

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-8853

**Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery
Radford, Virginia**

Establishment of a Medical Care Facility with One (1) CT Scanner

Applicant

Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery (Montgomery Regional) is a for-profit, Virginia stock corporation. Radford ED is a free-standing emergency department (ED) that is a subsidiary of Montgomery Regional. HCA Healthcare, Inc. is the ultimate corporate parent of Montgomery Regional. Radford ED will be on Tyler Avenue in the City of Radford, Virginia, Planning District (PD) 4, Health Planning Region (HPR) III.

Background

The proposed project will be located in the City of Radford, Virginia, in PD 4. The City of Radford is the only unincorporated city of the district, with four counties included as well- Floyd, Giles, Montgomery, and Pulaski. The total population in 2030 is expected to be approximately 182,812 people, an increase of 0.5% from the 2020 population (**Table 1**). The Virginia total population is estimated to increase 5.8% from 2020 to 2030. The population in the City of Radford is expected to be 15,506 people in 2030, a 3.5% decrease from the 2020 population.

Table 1: PD 4 Population Projections

Location	Experienced 2020		Predicted 2030		2020-2030 Change	
	Total	65 years+	Total	65 years+	Total	65 years+
Floyd County	15,476	3,783	15,448	4,344	-0.2%	14.8%
Giles County	16,787	3,732	16,055	4,059	-4.4%	8.8%
Montgomery County	99,721	12,706	103,544	14,724	3.8%	15.9%
Pulaski County	33,800	7,675	32,259	8,395	-4.6%	9.4%
City of Radford	16,070	1,735	15,506	1,737	-3.5%	0.1%
PD4	181,854	29,631	182,812	33,259	0.5%	12.2%
Virginia	8,631,393	1,395,291	9,129,002	1,762,641	5.8%	26.3%

Source: Weldon-Cooper Data

With the exception of Montgomery County, all areas of the PD are expected to decrease in the total population, but the population of people over the age of 65 is expected to consistently increase across all locations. The City of Radford has the lowest expected growth rate in this age group with 1,737 people expected in 2030, a 0.1% increase from 2020. The PD population of people over the age of 65 is estimated at 33,259 in 2030, a 12.2% increase from 2020. This increase is less than half of the Virginia growth rate of 26.3% in the same age group.

A computed tomography (CT) scan is a computerized x-ray imaging tool that produces images of the body to diagnose diseases or lesions in the body. The patient lies in a CT machine, and the x-ray source completes a rotation around the body, documenting the skeleton, organs, and tissues¹. CT scanners have varying depths, usually ranging from 1-10 millimeters. Whereas other x-rays provide two-dimensional (2D) images, a CT scan will produce a three-dimensional (3D) image of the body and can provide a multiple-angle perspective for a scanned area².

Table 2: Authorized Diagnostic Scanners in PD4

Facility	Authorized Scanners	2024 Operating Scanners
Carilion Giles Community Hospital	1	1
Carilion New River Valley Medical Center	4	3 ³
LewisGale Hospital Montgomery	1	1
LewisGale Hospital Montgomery - Christiansburg ER	1	1
LewisGale Hospital Pulaski	1 ⁴	1
PD 4 Total	8	7

Source: DCOPN Records, VHI Data

Montgomery Regional is located in Montgomery County, in the City of Blacksburg. The hospital is currently authorized for one diagnostic CT scanner and operates the LewisGale Hospital Montgomery- Christiansburg ER (Christiansburg ER) separately in the county which is authorized for a CT scanner as well (**Table 2**). Reston Radiology Consultants (Reston Radiology) staff radiology services at LewisGale locations and will work at the Radford location as well. There are eight authorized diagnostic scanners in PD 4, with seven currently in operation. The eighth scanner in the PD, which will be the fourth scanner at Carilion New River Valley Medical Center, started services December 9, 2025. As of 2024, there are no mobile CT scanners reporting data in the PD. **Map 1** shows the locations in relation to population density of PD 4.

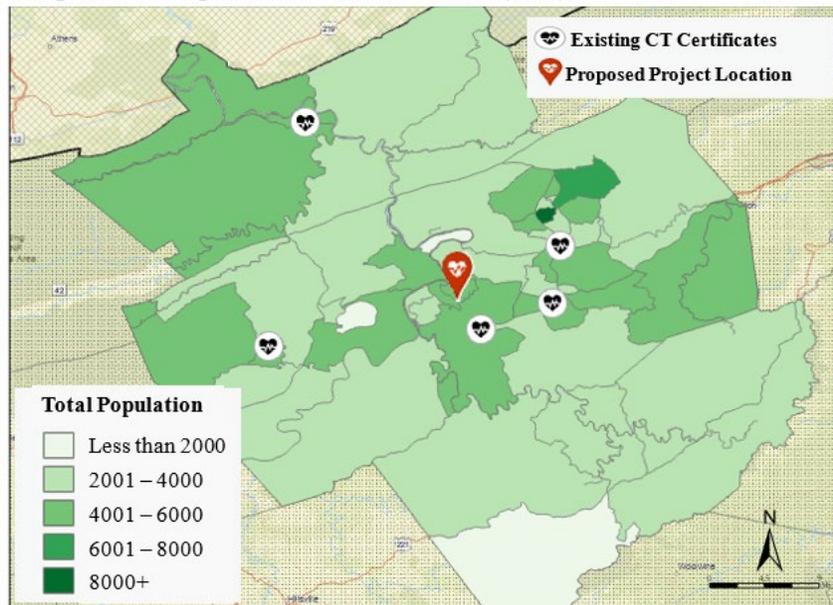
¹ “Computed Tomography (CT).” *National Institute of Health*, National Institute of Biomedical Imaging and Bioengineering, July 2025, www.nibib.nih.gov/science-education/science-topics/computed-tomography-ct.

² Fayad, Laura M. “CT Scan versus MRI versus X-Ray: What Type of Imaging Do I Need?” *Johns Hopkins Medicine*, Johns Hopkins Medicine, 29 Aug. 2025, www.hopkinsmedicine.org/health/treatment-tests-and-therapies/ct-vs-mri-vs-xray.

³ Carilion New River Valley Hospital was authorized for the fourth stationary scanner by COPN VA-04804. It had not yet started services as of 2024.

⁴ LewisGale Pulaski is authorized one CT simulator in addition to the one authorized stationary scanner.

Map 1: 2020 Population of Census Tracts (PD4)



Source: ArcGIS, DCOPN Inventory, VHI Records

In 2024, Montgomery Regional had a utilization of 4.7% with 349 scans on the hospital’s fixed scanner (**Table 3**). In contrast, the Christiansburg ER had a utilization of 223.5% on its scanner. The total CT utilization for the PD is 115.1% across seven scanners.

Table 3: PD 4 Diagnostic CT Scanner Utilization (2024)

Facility Name	Stationary Units	Total CT Procedures	Utilization
Carilion Giles Community Hospital	1	7,779	105.1%
Carilion New River Valley Medical Center	3	26,360	118.7%
LewisGale Hospital Montgomery	1	349	4.7%
LewisGale Hospital Montgomery - Christiansburg ER	1	16,540	223.5%
LewisGale Hospital Pulaski	1	8,606	116.3%
PD 4 Total	7	59,634	115.1%

Source: VHI Database

Proposed Project

Montgomery Regional is proposing to establish a new medical facility with the introduction of a fixed mobile CT scanner. The site will be a freestanding ER in the City of Radford. It is important to note that DCOPN does not regulate ERs, and this report will solely focus on the introduction of the CT scanner.

Table 4: Total Capital Costs

Direct Construction	\$ 320,000
Equipment Not Included in Construction	\$ 560,000
Additional Site Costs and Fees	\$ 114,500
Capital Cost	\$ 994,500

Source: COPN Request No. VA-8853

The total capital cost of the project is estimated to be \$994,500 (**Table 4**). This includes the construction of the 12,760 square foot building and introduction of all technology and equipment. Of the total cost, approximately 56% is allotted to equipment not included in the construction costs. The total amount is slightly less than other similar recently authorized projects⁵. If approved, the project will begin services 25 months after receiving the COPN certificate.

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “[e]stablishment of a medical care facility described in subsection A.” 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 computed tomographic (CT) scanning”.

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.**

The poverty rate of PD 4 in 2023, the last year for which data is currently available, was 20.1%. This is almost double the rate of Virginia (**Table 5**). The City of Radford has the highest poverty rate of the PD, with 26.4% of the population.

Table 5: Poverty Rates in PD4

Location	Total Population	Population in Poverty	Poverty Percent
Floyd County	15,541	1,720	11.1%
Giles County	16,292	1,835	11.3%
Montgomery County	87,689	20,853	23.8%
Pulaski County	32,522	5,365	16.5%
City of Radford	13,481	3,562	26.4%
PD 4	165,525	33,335	20.1%
Virginia	8,472,709	867,052	10.2%

Source: 2023 VHI Data

The proposed project is located approximately 3.5 miles from Radford University, which will be the closest CT scanner to the university and the only within the city limits. The City of Radford

⁵ COPN VA-04955 authorized the establishment of a facility for CT imaging scans with the use of one fixed scanner in PD 5. The total estimated cost associated is \$1,002,090. COPN VA-04901 authorized the establishment of a facility for CT imaging services in PD 16. The total capital cost is \$1,016,602.

provides free public transit for residents and there is a route that stops outside where the facility will be. A bus arrives approximately every ten minutes and is a wheelchair accessible.⁶

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.

Reston Radiology, who will staff the CT services at Redford, wrote a letter of commitment for the project. The representative stated that CT scanners in the PD are in high demand, and the addition will increase access to individuals in and out of emergencies.

Other public figures in the PD wrote in support of the project. This included: the Deputy Chief of Montgomery Fire EMS Operations, Radford City Fire/EMS Captain, Chief of EMS in Pulaski County, Deputy EMS Chief of Christiansburg EMS, and mayor of the City of Radford. The letters in aggregate expressed that the approval would decrease patient transport time and increase access to patients.

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-8853 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 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.

There are no reasonable alternatives identified to the proposed project. The CT scanners in the PD are providing imaging services at high utilization, with the only exception as the sole scanner at a hospital. Due to this, it is not recommended to reallocate a scanner for the project and the high utilization indicates an additional scanner is needed for the PD.

⁶ RadfordTransit.com

(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 4. Therefore, this consideration is not applicable to the review of the proposed project.

(iv) Any costs and benefits of the project.

As shown in **Figure 1**, the projected capital costs for the project are \$994,500. \$320,000 is set aside for the construction of the 12,760 square foot building and contingencies. The CT scanner and technology is new to the PD and not relocated from another facility, as such the total for medical equipment is \$560,000. Costs will be covered by the internal resources of HCA Healthcare. The project requires the hiring of 4.4 full-time equivalent employees- with 4.2 radiologic technologists and a part-time administration-business employee.

Figure 1: Financial Costs

Capital Cost Summary	
Direct Construction	\$ 320,000
Equipment Not Included in Construction	\$ 560,000
Additional Site Costs and Fees	\$ 114,500
Capital Cost	\$ 994,500

Equipment Not Included in Construction	
CT Scanner and Equipment	\$ 500,000
Information Systems	\$ 60,000
Subtotal	\$ 560,000

Direct Construction Cost	
Cost of Materials	\$ 173,400
Cost of Labor	\$ 115,600
Contingencies	\$ 31,000
Subtotal	\$ 320,000

Architectural and Engineering fees	
Site Acquisition	\$ 27,000
Site Preparation	\$ 53,500
Off-site Costs	\$ 11,000
Building Fees	\$ 11,500
Engineering Fees	\$ 11,500
Sub-Total	\$ 114,500

Source: COPN Request No. VA-8853

Approval of the project will reduce the strain on the utilization of other scanners in the PD. With six of the seven operating scans in 2024 performing utilization rates above 100%, the addition of another scanner will offer another choice for care and allow for patients to be receive care more efficiently.

(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, it would 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 6: 2024 Charity Care Contributions at or below 200% of Federal Poverty Level

HPR III	Gross Pt Rev	Charity Care	% of Gross Patient Revenue
Inpatient Hospitals			
Rehabilitation Hospital of Bristol, LLC	21,074,983	594,048	2.8%
Centra Specialty Hospital	49,629,337	1,151,183	2.3%
Carilion Franklin Memorial Hospital	291,774,472	4,126,513	1.4%
Carilion Tazewell Community Hospital	97,063,289	1,035,463	1.1%
Carilion Medical Center	5,523,913,586	43,089,656	0.8%
Carilion New River Valley Medical Center	1,045,584,847	8,284,749	0.8%
LewisGale Hospital-Montgomery	1,028,863,817	8,035,905	0.8%
Carilion Giles Memorial Hospital	241,763,245	1,965,594	0.8%
Lewis-Gale Medical Center	3,633,204,645	25,020,978	0.7%
LewisGale Hospital Pulaski	557,969,215	3,462,675	0.6%
LewisGale Hospital - Alleghany	307,838,577	1,894,786	0.6%
Bedford Memorial Hospital	220,261,406	1,156,200	0.5%
Johnston Memorial Hospital	939,082,042	3,526,000	0.4%
Centra Health	3,572,261,352	12,125,268	0.3%
Wellmont Lonesome Pine Mountain View Hospital	852,382,429	2,640,163	0.3%
Smyth County Community Hospital	216,722,529	604,993	0.3%
Lee County Community Hospital	43,608,193	118,721	0.3%
Dickenson Community Hospital	28,200,560	54,209	0.2%
Russell County Medical Center	137,892,582	161,769	0.1%
Buchanan General Hospital	127,118,204	137,889	0.1%
Sovah Health-Danville	1,253,164,239	288,678	0.0%
Sovah Health-Martinsville	917,943,082	268,214	0.0%
DLP Twin County Regional Healthcare	363,954,973	128,136	0.0%
Clinch Valley Medical Center	829,913,180	191,054	0.0%
Wythe County Community Hospital	415,798,563	100,166	0.0%
Ridgeview Pavilion (Bristol Region)	8,928,438	0	0.0%
Norton Community Hospital			
Total Inpatient Hospitals:			26
HPR III Total Inpatient \$ & Mean %	\$ 22,725,911,785	\$ 120,163,010	0.5%

HPR III	Gross Pt Rev	Charity Care	% of Gross Patient Revenue
Outpatient Hospitals			
Roanoke Valley Center for Sight at Oak Grove	4,950,351	48,540	1.0%
Surgery Center of Lynchburg	84,680,369	838,248	1.0%
Fairlawn Surgery Center, LLC	6,315,595	48,203	0.8%
New River Valley Surgery Center	13,367,660	79,443	0.6%
Roanoke Valley Center for Sight	24,325,070	132,333	0.5%
Southwest Virginia Center for Sight	7,344,412	20,058	0.3%
Martinsville Center for Sight	5,961,587	15,172	0.3%
Blue Ridge Surgery Center	143,386,304	26,210	0.0%
Roanoke Ambulatory Surgical Center	58,874,618	4,927	0.0%
Eye Surgery Center of Central Virginia, LLC	10,073,938	0	0.0%
Piedmont Day Surgery Center	4,172,183	0	0.0%
Total Outpatient Hospitals:			11
HPR III Total Outpatient Hospital \$ & Mean %	\$ 363,452,087	\$ 1,213,134	0.3%
Total Hospitals:			37
HPR III Total Hospital \$ & Mean %	\$ 23,089,363,872	\$ 121,376,144	0.5%

Montgomery Regional reported a 0.8% charity care in 2024. All HCA facilities in the HPR reported an average of 0.6% charity care in the same period. This is higher than the average of 0.5%. The applicant proffered a charity care of 0.5% of patient revenue in the application, which is the average in the region.

(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 CT imaging services. They are as follows:

Part II.

Diagnostic Imaging Services

Article 1.

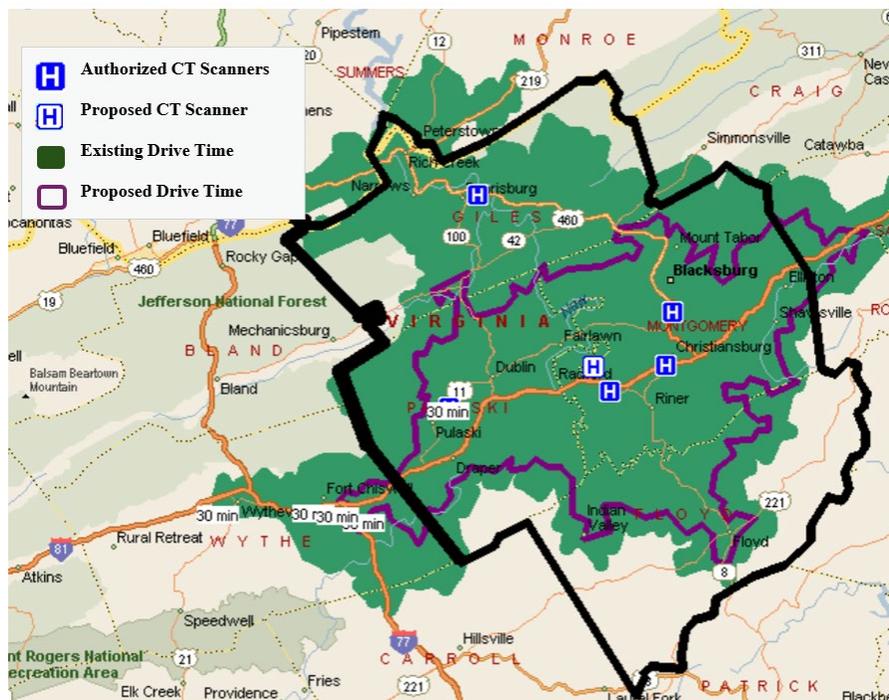
Criteria and Standards for Computed Tomography

12VAC5-230-90. Travel Time.

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

As **Map 3** shows, the authorization of the proposed project would not extend geographic access to CT imaging services. The proposed location is highlighted by the blue H with white background on the map. Based on the population distribution in the PD, 95% of the population does not have access to CT imaging services within the 30-minute drive-time.

Map 3: 30-minute Drive-Time to CT Services (PD4)



Source: DCOPN Records, Microsoft Street and Trips (2008)

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 shown in **Table 3**, the total utilization rate of diagnostic CT scanners in the PD in 2024 was 115.1%. With the exception of Montgomery Regional, all facilities are operating over 100% of the 7,400-procedure standard. The introduction of the fourth scanner at New River Valley Medical Center would decrease the utilization of the PD to 101%, but there would still be an average of approximately 7,455 procedures per scanner.

Table 3: PD 4 Diagnostic CT Scanner Utilization (2024) *(as shown above)*

Facility Name	Stationary Units	Total CT Procedures	Utilization
Carilion Giles Community Hospital	1	7,779	105.1%
Carilion New River Valley Medical Center	3	26,360	118.7%
LewisGale Hospital Montgomery	1	349	4.7%
LewisGale Hospital Montgomery - Christiansburg ER	1	16,540	223.5%
LewisGale Hospital Pulaski	1	8,606	116.3%
PD 4 Total	7	59,634	115.1%

Source: VHI Database

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.

The LewisGale Hospital Pulaski has a CT simulator restricted to radiation therapy treatment, but the scanner has not been included in the inventory or utilization of this report.

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.

The applicant is not looking to expand existing services but establish a new medical facility. As such, the criterion does not apply.

12VAC5-230-120. Adding or Expanding Mobile CT Services

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

performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing CT providers in the health planning district.

The applicant does not seek to add or expand mobile CT services. Accordingly, this standard is not applicable to the proposed project.

12VAC5-230-130. Staffing.

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

HCA CT imaging services in PD 4 are currently being supervised by Reston Radiology physicians. There is a letter of commitment to the project from the physicians which was attached to the application.

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 project is not projected to significantly impact institutional competition in the area. Montgomery Regional and Christiansburg ER are providing care in the area; Pulaski Hospital is also in the PD and a subsidiary of HCA Healthcare. The other two locations of CT scanners are owned by Carilion Clinic and have the majority of the scanners with five of the authorized eight CT scanners. The approval of Montgomery Regional’s project at the Radford ED would provide another option for residents to receive care but is otherwise not expected to significantly impact institutional competition.

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

As stated above, the proposed project will be the fourth CT scanner owned by HCA Healthcare and the third under the Montgomery Regional license. The CT scanner will provide services at the freestanding Radford ER as the only CT scanner in the city.

Table 3: PD 4 Diagnostic CT Scanner Utilization (2024) *(as shown above)*

Facility Name	Stationary Units	Total CT Procedures	Utilization
Carilion Giles Community Hospital	1	7,779	105.1%
Carilion New River Valley Medical Center	3	26,360	118.7%
LewisGale Hospital Montgomery	1	349	4.7%
LewisGale Hospital Montgomery - Christiansburg ER	1	16,540	223.5%
LewisGale Hospital Pulaski	1	8,606	116.3%
PD 4 Total	7	59,634	115.1%

Source: VHI Database

Except for Montgomery Regional, all scanners were providing care with a utilization of over 100%, with the PD average in 2024 approximately 115.1% (Table 3). A fourth scanner was

approved for Carilion New River Valley Medical Center and started services December 9, 2025. Should the number of scans and distribution remain the same for 2026, the New River Valley Medical Center would have a utilization of 89.1% and the PD would still have a utilization of 100.7%. The addition of the Radford ER CT scanner would bring the PD utilization to 89.5%.

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 cost of the CT scanner will be paid through accumulated reserves. The proposed project will require the hiring of 4.4 full-time equivalent positions for radiologic technologists and administrative staff. Due to the recruitment efforts of HCA with the sponsorship and endorsement of various community colleges and nursing schools, it is expected that the hiring will not adversely affect existing care. In the Pro Forma, it is shown that the net income is projected to decrease from the first year to the second of providing care, the only two years for which the finances were projected (**Table 7**). While there is a decrease in the profit, the facility would be operating with a net positive income.

Table 7: Pro Forma

Revenue and Expenses	Year 1	Year 2
Gross Revenue	\$13,911,450.00	\$14,678,067.00
Charity Care (0.5%)	\$ 69,557.00	\$ 73,390.00
Bad Debt and Contractual Adjustments	\$12,310,864.00	\$13,026,328.00
Operating Expenses	\$ 1,325,664.00	\$ 1,389,710.00
Net Income	\$ 205,365.00	\$ 178,640.00

Source: COPN Request No. VA-8853 Application

Table 8 shows the changes in operating costs over the first two years, with the largest increase in repairs and maintenance (74% increase). Federal and state taxes as well as non-income taxes decreased between the two years by 12.5% and 9.3% each.

Table 8: Operating Expenses- Year 1 and 2

	Year 1	Year 2
Salaries	\$ 394,065	\$ 401,791
Employee Benefits	\$ 108,047	\$ 110,166
Supplies	\$ 74,921	\$ 76,039
Professional Fees	\$ 75,000	\$ 75,000
Contract Servicers	\$ 138,682	\$ 144,904
Repairs and Maintenance	\$ 83,073	\$ 144,734
Rents and Leases	\$ 7,904	\$ 7,945
Utilities	\$ 60,535	\$ 61,746
Insurance	\$ 45,834	\$ 45,976
Non-Income Taxes	\$ 52,510	\$ 45,946
Depreciation	\$ 143,156	\$ 143,156
Other	\$ 35,317	\$ 35,555
Federal and State Income Taxes	\$ 106,620	\$ 96,750
Total Operating Expenses	\$ 1,325,664	\$ 1,389,708

Source: COPN Request No. VA-8853 Application

- 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 proposed project does not introduce new technology to the PD. (ii) All services would be provided on an outpatient basis. Should patients need to be admitted for observation or treatment, they would be transported to Montgomery Regional for further care. (iii) There are no cooperative efforts to meet regional healthcare needs. (iv) No other factors were deemed appropriate.

- 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. HCA has education and outreach programs with nursing schools across the state; none are specific to Montgomery Regional.

DCOPN Staff Findings and Conclusions

Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery (Montgomery Regional) proposes the establishment of a specialized center for the provision of CT imaging services with one CT scanner. The project will be located in the City of Radford, in PD 4, within a freestanding ER. DCOPN finds that the proposed project is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. There are currently eight authorized diagnostic scanners in the PD, with a utilization of 115.1% in 2024.

PD 4 has a poverty rate that is nearly double the rate of Virginia as a whole, and the City of Radford has the highest percentage in the district. There were no letters of opposition to the proposed project; five public figures wrote in support and physicians who will be operating the scanner wrote a letter of commitment. There are no reasonable alternatives that were identified to the project and it is more beneficial than the status quo. The proposed project will cost approximately \$994,500 which is slightly less than similar projects when site allocation fees are removed from consideration. The cost of the project will be covered by accumulated reserves

and is not expected to impact the cost of care of patients at existing facilities. Approval of the project will not add to geographic access within a 30-minute drive-time but will reduce the over-utilization of existing scanners and reduce the wait time of patients needing care.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **conditional approval** of Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery's Certificate of Public Need Request number VA-8853 to establish a medical care facility with one (1) CT scanner for the following reasons:

1. The proposal to establish a specialized center for the provision of CT services is 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 PD4.
4. There is no identified alternative to the proposed project that better meets the needs of the area to be services and is more beneficial than the status quo.
5. There is no known opposition to the project.

DCOPN's recommendation is contingent upon Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery's agreement to the following charity conditions:

Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery's (Montgomery Regional) will provide CT imaging 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 0.5% of Montgomery Regional's total patient services revenue derived from CT imaging 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. Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery 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.

Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery will provide CT imaging 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 Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.