capital Cost	2,710,687

Loan Financing Cost	637,522
Total Capital and Financing Cost	3,348,209

Source: COPN Request No. VA-8844

Renovations of the project will cover approximately 1,130 square feet and include a room for the MRI scanner, one for a control center, and space for equipment and patient areas. The new space will be converted from four unused exam rooms.

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “[i]ntroduction into 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 is defined, in part, as “[a]ny specialized center or clinic or that portion of a physician's office developed for the provision of ... magnetic resonance imaging (MRI)”.

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

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

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

Med Atlantic is located within PD 15, in Mechanicsville, which is in Hanover County. The county has a poverty rate of 5.3%, lower than that of the PD and just over half of the poverty rate of the state as a whole (**Table 5**). As shown in **Table 1** above, the population of Hanover County is estimated to be 118,374 people in 2030, a 7.63% increase from the county’s 2020 population. The location is close to the northern part of the City of Richmond, in which there is a 17.6% poverty rate.

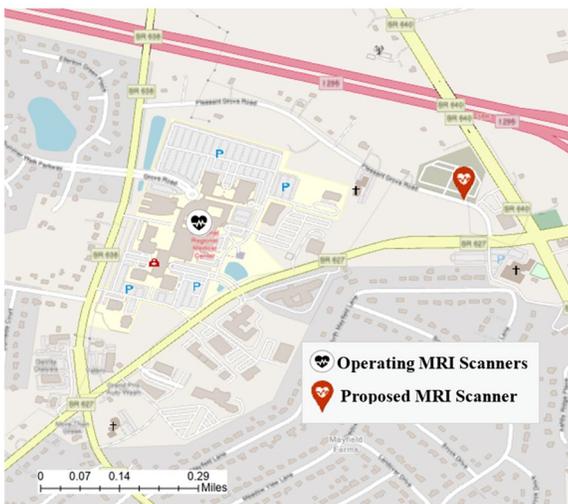
Table 5: PD 15 2023 Poverty Rates

Location	Poverty Rate
Charles City County	11.3%
Chesterfield County	6.9%
Goochland County	6.7%
Hanover County	5.3%
Henrico County	9.4%
New Kent County	5.6%
Powhatan County	6.1%
City of Richmond	17.6%
PD 15	9.5%
Virginia	10.2%

Source: SAIPE US Census

The location of the proposed project is in Hanover County and will be the second stationary MRI scanner for the county. It is, however, less than half a mile from the first location at Memorial Regional (**Map 2**). While the applicant stated that there is a transfer agreement in place between Med Atlantic and Memorial Regional, the document attached to the application is actually for a separate Virginia Urology location and the hospital.

Map 2: Distance of Memorial Regional and Med Atlantic



Source: VHI Inventory, ArcGIS

Map 3: LINK Access Azalea Zone



Source: GRTC LINK, COPN Request No. VA-8844

The facility is outside of the Greater Richmond Transit Company (GRTC) and is not on a scheduled bus line but is located within a LINK Microtransit (LINK) zone (**Map 3**). LINK is a subservice that GRTC offers and provides on-demand services for riders traveling within the

zones for no cost¹². Rides can be scheduled through the app and can be scheduled anytime in advance while there is a driver available in the area for a maximum of four passengers per booking. While rides can only travel around the zone, within the area has access to bus routes that travel into City of Richmond limits and LINK provides services Monday through Saturday.

Other transportation options available include:

- Hanover County DASH program which offers rides to people over the age of 65 who have a short-term or long-term disability traveling within the county. Each ride has a charge of \$5 each way or \$10 for a round trip. Rides are scheduled at least 24 hours in advance and can include the patient, a companion, and service animal as appropriate¹³.
- Some insurance providers arrange transportation to doctor appointments for varying costs. Virginia Medicaid offers free transportation to patients when the rides are scheduled at least 24 hours in advance and drivers are available¹⁴. Other providers require participation in different programs or specific plans to receive transportation services.
- Med Atlantic states in the application that Virginia Urology has an agreement with Lyft Concierge for transporting patients with access issues. No formal documentation of the agreement was included in the application.

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

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

Virginia Urology physicians wrote in support of the request. The physicians stated that MRI scans can be used to “diagnose, stage, and plan treatments for our patients” and that the demand from patients is more than Virginia Urology’s existing PD 15 MRI scanner can handle. The letter was signed by 43 doctors within the practice. A letter of commitment was also provided by physicians at the facility as Virginia Urology is the only occupant in the building and will operate the scanner.

Hanover County Administrator John Budesky wrote a letter of support for the project stating that the MRI will be beneficial for older residents of the county and the growing population. Dr. Michael Jones of the House of Delegates wrote a letter of support for the project as the proposed scanner will reduce wait times for patients with prostate cancer. Seven local doctors wrote support as well, as did two community members who have previously received treatment for

¹² <https://www.ridegrtc.com/grtc-services/link-microtransit/>

¹³ <https://www.hanovercounty.gov/1000/Hanover-DASH>

¹⁴ <https://www.dmas.virginia.gov/for-members/benefits-and-services/transportation-services/>

prostate cancer. The letters, in aggregate, stated that the additional MRI scanner will improve access through shortening wait times for MRI procedures as cases of prostate cancer increase.

Public Hearing

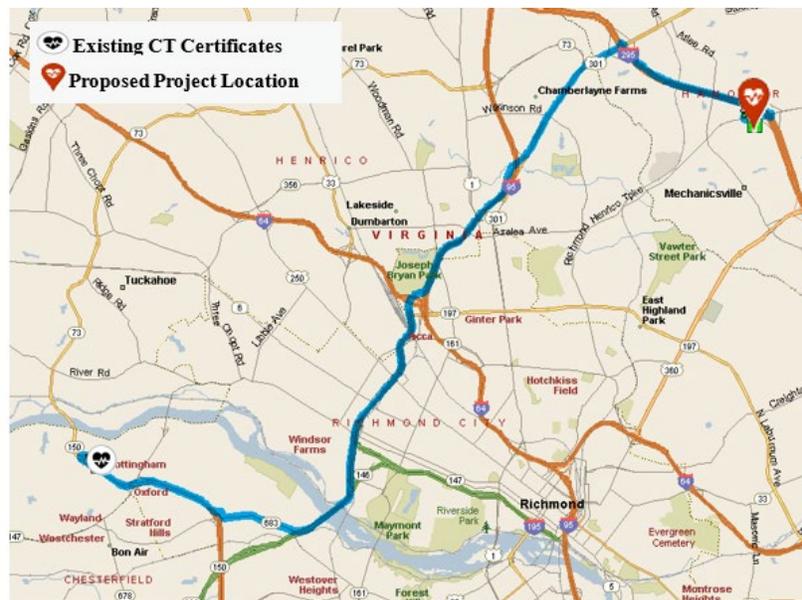
§32.1-102.6B of the Code of Virginia directs DCOPN to hold one public hearing on each application in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8844 is not competing with another project and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

DCOPN provided notice to the public regarding this project inviting public comments on November 10, 2025. The public comment period closed on December 24, 2025. Other than the letters of commitment and support referenced above, no members of the public commented. There is no known opposition to the project.

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

The status quo is a reasonable alternative. There is a facility owned by Virginia Urology, which is a partner company though not parent or subsidiary, in the PD which operated at 69.1% utilization in 2024 according to the calculation defined in 12VAC5-230-70. The facility is only slightly higher than many in the PD, as of the total 38 operating fixed scanners 24 were providing services to utilizations below 70%. The distance between the Stony Point office of Virginia Urology and the proposed project's location is approximately 20 miles south (**Map 4**).

Map 4: 2020 Population of Census Tracts (PD4)



Source: Microsoft Streets and Trips (2008), DCOPN Inventory

However, Med Atlantic is applying for a use restricted to urological uses. The organization and partner organization, Virginia Urology, has an existing patient base in PD 15. The specialized restriction on the project will allow patients to receive care more efficiently without significantly impacting other providers of MRI services in the PD.

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

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

(iv) Any costs and benefits of the project.

Med Atlantic is currently renting the building and has a lease signed until 2033, at which point the company has the option to re-sign twice, for a period of five years each, for an addition of ten years total. As shown in **Table 3**, the projected capital costs for the project are \$2,710,687, which represents the costs for the renovation of four existing, but unused, exam rooms and equipment needed. The total space renovated equals approximately net 1,130 square feet (**Table 6**). The direct costs for the project equate to approximately \$935.09 square feet, which is consistent with other similar, recently approved projects. All costs will be paid for with a bank loan over the course of 7 years which will add \$637,522 as show in **Table 3**.

Table 3: Total Cost Summary *as shown above)*

Direct Construction	1,056,650
Equipment Not Included	1,576,437
Architectural and Engineering Fees	77,600
Capital Cost	2,710,687
Loan Financing Cost	637,522
Total Capital and Financing Cost	3,348,209

Source: COPN Request No. VA-8844

Table 6: Renovation Space Measurements

	Net Square Feet	Gross Square Feet
MRI Room	416	505
MRI Control	258	264
Equipment	115	120
Patient Areas	248	263
Hall	93	103
Total	1,130	1,255

Source: COPN Request No. VA-8844

Regarding the impact of MRI scans on prostate cancer, the applicant stated:

Prostate MRI is valuable not only in improving a prostate biopsy, but also in giving patients confidence in avoiding or delaying an invasive biopsy. Prostate biopsy requires repeatedly inserting sampling needles into a prostate via the rectum or the perineum... This inherently poses a risk of bleeding and introducing bacteria into the gland... In the first 6 months of 2025, 557 prostate cancer patients of Virginia Urology- who were appropriate candidates for an MRI- elected to forego that scan and obtain a biopsy immediately. They made that choice to avoid waiting for a prostate MRI. Some of these patients could have avoided the procedure if they had timely access to an MRI.

With patients who are suspected of having prostate cancer, an MRI scan allows for doctors to scan for cancer without performing a biopsy could lead to the introduction of bacteria and potential hospitalization. The applicant also stated that while the focus of the application was on screening prostate cancer as 72% of current scans are “prostate-cancer related (suspected and diagnosed)”, the other 28% will be used for other urological purposes. Timeliness and limited availability of existing resources were identified by the applicant as current problems that would be addressed by the project.

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

Section 32.1-102.4. B of the Code of Virginia indicates that, should the proposed project receive approval, the project will be conditioned to provide a level of charity care. Pursuant to the Code of Virginia language any COPN issued for this project will also be conditioned on the applicant’s agreement to accept patients who are the recipients of Medicare and Medicaid.

Table 7: 2024 Charity Care Contributions at or below 200% of Federal Poverty Level

HPR IV	Gross Patient Revenues	Charity Care	% of Gross Patient Revenues
Inpatient Hospitals			
Encompass Health Rehab Hosp of Petersburg	\$35,558,767	\$1,308,642	3.7%
Sentara Halifax Regional Hospital	\$327,271,181	\$7,067,762	2.2%
Bon Secours Southern Virginia Regional Medical Center	\$269,252,865	\$5,288,471	2.0%
Bon Secours St. Francis Medical Center	\$1,701,025,863	\$31,217,891	1.8%
Sheltering Arms Institute	\$192,018,830	\$3,216,579	1.7%
Bon Secours Richmond Community Hospital	\$1,365,231,628	\$18,873,667	1.4%
Bon Secours St. Mary's Hospital	\$3,029,648,941	\$39,467,281	1.3%
CJW Medical Center HCA	\$11,840,238,948	\$123,924,990	1.0%
Bon Secours Southside Regional Medical Center	\$2,820,829,311	\$28,237,470	1.0%
TriCities Hospital HCA	\$1,474,696,049	\$14,176,839	1.0%
Henrico Doctors' Hospital HCA	\$7,780,639,272	\$59,835,274	0.8%
VCU Health System	\$9,030,145,019	\$63,013,672	0.7%
Poplar Springs Hospital UHS	\$88,666,484	\$493,078	0.6%
Bon Secours Memorial Regional Medical Center	\$2,044,616,572	\$9,753,595	0.5%
Centra Southside Community Hospital	\$415,397,324	\$1,821,204	0.4%
VCU Community Memorial Hospital	\$448,298,275	\$1,239,044	0.3%
Encompass Health Rehab Hosp of Virginia	\$32,375,170	\$2,350	0.0%
Select Speciality Hospital - Richmond	\$192,901,481	\$0	0.0%
Cumberland Hospital for Children and Adolescents UHS	\$29,398,596	\$0	0.0%
Total Inpatient Hospitals:			19
HPR IV Total Inpatient \$ & Mean %	\$43,118,210,576	\$408,937,809	0.9%

	Gross Patient Revenues	Charity Care	% of Gross Patient Revenues
Outpatient Centers			
American Access Care of Richmond	\$6,271,285	\$83,974	1.3%
Boulders Ambulatory Surgery Center HCA	\$206,880,229	\$2,653,240	1.3%
VCU Health Neuroscience, Orthopedic and Wellness Center	\$78,434,508	\$608,160	0.8%
Virginia Eye Institute, Inc.	\$64,339,818	\$455,572	0.7%
St. Mary's Ambulatory Surgery Center	\$62,609,653	\$305,241	0.5%
MEDRVA Stony Point Surgery Center	\$59,309,363	\$0	0.0%
Urosurgical Center of Richmond	\$47,080,875	\$0	0.0%
MEDRVA Surgery Center @ West Creek	\$13,820,435	\$0	0.0%
Cataract and Refractive Surgery Center	\$9,845,331	\$0	0.0%
Skin Surgery Center of Virginia	\$1,708,546	\$0	0.0%
Virginia ENT Surgery Center			
Virginia Beach Health Center VLPP			
Total Outpatient Hospitals:			10
HPR IV Total Outpatient Hospital \$ & Mean %	\$550,300,043	\$4,106,187	0.7%
Total Hospitals:			29
HPR IV Total \$ & Mean %	\$ 43,668,510,619	\$ 413,043,996	0.9%

Med Atlantic reported charity care under the name Urosurgical Center of Richmond. The applicant proffered 0.9% in the Pro Forma attached to the application. This percentage is consistent with the average percentage in the HPR (Table 7).

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

There are no other factors, not addressed elsewhere in the analysis, relevant to the determination of a public need for either project.

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

The SMFP contains the criteria and standards for magnetic resonance imaging services. They are as follows:

12VAC5-230-140. Travel time.

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

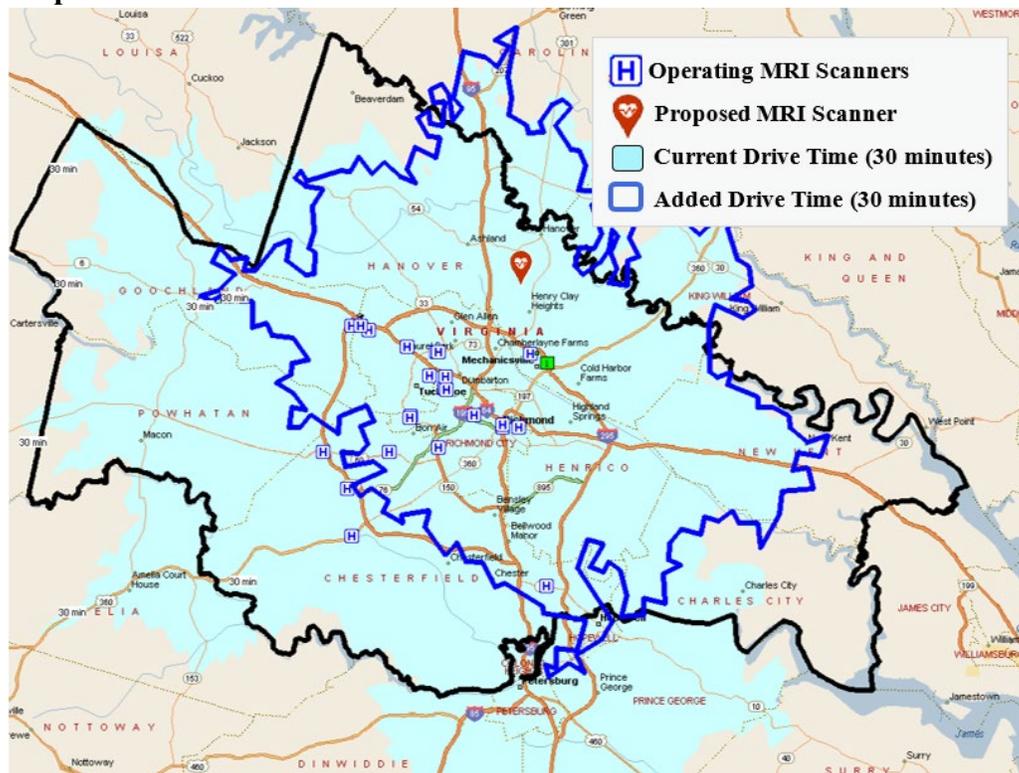
The addition of the Med Atlantic proposal will not add to the geographic accessibility. The location of the project is less than half a mile from an existing MRI at Memorial Regional and

while there is some accesses added outside of the PD, there is not a significant change to the availability in 30-minutes within the PD.

Map 5 shows the drive time accessibility to MRI scanners within PD 15. The light blue shows accessibility to the locations in a 30-minute drive, and the dark blue outline shows the additional coverage that the proposed project will add. The distance from the existing coverage provides access to much of PD 15, with the most notable exceptions to Charles City County and New Kent County.

While the population of Charles City is expected to decrease by approximately 8.5% from the 2020 to 2030 population, the New Kent population is expected to increase by an estimated 18.0% in the same time period. The drive-time does not cover 95% of the population of PD 15 currently nor will it with the growing population in said counties.

Map 5: 30-Minute Drive Time Access to MRI Scanners



Source: DCOPN Records

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

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

As shown in **Table 2**, the MRI scanners in PD 15 performed 133,132 procedures in 2024 across 38 stationary MRIs. The average scans in the district were approximately 3,504 for the year and had a 70.1% utilization rate.

Table 2: Stationary MRI Utilization for PD15 (2024) *(as shown above)*

Facility	Stationary MRI Units	Procedures	Utilization
Bon Secours Imaging Center at Reynolds Crossing	2	5,485	54.9%
Bon Secours Memorial Regional Medical Center	2	11,025	110.3%
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Bon Secours St. Mary's Hospital	2	5,854	58.5%
Bon Secours Tuckahoe Orthopedics MRI	1	2,649	53.0%
Bon Secours Westchester Imaging Center	1	2,737	54.7%
Bon Secours Westchester- ED		133	2.7%
Chesterfield Imaging	1	3,888	77.8%
Chippenham Hospital	2	7,169	71.7%
ED - Bon Secours Chester Emergency Center	1	2,285	45.7%
ED - Bon Secours Short Pump	1	4,226	84.5%
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	2,643	52.9%
Henrico Doctor's Hospital - Retreat	1	1,003	20.1%
Henrico Doctors' Hospital - Forest	2	7,447	74.5%
Independence Park Imaging	1	3,614	72.3%
Johnston-Willis Hospital	4	12,467	62.3%
MedRVA Imaging Center	1	2,839	56.8%
Neuroscience, Orthopedic and Wellness (NOW) Center	1	5,911	118.2%
OrthoVirginia MRI - Parham	1	6,480	129.6%
OrthoVirginia MRI - Westchester	1	1,649	33.0%
VCU Medical Center	8	27,199	68.0%
VCU Medical Center at Stony Point Radiology	1	4,871	97.4%
PD15 Total	38	133,132	70.1%

Source: VHI Data

Calculated Need for MRI Units in PD 15

The formula to calculate need for MRI units is the PD is to divide the total number of scans for the last year reported (2024) by 5,000 as it is the average number of procedures set forth in the SMFP as the threshold for expansion. Based on this formula, the number of MRI scanners needed in PD15.

MRI Procedures
<u>5,000</u>
133,152
<u>5,000</u>

26.63 (27 MRIs)

There are currently 38 scanners in the PD, indicating a surplus of 11 scanners.

While the applicant does not meet the computational analysis of this SMFP standard, DCOPN recommends that the Commissioner, in this specific instance, does not allow this standard to bar the establishment of this urological MRI service. The proposed MRI scanner will be restricted to urological specific services and will provide diagnostic scans for patients in a timelier manner than the status quo.

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.

The applicant cites this criterion in the application; however, there is not a current fixed site that the applicant has a certificate for. Med Atlantic does not have an MRI for current scanning services and therefore does not meet the criteria for expanding 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.**

The applicant is not proposing to add or expand mobile MRI services; therefore, this criterion is not applicable.

12VAC5-230-180. Staffing.

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

All scans will be performed under the supervision of Virginia Urology physicians.

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

A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.

B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.

C. This section is not applicable to nursing facilities pursuant to § [32.1-102.3:2](#) of the Code of Virginia.

D. Applicants shall not use this section to justify a need to establish new services.

This section is included due to the applicant citing it in the submitted application. Med Atlantic states that the MRI scanner owned and operated by Virginia Urology at the Stony Point office is operating at high utilization and as such there is a need for expansion. However, as stated in the application, Virginia Urology and Med Atlantic are “separate corporate entities”. As Med Atlantic does not have a certificate for an MRI scanner at any location within the PD, the project is to establish magnetic resonance imaging services. The standard of institutional need does not apply.

Required Considerations Continued

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

The addition of another MRI scanning service could increase options for patients in the PD. Many of the existing scanners are within Richmond and Henrico; the proposed project is the second within Hanover County. The other scanner within the county is less than half a mile from the applicant (**Map 2**). However, it is unlikely that the proximity will significantly impact the MRI at Memorial Regional as the proposed MRI will be restricted to urological uses and the hospital will be unrestricted.

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

Med Atlantic does not have an existing MRI; however, the partner company of Virginia Urology has a mobile MRI that is primarily based at Stony Point, approximately 23 minutes from the Pleasant Grove Road location. The MRI is providing services at approximately 69% utilization with 2,318 scans and services occurring 5 days a week.

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

The application details how the availability of MRI scans could reduce unnecessary biopsies which can lead to complications requiring hospitalization due to the introduction of bacteria. The complications can be costly both in additional medical bills and the time cost for recovery. The applicant cites a 2021 analysis that found the “the average hospital length of stay for a patient experiencing sepsis was 9.2 days, for an average cost of \$28,800¹⁵.” Med Atlantic will provide services on an outpatient basis in a clinic setting which will be cheaper than the hospital alternative; it will be the 18th¹⁶ MRI scanner to be so.

Table 4: Total Cost Summary (as shown above)

Direct Construction	1,056,650
Equipment Not Included	1,576,437
Architectural and Engineering Fees	77,600
Capital Cost	2,710,687
Loan Financing Cost	637,522
Total Capital and Financing Cost	3,348,209

Source: COPN Request No. VA-8844

The MRI scanner will be housed in one of the empty spaces of the building and will require “only simple construction work to prepare for the equipment. Capital costs for this project reflect only the costs of the MRI equipment and construction costs to convert an unused portion of its... office.” The costs, shown in **Table 4**, have the capital cost of the project at \$2,710,087. The cost will be fully financed through a bank loan and is expected to have a loan financing of \$2,710,687. The bank is aware of the proposed loan and has written in support of the project.

The project will require the hiring of 2 full-time employees; both positions are for MRI Radiological Interpretation roles. Med Atlantic wrote in its application that a majority of the staff is already hired, and the “established and efficient urology team” includes “radiologists,

¹⁵ Owens P. L., Miller M. A., Barrett M. L., and Hensche M. (2024). *Overview of Outcomes for Inpatient Stays Involving Sepsis, 2016–2021* (HCUP Statistical Brief #306). Agency for Healthcare Research and Quality

¹⁶ This number includes two scanners approved but not in use, and two of the mobile scanners.

pathologists, anesthesiologists, and physical therapists”. The applicant also stated that there will be Virginia Urology physicians available for supervision for all scans.

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

(i) The project does not introduce new technology. (ii) The project does support provision of MRI services on an outpatient basis. (iii) The transfer agreement that was attached to the application is not for the Pleasant Grove location where the current project is being proposed. It is instead for a location owned by Virginia Urology at 5206 Market Road, Suite 300, Richmond, Virginia, and between Memorial Regional. The Pleasant Grove location is currently in operation, and is providing PET imaging services, but is not included in the transfer agreement and no other agreement was attached to the application. (iv) The applicant stated that the “project will serve exclusively urologic patients” and has confirmed that the facility is interested in having a use restriction on the MRI where it will only be used for the diagnosis, management, and treatment of urological services.

- 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.

This is not applicable. The applicant is not a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

DCOPN Staff Findings and Conclusions

Med Atlantic is applying for the introduction of fixed magnetic resonance imaging (MRI), restricted to urological imaging services, into the existing medical facility at 8152 Pleasant Grove Road, Mechanicsville, Virginia. Med Atlantic is a partner company of Virginia Urology, though the organizations are separate corporations, and will both be operating in the Pleasant Grove facility. The project will bring the number of certified MRI scanners in PD 15 to 40, with 38 of them already providing services, The project has a capital cost of \$2,710,687, equating approximately \$935.09 per square foot of direct construction costs. The facility will finance the project at an additional cost of \$637,522 with a bank loan paid over 7 years with operational revenue.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **conditional approval** Med Atlantic Inc.'s Certificate of Public Need Request number VA-8844 to introduce MRI services at an existing medical facility for the following reasons:

1. The proposal to introduce MRI services into an existing medical facility is generally consistent with the standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.
2. Capital costs for the proposed project are reasonable.
3. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of imaging services in PD15.
4. There is no known opposition to the proposed project.

DCOPN's recommendation is contingent upon Med Atlantic's agreement to the following charity conditions:

Med Atlantic's will provide urologic 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 facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 0.9% of Med Atlantic's total patient services revenue derived from MRI services 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. 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. Med Atlantic 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 to 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.

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