

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

July 20, 2026

RE: COPN Request No. VA-8891

Virginia Commonwealth University Health System Authority (VCUHS)

Richmond, Virginia

Add one (1) fixed PET/CT Unit

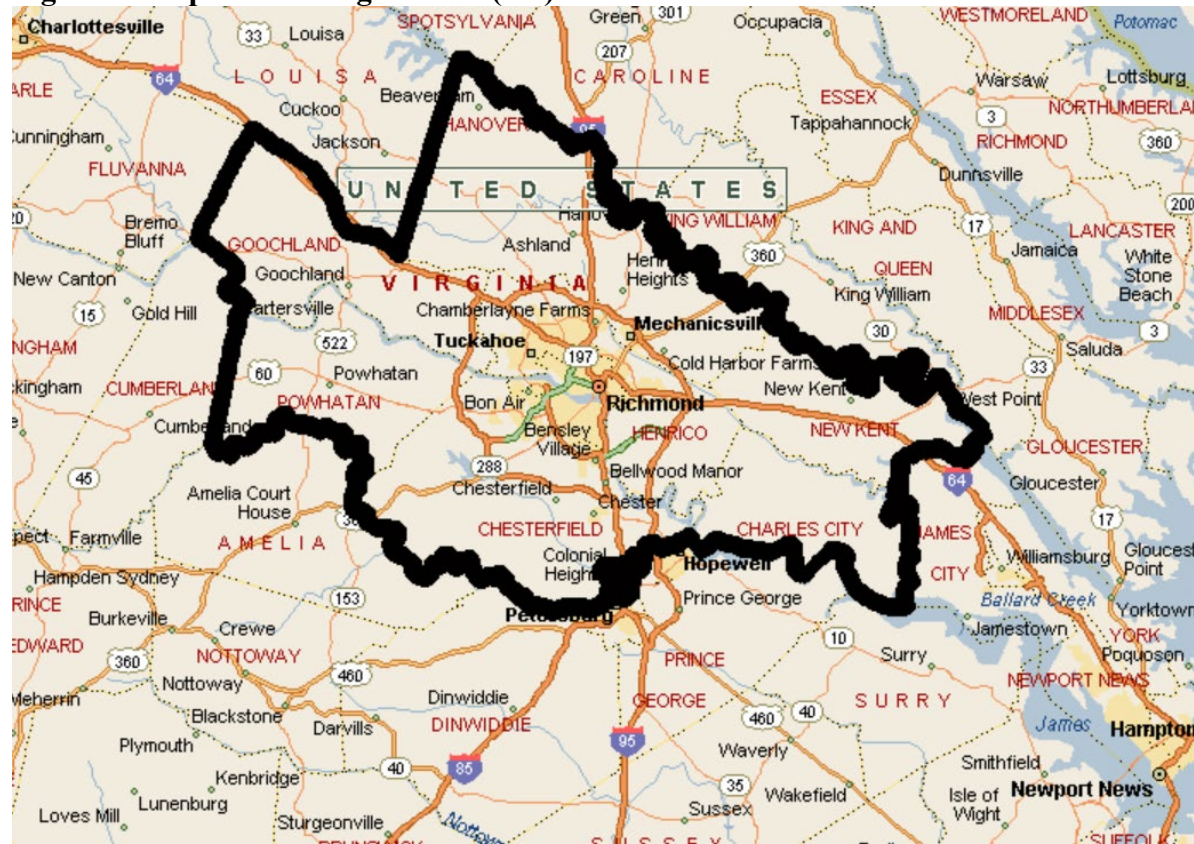
Applicants

The Virginia Commonwealth University Health Systems Authority (“VCUHS”) is a public body corporate and political subdivision of the Commonwealth of Virginia, governed by the Virginia Commonwealth University Health System Authority Act of 1996-Title 23, Chapter 6.2, 23-50.16:1 of the Code of Virginia. The VCU Medical Center Adult Outpatient Pavilion (“AOP”) is on the VCU Medical Center campus in Planning District (PD) 15, Health Planning Region (HPR) IV.

Background

PD 15 is in the eastern portion of the Commonwealth of Virginia and consists of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent and Powhatan Counties and the City of Richmond (**Map 1**). PD 15 had a population of over 1.1 million in 2020 and is projected to add nearly 125,000 to its population by 2030. It is a fast-growing area of Virginia, with projected growth of 11.1% by the end of the decade, twice the growth rate of the projected rate for Virginia’s population, 5.0% (**Table 1**). The City of Richmond, where the proposed project is located, is projected to grow by 15,678, or 6.9% by the end of the decade. The population segment over age 65 is important in advanced imaging services because it utilizes these services at a faster rate than the younger population. In PD 15, this age group is projected to grow by 36.8% between 2020 and 2030, compared to 30.9% across Virginia (**Table 1**).

Figure 1. Map of Planning District (PD) 15 Localities



Source: Microsoft Streets & Trips

Table 1. PD 15 Population Data

Locality	2020 Population	2030 Projected Population	Projected Growth 2020-2030	Percent Growth 2020-2030	65+ 2020 Population	Projected 65+ 2030 Population	Projected Growth 65+	Percent Growth 65+
Charles City	6,773	6,113	-660	-9.7%	1,776	2,177	401	22.6%
Chesterfield	364,548	425,661	61,113	16.8%	58,200	82,524	24,324	41.8%
Goochland	24,727	29,796	5,069	20.5%	5,721	8,308	2,587	45.2%
Hanover	109,979	119,155	9,176	8.3%	20,688	29,375	8,687	42.0%
Henrico	334,389	357,921	23,532	7.0%	55,596	75,195	19,599	35.3%
New Kent	22,945	30,740	7,795	34.0%	4,405	6,618	2,213	50.2%
Powhatan	30,333	33,083	2,750	9.1%	5,848	8,163	2,315	39.6%
City of Richmond	226,610	242,288	15,678	6.9%	29,874	36,814	6,940	23.2%
PD 15	1,120,304	1,244,757	124,453	11.1%	182,108	249,173	67,065	36.8%
Virginia	8,631,393	9,060,433	429,040	5.0%	1,395,291	1,826,064	430,773	30.9%

Source: Weldon-Cooper Center for Public Service (2026)

Positron Emission Tomography (PET) Background

A positron emission tomography (PET) scan is an imaging test that can help reveal the metabolic or biochemical function of tissues and organs. The PET scan uses a radioactive drug called a tracer to show both typical and atypical metabolic activity. A PET scan can often detect the atypical metabolism of the tracer in diseases before the disease shows up on other imaging tests, such as computerized tomography (CT) and magnetic resonance imaging (MRI). The tracer is most often injected into a vein in the hand or arm. The tracer will then collect in areas of the body that have higher levels of metabolic or biochemical activity. This often pinpoints the location of the disease. The PET images are typically combined with CT or MRI and are called PET/CT or PET/MRI scans.¹ All of the fixed PET scanners in PD 15 are PET/CT scanners. Note from the State Medical Facilities Plan (SMFP): For the purposes of tracking volume utilization, an image taken with a PET/CT scanner that takes concurrent PET/CT images shall be counted as one PET procedure. Images made with PET/CT scanners that can take PET or CT images independently shall be counted as one individual PET procedure and one CT procedure, respectively, unless those images are made concurrently.

According to Virginia Health Information (VHI) there were five fixed PET/CT scanners and five mobile site PET scanners in PD 15 in 2024, the latest year for which such data are available. Only the fixed units are relevant for this review and are included in **Table 2**. Utilization of the fixed site PET/CT scanners in PD 15 averaged 2,325 procedures per scanner, or 38.8% of the volume standard of 6,000 average procedures per fixed site unit that is set forth in the SMFP to add a PET scanner to the PD. DCOPN notes that no stationary PET scanner in the Commonwealth achieved this standard in 2024. The average PET procedures per scanner in Virginia in 2024 was 2,372.

Table 2. PD 15 Fixed PET Scanner Utilization, 2024

Facility Name	Imaging Systems	Procedures	Procedures per Unit	% of SMFP Threshold
Bon Secours St. Mary's Hospital	1	2,366	2,366	39.4%
Henrico Doctors' Hospital - Forest	1	2,026	2,026	33.8%
Johnston-Willis Hospital	1	1,285	1,285	21.4%
VCU Medical Center	1	3,401	3,401	56.7%
Virginia Cardiovascular Specialists, PC	1	2,549	2,549	42.5%
PD 15 Fixed PET Scanner Totals & Averages	5	11,627	2,325	38.8%

Source: VHI 2024

Since the 2024 volumes were submitted to VHI by providers, five fixed PET/CT scanners have been added to the inventory in PD 15. There are currently ten fixed PET/CT scanners authorized in PD 15. Five of the fixed PET/CT scanners are restricted to cardiac use (**Table 3**).

¹ <https://www.mayoclinic.org/tests-procedures/pet-scan/about/pac-20385078>

Table 3. Authorized Fixed PET/CT Scanners in PD 15

Bon Secours Imaging Center at Reynolds Crossing	1
Cardiology of Virginia, Inc. ^{2*}	1
Henrico Doctors' Hospital - Forest	1
James River Cardiology - Chesterfield ^{3*}	1
James River Cardiology-Richmond ^{4*}	1
Johnston-Willis Hospital	1
VCU Health System	1
Virginia Cancer Institute Westend ⁵	1
Virginia Cardiovascular Specialists-Henrico*	1
Virginia Cardiovascular Specialists-Mechanicsville ^{6*}	1
PD 15, Total Fixed PET Scanners	10

Source: DCOPN Records

*Restricted to cardiac imaging

Proposed Project

VCUHS proposes to add a second PET/CT scanner on its downtown Richmond campus at the Adult Outpatient Pavilion (AOP) at 1001 East Leigh Street, Richmond, Virginia. The AOP consists of 16 floors and 615,000 square feet offering 26 outpatient specialties consolidated in one building. The proposal involves the remodeling of 2,025 gross square feet of existing space to place the PET/CT scanner on the 6th floor in the radiology department with other imaging modalities. Total capital costs are \$5,514,244 (**Table 4**) to be funded with accumulated reserves. Should the project be approved, it is expected to open six months after issuance of a COPN.

Table 4. Capital Costs, VCUHS Additional PET/CT

Direct Construction Cost	\$ 3,049,824
Equipment not included in construction contract	\$ 2,114,770
Architectural & Engineering fees	\$ 349,650
Total Capital Cost	\$ 5,514,244

Source: COPN Request No. VA-8891

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as the “addition by an existing medical care facility described in subsection A of any new medical equipment for the

² COPN No. VA-04978 authorized this site, expected complete in October 2026.

³ COPN No. VA-04844 authorized this site, completed in December 2023.

⁴ COPN No. VA-04949 authorized this site, expected complete in December 2025.

⁵ COPN No. VA-04861 authorized this site, completed April 2025.

⁶ COPN No. VA-04976 authorized this site, expected complete in June 2026.

provision of ... positron emission tomographic (PET) scanning...” Included in the description of “medical care facility” in subsection A is “[a]ny facility licensed as a hospital.”

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

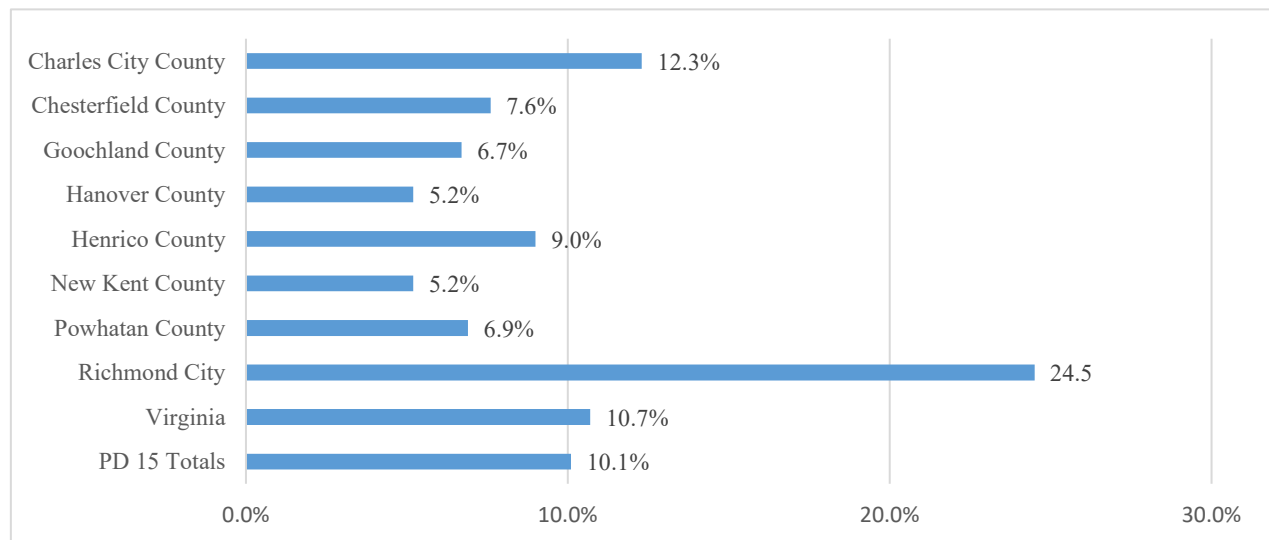
In determining whether a public need exists for a proposed project, the following factors shall be considered when applicable.

- 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.**

PD 15 is a fast-growing area of Virginia, as noted previously. The City of Richmond, where the proposed project is located, represents about 20% of the PD 15 population (**Table 1**). It is projected to grow by 6.9% between 2020 and 2030, a higher growth rate than Virginia’s, and add 15,678 people between 2020 and 2030 (**Table 1**). The population over age 65 in Richmond is expected to grow at 23.2% during the decade, a lower rate than PD 15 (36.8%) and Virginia (30.9%) (**Table 1**).

To provide context for socioeconomic and transportation barriers, DCOPN examined poverty rates by locality and public transportation availability. In PD 15 10.1% of the population lives in poverty, similar to the statewide poverty rate of 10.7%. The poverty rate in Richmond is 24.5%, the highest of localities in PD 15, and more than twice that of Virginia or PD 15 overall (**Figure 2**).

Figure 2. Poverty Rate by PD 15 Locality



Source: SAIPE, US Census

The proposed site is the AOP, on the corner of North 10th Street and East Leigh Street on the MCV Campus in downtown Richmond and across the street from VCU's School of Nursing. It is readily accessible from Interstates 64 and 95 as well as Broad Street. Greater Richmond Transit Company (GRTC) serves as public transportation for Richmond City as well as other parts of PD 15 and has a stop "steps away" from the AOP.

The existing PET/CT scanner in the Gateway Building is highly utilized by both adult and pediatric patients seven days a week, and patient wait times are a barrier to access. The applicant has extended operating hours for this scanner but wait times for its next available appointment can be weeks. The Gateway Building is physically connected to the Children's Hospital of Richmond, making it highly convenient for pediatric patients, but it is a quarter mile from the proposed site in the AOP.

The AOP houses 26 specialties for adults, including oncology, neurology, cardiology, psychiatry pulmonology and others that rely on PET/CT for care decisions. There are multiple imaging modalities on the AOP's 6th floor, but the proposed project will introduce the first PET/CT scanner into the building. The proposed project will alleviate access issues for VCUHS' patients seeking care at its downtown campus.

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.**

DCOPN received a letter of endorsement from the Chair of the Department of Radiology at VCU Medical Center and three letters of support from physician leaders at VCUHS. These letters, in aggregate, expressed the following:

VCUHS' existing PET/CT scanner is highly utilized, serves patients of all complexities and acuity levels and supports clinical research and medical education. Many of the PET/CT procedures performed are time-intensive and can tie up the single unit and create delays in care. The proposed additional PET/CT scanner will support outpatient specialty physicians and patients, such as those seeking care at the Massey Comprehensive Cancer Center, and others in the AOP. PET/CT imaging plays an important role in management of cancers, in particular early detection, initial staging, and support of accurate clinical decision making. Use of PET/CT studies is growing in areas such as cardiology, neurology, targeted therapies, immunotherapies and clinical trials. Timely access to PET/CT is essential, but scheduling on the existing unit is increasingly constrained and there is no redundancy during unit downtime.

Public Hearing

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-8891 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.

Public notice about the proposed project was posted on May 8, 2026. The public comment period ended on June 22, 2026. There was no public comment other than the letters referenced above. There is no known opposition to the proposal.

(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 is no alternative to the proposed project identified by DCOPN or the applicant that meets the needs of the population in a less costly, more efficient or more effective manner. The status quo entails extended, and growing patient wait times for a single PET/CT scanner that is highly utilized by inpatients, outpatients and emergency patients in an increasing number of specialties for patient care and clinical research. Furthermore, the location of the proposed second PET/CT at the AOP, co-located with other imaging modalities and in the same building as 26 specialty services, improves access and convenience for physicians and patients, including children and patients with mobility issues. Adding a second PET/CT scanner will reduce wait times for critical procedures and improve patient care. The proposed project is more beneficial than the status quo.

(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.

Total projected capital costs for the proposed project are \$5,514,244, funded with accumulated reserves such that no financing costs will be incurred. The estimated costs are marginally higher than the costs of other similar, recently approved projects to add a PET/CT unit to an existing facility. For example, COPN No. VA-04828 was issued to Winchester Medical Center, authorizing a capital cost of \$4.1 million and COPN No. VA-04920 was issued to IRMC, LLC authorizing a capital cost of \$5.2 million.

The applicant has described several benefits of the proposed project, including decanting volumes from the single PET/CT scanner currently on the VCU campus a quarter mile away from the AOP. The next available appointment for a PET/CT scan can be weeks, despite extended operating hours. The proposal will improve timely access to a critical outpatient modality in an exclusively outpatient setting. It will also improve scheduling for pediatric patients, inpatients, outpatients and emergency patients who receive PET/CT scans at the existing scanner, as well as adult outpatients seeking care from specialists consolidated in the

AOP, including the Massey. Comprehensive Cancer Center, and other specialties that utilize PET/CT imaging for critical treatment decisions, clinical research and medical education. It will create redundancy of PET/CT services on the downtown campus.

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

VCUHS provides services to all patients regardless of their ability to pay or payor source. In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the project will be conditioned to provide a level of charity care based on gross patient revenues derived from PET/CT imaging that is no less than the equivalent average for charity care contributions in HPR IV in 2024, the latest year for which such data are available. Pursuant to the Code of Virginia, 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. The proforma for the proposed project includes 0.9% charity care (**Table 5**), consistent with the HPR IV mean which is also 0.9% (**Table 6**).

Table 5. Proforma, VCUHS Additional PET/CT Scanner

	Year 1	Year 2
Gross Revenue	\$59,363,084	\$64,033,749
Charity care	\$534,268	\$576,304
Contractual Adjustments	\$45,998,051	\$49,617,161
Bad Debts	\$1,187,262	\$1,280,675
Net Revenue	\$11,643,503	\$12,559,609
Expenses	\$6,404,634	\$7,009,222
Operating Income	\$5,238,869	\$5,550,387

Source: COPN Request No. VA-8891

Table 6. 2024 Charity Care Contributions for HPR IV

HPR IV	2024 at 200%		
	Gross Pt Rev	Total Charity Care Provided Below 200%	%
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 Specialty Hospital - Richmond	\$192,901,481	\$0	0.0%
Cumberland Hospital for Children and Adolescents UHS	\$29,398,596	\$0	0.0%
Inpatient Hospitals			
Total Inpatient Hospitals:			19
HPR IV Total Inpatient \$ & Mean %	\$43,118,210,576	\$408,937,809	0.9%

Outpatient Hospitals

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%

Source: 2024 VHI

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

Utilization of the fixed site PET/CT scanners in PD 15 averaged 2,325 procedures per scanner, or 38.8% of the volume standard of 6,000 average procedures per fixed site unit that is set forth in the SMFP to add a PET scanner to the PD. DCOPN notes that no stationary PET scanner in the Commonwealth achieved this standard of 6,000 PET/CT scans in 2024. The average PET procedures per scanner in Virginia in 2024 was 2,372.

DCOPN has previously acknowledged that the SMFP's utilization standards for PET/CT services are outdated and that expecting a PET service to reach the threshold suggested by the SMFP amounts to a misconception about the utilization of this modality at the time the SMFP was written and should be treated as such. In 2024, the average PET/CT procedures per scanner at VCUHS was 3,401 which is in the top quartile of scans per unit across the state. DCOPN recommends that the Commissioner use discretionary authority and, in this specific instance, not allow this standard to bar the addition of a PET/CT scanner at VCUHS' downtown campus.

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 SMFP.

Part II

Diagnostic Imaging Services

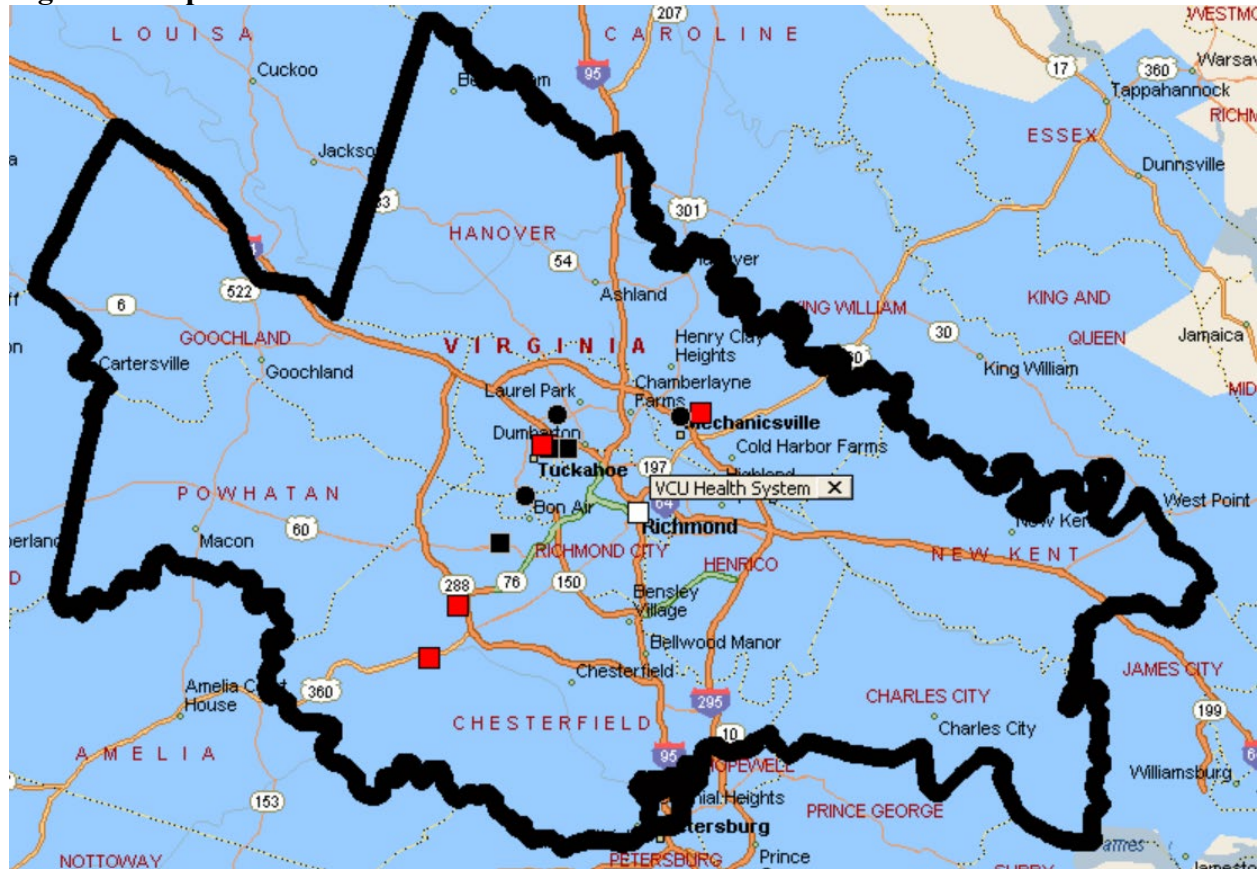
Article 4 Criteria and Standards for Positron Emission Tomography

12VAC5-230-200. Travel Time.

PET services should be within 60 minutes' driving time one way under normal conditions of 95% of the health planning district using a mapping software as determined by the commissioner.

The heavy black line in **Figure 3** is the boundary of PD 15. The squares on the map represent fixed site PET scanners while the circles are mobile sites. The red squares indicate PET scanners restricted to cardiac-only studies and the white square is the proposed project at VCUHS' downtown site. The blue shaded area includes the area that is within 60 minutes driving time one-way under normal conditions of existing PET services in PD 15. **Figure 3** clearly illustrates that PET services are available within 60 minutes' driving time of the entire population in PD 15.

Figure 3. Map of Authorized PET Services in PD 15



Source: Microsoft Streets & Trips

Note: Circles denote mobile PET scanners; squares denote fixed-site PET scanners; red squares are sites restricted to cardiac imaging and the white square is the proposed project.

12VAC5-230-210. Need for New Fixed Site Service.

A. If the applicant is a hospital, whether free-standing or within a hospital system, 850 new PET appropriate cases shall have been diagnosed and the hospital shall have provided radiation therapy services with specific ancillary services suitable for the equipment before a new fixed site PET service should be approved for the health planning district.

The proposal is not for a new fixed site service.

B. No new fixed site PET services should be approved unless an average of 6,000 procedures per existing and approved fixed site PET scanner were performed in the health planning district during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing fixed site PET 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 PET units in such health planning district.

Note: For the purposes of tracking volume utilization, an image taken with a PET/CT scanner that takes concurrent PET/CT images shall be counted as one PET procedure. Images made with PET/CT scanners that can take PET or CT images independently shall be counted as one individual PET procedure and one CT procedure respectively, unless those images are made concurrently.

The proposed project is not a new fixed site service, but the following information is provided for context:

In 2024, the latest year for which VHI reported utilization data, PD 15 had five fixed PET scanners. Utilization of these stationary scanners for 2024 is presented in **Table 2**. These scanners performed an average of 2,325 procedures, 38.8% of the SMFP standard (6,000 per scanner) that year. DCOPN notes that there are now ten fixed site PET scanners in PD 15, included in **Table 3**, five of them are restricted to cardiac use.

Calculated Needed Fixed PET Scanners in PD 15

2026 COPN authorized fixed PET scanners = 10

Calculated Needed Fixed PET scanners = $11,627 \text{ (2024 PET procedures)} \div 6,000 = 1.94 \text{ scanners}$
(2) needed

PD 15 Calculated Surplus = (2026 PET Scanners (10) – Calculated Need (2)) = **Surplus of 8**

12VAC5-230-220. Expansion of Fixed Site Services.

Proposals to increase the number of PET scanners in an existing PET service should be approved only when the existing scanners performed an average of 6,000 procedures for the relevant reporting period and the proposed expansion would not significantly reduce the utilization of existing fixed site providers in the health planning district.

In 2024, the average PET/CT procedures per scanner at VCUHS was 3,401 which is below this 6,000 procedure threshold to add a PET/CT scanner; however, this volume is in the top quartile of scans per unit across the state and the most highly utilized PET/CT scanner in PD 15. Furthermore, many of these procedures performed at VCUHS are more time-intensive than average, as the academic medical center treats highly complex patients, pediatric patients, conducts clinical research and provides medical education.

DCOPN has previously acknowledged that the SMFP's utilization standards for PET/CT services are outdated and that expecting a PET service to reach the threshold suggested by the SMFP amounts to a misconception about the utilization of this modality at the time the SMFP was written and should be treated as such. As the proposed project is to address the high utilization of the applicant's existing PET/CT unit and care for a patient base already seeking care at the downtown campus, it is unlikely to significantly reduce utilization of existing providers in the PD.

12VAC5-230-230. Adding or Expanding Mobile PET or PET/CT Services.

A. Proposals for mobile PET or PET/CT scanners should demonstrate that, for the relevant reporting period, at least 230 PET or PET/CT appropriate patients were seen and that the

proposed mobile unit will not significantly reduce the utilization of existing providers in the health planning district.

- B. Proposals to convert authorized mobile PET or PET/CT scanners to fixed site scanners should demonstrate that, for the relevant reporting period, at least 1,400 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing providers in the health planning district.**

The applicant does not propose adding or expanding an existing mobile PET service, so this standard does not apply.

12VAC5-230-240. Staffing.

PET services should be under the direction or supervision of one or more qualified physicians. Such physicians shall be designated or authorized by the Nuclear Regulatory Commission or licensed by the Division of Radiologic Health of the Virginia Department of Health, as applicable.

The applicant has confirmed that the proposed PET services will be under the direct supervision of qualified and licensed physicians.

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.**

PD 15 is served by PET/CT services owned by the applicant, HCA, Bon Secours and other independent providers such that no unhealthy market concentration exists. The proposal does not foster beneficial institutional competition.

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

PD 15 is served by hospital-based, freestanding and specialty physician-operated imaging services. There is a calculated surplus of eight PET scanners in PD 15. As noted above, no stationary PET service in the Commonwealth has achieved the SMFP standard of 6,000 for adding a PET scanner. The most highly utilized PET scanner in Virginia (Virginia Heart in PD 8) achieved 5,448 procedures in 2024 (91% of the SMFP standard) and the second most highly-utilized in Virginia averaged 4,139 (69.0%). The average of all PET scanners in Virginia was 2,372 in 2024, the latest year for which such data are available. PD 15's average PET scans per scanner in 2024 were consistent with this, at 2,325 per PET/CT scanner, with VCUHS' PET/CT scanner having the highest utilization in the PD.

- 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 total capital costs of the proposed project are \$5,514,244, to be funded by accumulated reserves, such that the applicant will not incur financing expenses. DCOPN concludes that when compared to similar projects, these costs are reasonable, though marginally higher than other similar recently approved projects to add a PET/CT scanner in an existing facility. The proforma income statement provided by the applicant (**Table 5**) projects operating income of \$5.2 million in the first year of operation, and \$5.5 million in the second year of operation. Regarding staffing, the applicant anticipates the need to hire five additional full-time equivalent staff members, a modest and attainable recruitment.

- 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.**

VCUHS does not argue new technology, but the proposal does provide PET/CT services on an outpatient basis. It does not involve cooperative efforts to meet regional needs, though the applicant's patient base is statewide.

- 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 states that VCUHS is Central Virginia's only academic medical center. It has a tripartite mission to preserve and restore health for all people of Virginia and beyond through innovative service, research and education. The proposed project integrates essential PET/CT imaging and other services within the AOP for adults seeking outpatient care from multiple specialties. It will be utilized in support of clinical trials and research, and support VCUHS' educational mission as well as its patient care mission.

DCOPN Staff Findings and Conclusions

PD 15 is an area of the Commonwealth that is growing at a rate higher than that of Virginia. The 65 and older demographic, which utilizes health care services at a higher rate, is also growing faster than the Virginia growth rate for that age group. Richmond has the highest poverty rate in PD 15, and it is twice as high as Virginia's.

DCOPN finds that VCUHS' proposed project to add a second PET/CT unit at its AOP is generally consistent with the applicable criteria and standards of the SMFP and the eight required considerations of the Code of Virginia. While the applicant does not meet the utilization threshold for the addition of a PET scanner, DCOPN notes that precedent has been established by the Commissioner regarding this threshold not barring the addition of a PET/CT scanner when

sufficiently compelling circumstances exist. As such compelling reasons exist, such as the facility having the highest utilization in the PD on its single PET/CT scanner which results in long waits for appointments, its clinically complex and otherwise time-intensive PET/CT studies, its clinical research and medical education missions, DCOPN recommends that the Commissioner, in this specific instance, not allow this standard to bar the addition of a PET/CT scanner at VCUHS' downtown campus.

Additionally, DCOPN finds that there are no alternatives identified to the proposed project that meet the needs of the population more effectively or efficiently. It is more beneficial than the alternative of the status quo. Furthermore, the proposed project is unlikely to negatively affect the utilization of existing providers. Finally, DCOPN finds that the total capital costs of the proposed project are reasonable, and the proposal is wholly feasible in the immediate and long run and there is no documented opposition to the proposal.

DCOPN Staff Recommendations

DCOPN recommends **conditional approval** of COPN Request No. VA-8891, Virginia Commonwealth University Health System's request to add a second PET/CT scanner on its downtown campus at the Adult Outpatient Pavilion at 1001 East Leigh Street, Richmond, Virginia for the following reasons:

1. The proposed project will improve access to PET/CT services for patients in need of the service that seek care at the applicant's downtown campus, in a city where socioeconomic barriers exist.
2. The proposal is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight required considerations of the Code of Virginia.
3. The proposed project supports the research, education and patient care missions of the only academic medical center in Central Virginia.
4. The project will not adversely affect existing providers of PET/CT services in PD 15.
5. No alternative to the proposed project has been identified that better meets the needs of the population, and it is more beneficial than the status quo.
6. The capital costs are reasonable, and the proposal is wholly feasible in the immediate and long term.
7. There is no known opposition.

DCOPN's recommendation is contingent upon Virginia Commonwealth University Health System's agreement to the following charity care condition:

Virginia Commonwealth University Health System will provide PET/CT imaging 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 15 in an aggregate amount equal to at least 0.9% of Virginia Commonwealth University Health System's gross patient revenue derived from PET/CT imaging. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement.

Virginia Commonwealth University Health System will provide PET/CT imaging 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. Virginia Commonwealth University Health System will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.