

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis Report

January 21, 2025

COPN Request No. VA-8787

Carilion New River Valley Medical Center

Christiansburg, Virginia

Addition of a third MRI scanner on the Carilion New River Valley Medical Center campus

Applicant

Carilion New River Valley Medical Center (CNRV) is a 501(c)(3) non-profit hospital located in the town of Christiansburg, Virginia. CNRV is a wholly owned subsidiary of Carilion Clinic. New River Valley Surgery Center is a subsidiary of CNRV. CNRV is located in Planning District (PD) 4, Health Planning Region (HPR) III.

Background

Division of Certificate of Public Need (DCOPN) records show that there are currently 5 COPN authorized fixed-site magnetic resonance imaging (MRI) scanners in PD 4 (**Table 1**).

Table 1. PD 4 COPN Authorized Fixed MRI Units

Facility	MRI Units
Carilion New River Valley Medical Center	2
LewisGale Hospital Montgomery	2
LewisGale Hospital Pulaski	1
Total	5

Source: DCOPN records

Proposed Project

The applicant has expressed an institutional need to expand MRI service through the addition of a third MRI unit, a Siemens 3 Tesla Vida, on the CNRV hospital campus located at 2900 Lamb Circle, Christiansburg, Virginia. The proposed MRI unit will be located in a new addition immediately adjacent to the hospital's existing two MRI units. According to the applicant, "[b]ecause this project involves an addition to existing space within the hospital, this project represents an effective and cost-efficient approach to decompress MRI overutilization across CNRV's campus." The applicant explains:

To accommodate the current demand for MRI procedures, CNRV has already extended its hours of operation for MRI services. MRI services are operating 7 days/week with a

1st and 2nd shift. Outpatient scheduling is running 16 hours/day. An on-call schedule is running 11 p.m.-7 a.m. for emergent and inpatient MRI scans that cannot wait until the morning shift. CNRV works the inpatient/ED MRI exams between the scheduled outpatient times.

To further address these scheduling difficulties, CNRV has also supplemented its fixed MRI service with a mobile MRI unit, which travels from Carilion Rockbridge Community Hospital to CNRV on the first, second and third Wednesday of each month. Additionally, CNRV has contracted with a 3rd party vendor for mobile MRI services on the last Friday of each month. Performing over 400 scans annually, the mobile units have helped to alleviate pressure on CNRV's existing fixed MRI units; however, this is just a short-term, partial solution to the problem. Requiring hospital patients to access MRI services in a trailer in the hospital's parking lot is not ideal.

The total capital costs of the proposed project are \$4,871,989, of which approximately 41% represents direct construction costs (**Table 2**). The applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 2. IFRC – CNRV Capital Costs

Direct Construction Costs	\$2,007,300
Equipment Not Included in Construction Contract	\$2,724,689
Architectural and Engineering Fees	\$140,000
Total	\$4,871,989

Source: COPN Request No. VA-8787

Construction for the proposed project is expected to begin October 1, 2025, and to be completed September 30, 2026. The applicant anticipates an opening date of October 11, 2026.

Project Definitions

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

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

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

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

Geographically, CNRV is located at 2900 Lamb Circle, Christiansburg, Virginia, off of Interstate I-81 at Exit 109. The applicant asserts that the hospital campus is accessible by taxi service, Uber and Lyft. Additionally, Radford City and Pulaski County Transit will transport patients to

CNRV by appointment. Finally, emergency ground and air transportation are available through Carilion Patient Transportation Services and Lifeguard 11, an emergency transport helicopter located on the campus of CNRV.

PD 4 had a population of just of 181,854 in 2020 and is projected to add less than 1,000 people to its population by 2030. PD 4's projected growth of 0.53% by the end of the decade 2020-2030 is much lower than Virginia's growth rate of 5.8%. (**Table 3**).

Table 3. Population by Locality, PD 4

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+
Floyd County	15,476	15,448	-28	-0.18%	3,783	4,344	561	14.83%
Giles County	16,787	16,055	-732	-4.36%	3,732	4,059	327	8.76%
Montgomery County	99,721	103,544	3,823	3.83%	12,706	14,724	2,018	15.88%
Pulaski County	33,800	32,259	-1,541	-4.56%	7,675	8,395	720	9.38%
Radford city	16,070	15,506	-564	-3.51%	1,735	1,737	2	0.12%
PD 4	181,854	182,812	958	0.53%	29,631	33,259	3,628	12.24%
Virginia	8,631,393	9,129,002	497,609	5.77%	1,395,291	1,762,641	367,350	26.33%

Source: United States Census Bureau at <https://data.census.gov/> and Weldon Cooper Center for Public Service, August 2023

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2022, the most recent year for which such data is available, the average amount of charity care provided by HPR III facilities was 0.6% of all reported total gross patient revenues (**Table 4**). Pursuant to § 32.1-102.4B of the Code of Virginia DCOPN must now place a charity care condition on every applicant seeking a COPN. Accordingly, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition of no less than the 0.6% HPR III average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 4. HPR III Charity Care Contributions

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

Table 4. HPR III Charity Care Contributions

2022 Charity Care Contributions at or below 200% of Federal Poverty Level			
LewisGale Hospital Pulaski	\$465,079,395	\$2,565,485	0.6%
Lewis-Gale Medical Center	\$2,945,087,457	\$16,161,621	0.5%
Centra Health	\$3,023,784,179	\$10,182,695	0.3%
Smyth County Community Hospital	\$214,723,312	\$630,654	0.3%
Bedford Memorial Hospital	\$175,626,005	\$474,228	0.3%
Norton Community Hospital	\$291,775,554	\$767,018	0.3%
Russell County Medical Center	\$135,556,168	\$330,439	0.2%
Dickenson Community Hospital	\$28,125,420	\$68,308	0.2%
Johnston Memorial Hospital	\$826,084,738	\$1,856,940	0.2%
Wellmont Lonesome Pine Mountain View Hospital	\$779,003,003	\$1,458,898	0.2%
Lee County Community Hospital	\$35,910,227	\$49,714	0.1%
Buchanan General Hospital	\$116,385,318	\$140,702	0.1%
DLP Twin County Regional Healthcare	\$255,330,355	\$293,349	0.1%
Sovah Health-Martinsville	\$677,045,264	\$349,080	0.1%
Clinch Valley Medical Center	\$656,673,348	\$293,630	0.0%
Sovah Health-Danville	\$932,808,724	\$86,078	0.0%
Wythe County Community Hospital	\$292,907,698	\$18,259	0.0%
Ridgeview Pavilion (Bristol Region)	\$7,807,715	\$ -	0.0%
Total Facilities Reporting			27
Median			0.3%
Total \$ & Mean %	\$19,149,418,543	\$109,235,608	0.6%

Source: VHI (2022)

DCOPN is not aware of any other geographic, socioeconomic, cultural, or transportation barriers to access to care.

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

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

DCOPN received four letters of support for the proposed project from members of the Carilion Clinic medical community, which addressed the following:

- CNRV offers procedures that utilize extended periods of time on current MRI units. These procedures include scanning patients with MRI conditional medical devices such as pacemakers, MRI enterography, cardiac MRI, and advanced cancer staging examinations for brain tumors, rectal cancer and prostate cancer. This usage results in less time to perform more routine diagnostic imaging to patients in the surrounding communities.
- The addition of a third MRI unit at CNRV would assist in quicker access and more time designated to diagnostic imaging.

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

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-8787 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

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

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner. CNRV has cited an institutional need to expand its current MRI services. As noted in **Table 6** below, for 2022, the most recent year for which VHI data is available, CNRV's two MRI units performed 8,887 procedures and operated at a utilization rate of 88.87%. Additionally, the applicant reports, in 2023, the two MRI units performed 9,462 procedures with a utilization rate of 95% and, in 2024, the two MRI units performed 9,653 procedures with a utilization rate of 96.53%.

According to the applicant, it performs lengthy, specialized studies not performed elsewhere in the region. With regard to the effect the specialized studies have on CNRV's MRI utilization, the applicant explains:

Not only do CNRV MRI procedure volumes demonstrate that CNRV's existing MRI machines are operating at or above capacity, but CNRV performs lengthy specialized MRI studies not performed elsewhere in the region. These include MR-enterography for diagnosis of patients with Crohn's disease, colitis or ulcerative colitis, cardiac MRIs, scans on patients with pacemakers, and minimal pediatric MRI needs. All of these studies consume significantly more time than routine studies, making the units at CNRV unavailable to other patients for extended periods. Approval of this project will improve patient access to timely MRI studies at CNRV.

While most routine MRI exams require a 1-hour time slot for inhouse and mobile MRI units that includes pre-work and 30 minutes of "table time," the more complex procedures for the pacemaker, breast biopsy and cardiac exam patients take approximately 1-1.5 hours of table time alone. With the additional pre-work required for these patients, a 2-hour time slot is preferred, twice that of a routine MRI exam.

DCOPN also notes that the applicant has extended its hours and is also supplementing its fixed MRI service with a mobile MRI unit, which performs approximately 400 scans annually. The applicant explains:

To accommodate the current demand for MRI procedures, CNRV has already extended its hours of operation for MRI services. MRI services are operating 7 days/week with a 1st and 2nd shift. Outpatient scheduling is running 16 hours/day. An on-call schedule is running 11 p.m.-7 a.m. for emergent and inpatient MRI scans that cannot wait until the morning shift. CNRV works the inpatient/ED MRI exams between the scheduled outpatient times.

In summary, for the reasons discussed, the status quo is not a preferable alternative to the proposed project because CNRV's MRI units are overutilized, despite the applicant extending hours and supplementing MRI services with a mobile MRI unit.

(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 proposed project;

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$4,871,989, approximately 41% of which represents direct construction costs. The applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04872 issued to Shenandoah Memorial Hospital to add one MRI unit is anticipated to cost approximately \$4,996,000.

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

- Because this project involves an addition to existing space within the hospital, this project represents an effective and cost-efficient approach to decompress MRI overutilization across CNRV's campus.
- As MRI services on the campus of CNRV are experiencing high utilization and increasing wait times for appointments, patients needing CNRV's services experience delays in diagnosis, and therefore, delays in treatment. This project is necessary to the continued, high-level, quality care of patients in the region.
- Adding the proposed MRI scanner at the existing suite at CNRV adjacent to the emergency room ensures MRI capacity for quicker turnaround of emergency patients.
- The new unit will also reduce wait times for routine/non-emergent exams, currently with an outpatient backlog of 3 weeks.

- By co-locating three MRI scanners, CNRV will realize increased efficiencies. Technologists can work on adjacent MRI systems thereby preventing delays or down time. They can assist with patient screening/scanning/throughput and move patients between the three scanners if delays occur.
- Newly constructed location on the CNRV campus would immediately decompress the current MRI units, especially with respect to scanners experiencing lengthy wait times for appointments due to the unique and lengthier MRI studies being provided.
- According to VHI data, in 2022 CNRV was at 89% of the SMFP threshold to add an MRI unit. Since 2022, CNRV's MRI volumes have continued to grow. In 2023, CNRV performed 9,462 MRI procedures at 95% of the SMFP's 5,000 procedure per machine per year capacity threshold. CNRV estimates that it will perform 10,058 MRI scans by the end of 2024 (101% of the SMFP MRI capacity standard). [After the close of 2024, the applicant updated this information with a final MRI procedure count of 9,653 with a utilization rate of 96.53%.]
- Not only do CNRV MRI procedure volumes demonstrate that CNRV's existing MRI machines are operating at or above capacity, but CNRV performs lengthy specialized MRI studies not performed elsewhere in the region. These include MR-enterography for diagnosis of patients with Crohn's disease, colitis or ulcerative colitis, cardiac MRIs, scans on patients with pacemakers, and minimal pediatric MRI needs. All of these studies consume significantly more time than routine studies, making the units at CNRV unavailable to other patients for extended periods. Approval of this project will improve patient access to timely MRI studies at CNRV.

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

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 0.5% of CNRV's gross revenues from MRI services (**Table 5**). As previously discussed, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition of no less than the 0.6% HPR III average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 5. CNRV Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Revenue	\$55,807,000	\$58,302,000
Contractual Allowances and Bad Debt	(\$45,980,000)	(\$48,264,000)
Charity Care	(\$279,000)	(\$292,000)
Net Operating Revenue	\$9,547,000	\$9,747,000
Total Operating Expenses	\$2,927,000	\$3,362,000
Operating Income	\$6,620,000	\$6,385,000

Source: COPN Request No. VA-8787

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

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

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

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

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

Article 2 Criteria and Standards for Magnetic Resonance Imaging

12VAC5-230-140. Travel time.

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

The heavy black line in **Figure 1** is the boundary of PD 4. The blue “H” symbols mark the locations of existing MRI providers in PD 4. The white “H” symbol marks the location of the proposed project. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing MRI services in PD 4. It is not clear from the yellow shading in **Figure 1** if MRI services are already within a 30-minute drive under normal conditions of 95% of the residents of PD 4. However, because COPN Request No. VA-8787 proposes to add an MRI unit at an existing location, the proposal will not affect geographic access to MRI services in PD 4.

A map of southwestern Virginia showing the service area of LewisGale Health System. The service area is outlined in black and includes parts of Giles, Montgomery, Pulaski, Radford, and Floyd counties. Major cities and towns shown include Blacksburg, Pulaski, Dublin, Fairlawn, Christiansburg, and Shawsville. The map also displays major highways (Interstates 81 and 77, and State Routes 42, 114, 221, 219, 12, 20, 311, 40, 56) and geographical features like the New River and Roanoke River. Specific locations marked with an 'X' include LewisGale Montgomery and LewisGale Pulaski. Other markers include 'H' for hospitals and 'CNRV' for a community nursing center.

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

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

The applicant is not proposing to establish a new service, but rather, proposes to expand an existing service. Accordingly, DCOPN concludes that this provision is not applicable to the proposed project. However, DCOPN includes the information below to present a full picture of the diagnostic imaging needs in PD 4.

As shown in **Table 6** above, in 2022, the utilization of existing MRI units in PD 4 was 59.4% of the 5,000 procedures per scanner necessary to expand MRI services under this section of the SMFP. DCOPN observes that the two MRI units at CNRV appear to be well utilized, while the two MRI units at LewisGale Hospital Montgomery and the MRI unit at LewisGale Hospital Pulaski all displayed low utilization, at 46.82% and 25.66%, respectively.

Based on the 2022 data, DCOPN has calculated a current surplus of 2 MRI units in PD 4 as follows:

Calculated Needed MRI Units in PD 4

Calculated Needed MRI Units = 14,852 (2022 MRI procedures) ÷ 5,000 = 2.97 (3) MRI units needed

PD 4 Calculated Need = 3 MRI Units based on 2022 utilization

2024 COPN authorized MRI Units = 5

PD 4 Surplus = 2 MRI Units

Table 6. PD 4 COPN Authorized Fixed MRI Units and Utilization: 2022

Facility	Fixed Unit	Procedures	Procedures /Unit	Utilization
Carilion New River Valley	2	8,887	4,444	88.87%
LewisGale Hospital Montgomery	2	4,682	2,341	46.82%
LewisGale Hospital Pulaski	1	1,283	1,283	25.66%
Total/Average	5	14,852	2,970	59.41%

Source: VHI Data (2022)

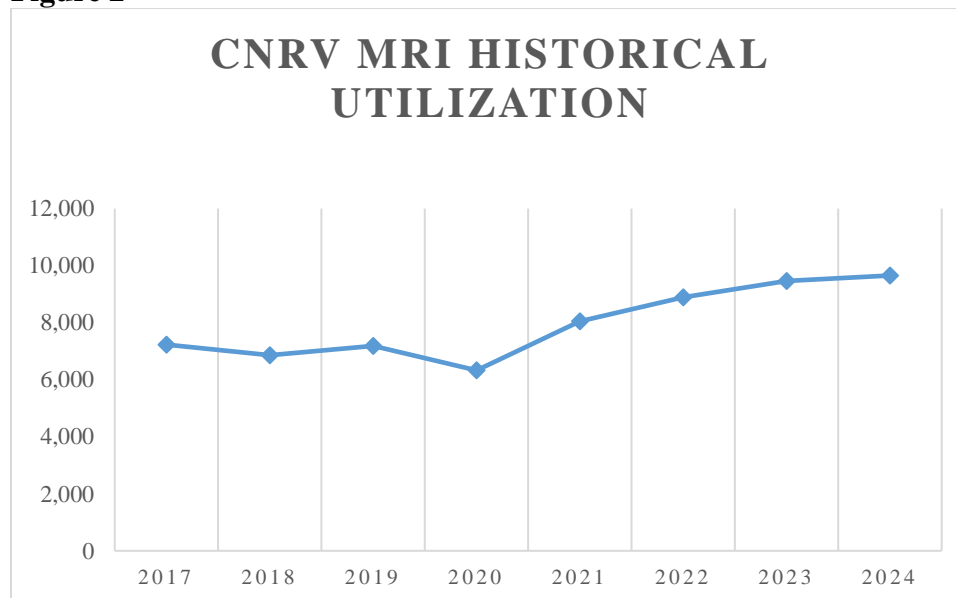
12VAC5-230-160. Expansion of fixed site service.

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.

As previously discussed, CNRV has cited an institutional need to expand its current MRI services. As noted in **Table 6** above, for 2022, the most recent year for which VHI data is available, CNRV's two MRI units performed 8,887 procedures and operated at a utilization rate of 88.87%. Additionally, the applicant reports, in 2023, the two MRI units performed 9,462 procedures with a utilization rate of 95% and, in 2024, the two MRI units performed 9,653 procedures with a utilization rate of 96.53%. DCOPN notes that the applicant is also supplementing its fixed MRI service with a mobile MRI unit, which performs approximately 400 scans annually.

As shown in **Figure 2** below, with the exception of a drop in 2020, likely due to the restrictions on elective procedures during the COVID-19 pandemic, CNRV's MRI volumes have been climbing at a steady rate. As previously discussed, the applicant anticipates an opening date of October 11, 2026. Although the applicant's latest utilization data of 96.53% in 2024, is slightly below the SMFP expansion standard, its consistent growth demonstrates that it will likely surpass the expansion standard by the time the project is operationalized.

Figure 2



12VAC5-230-170. Adding or expanding mobile MRI services.

- A. Proposals for mobile MRI scanners shall demonstrate that, for the relevant reporting period, at least 2,400 procedures were performed and that the proposed mobile unit will not significantly reduce the utilization of existing MRI providers in the health-planning district.**
- B. Proposals to convert authorized mobile MRI scanners to fixed site scanners shall demonstrate that, for the relevant reporting period, 3,000 procedures were performed by the mobile scanner and that the proposed conversion will not significantly reduce the utilization of existing MRI providers in the health-planning district.**

Not applicable. The applicant is not proposing to add or expand mobile MRI services.

12VAC5-230-180. Staffing.

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

The applicant has provided assurances that all MRI services will be under the direction and supervision of board-certified and trained radiologists. With regard to this consideration, the applicant provided the following additional information:

For MRI at Carilion Clinic, Adam R. Donithan, MD is the Magnetic Resonance Medical Director (MRMD), responsible for overseeing safety and proper execution of MRI exams. Onsite at Carilion New River Valley Medical Center (CNRV) is Dustin Boatman, MD, Chief of Diagnostic Radiation at CNRV, who will continue to provide direct supervision for MRI services.

Also onsite is board certified MR Safety Officer, Angela McCracken, MRSO, who handles day to day issues for technologists. In addition, Daniel R. Karolyi, MD, PhD, MR Medical Director, and Jason Mace, Radiological Physicist are also board-certified Safety Experts, located at Carilion Medical Center in Roanoke, and available at all times for consultation.

Part 1
Definitions and General Information

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

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

- 1. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- 2. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health**

system's geographically remote facility may be disregarded when determining institutional need for the proposed project.

3. **This section is not applicable to nursing facilities pursuant to §32.1-102.3:2 of the Code of Virginia.**
4. **Applicants shall not use this section to justify a need to establish new services.**

As previously discussed, for 2022, the most recent year for which VHI data is available, CNRV's two MRI units performed 8,887 procedures and operated at a utilization rate of 88.87%.

Additionally, the applicant reports, in 2023, the two MRI units performed 9,462 procedures with a utilization rate of 95% and, in 2024, the two MRI units performed 9,653 procedures with a utilization rate of 96.53%. DCOPN notes that the applicant is also supplementing its fixed MRI service with a mobile MRI unit, which performs approximately 400 scans annually and has extended its service hours.

CNRV is a wholly owned subsidiary of Carilion Clinic. Carilion Clinic does not operate any MRI units in PD 4 other than those at CNRV.

Required Considerations Continued

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

DCOPN contends that approval of the proposed project will not introduce institutional competition because, as previously discussed, the applicant has demonstrated an institutional need to expand and the project warrants approval. Therefore, the proposed project is not meant to, and will not foster institutional competition that will benefit the area to be served.

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

As already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need for an additional MRI unit. Furthermore, as already discussed, DCOPN further concludes that transferring the requested MRI unit from another Carilion facility is not an option. Lastly, because the project hinges upon an institutional need, DCOPN contends that approval of the proposed project is unlikely to have a significant negative impact on existing providers of MRI services in PD 4.

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

As already discussed, DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04872 issued to Shenandoah Memorial Hospital to add one MRI unit is anticipated to cost approximately \$4,996,000.

The Pro Forma Income Statement provided by the applicant (**Table 5**) projects operating income of \$6,620,000 in the first year of operation, and \$6,385,000 in the second year of operation.

Regarding staffing, the applicant anticipates the need to hire six full time equivalent personnel (FTE) to staff the proposed project. These FTEs include six radiologic technologists. With regard to recruitment, the applicant explains “[s]taff will be hired incrementally as volumes ramp up...Team Leads are already in place for day and weekend shifts.”

The applicant is an established provider of MRI services and describes its recruitment process as follows:

Carilion often hires MRI Technologists from other positions within Carilion. Primarily, these positions are posted on Carilion’s website as well as on various imaging-related job boards. With Carilion Clinic branding, our experience and successful recruitment programs, we do not anticipate any difficulties in staffing for additional MRI-related positions. If the market is more challenging in recruitment for MRI-related positions, Carilion will hire traveler or temporary technologist positions to cover services.

Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

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

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. Nor does the proposed project increase the potential for provision of services on an outpatient basis. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of the Commissioner.

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

The applicant provided the following with regard to this consideration:

Carilion Clinic is the primary teaching hospital aligned with the Virginia Tech Carilion School of Medicine and Research Institute (VTC) with a longstanding tradition of

providing continuing medical education (CME) to physicians and other healthcare professionals, providing educational offerings, introduction of new technology and updated information so that physicians and other healthcare professionals may maintain, improve and acquire new knowledge and skills. Carilion New River Valley Medical Center (CNRV) is a core site that contributes to that physician education through resident rotation and affiliation with both the Virginia Tech Carilion School of Medicine and Research Institute (VTC) as well as the Edward Via College of Osteopathic Medicine (VCOM). Residents hosted at CNRV participate in the care and treatment of the hospital's patients as a part of their training and are supervised by fully trained faculty members, for a variety of specialties, including anesthesiology, cardiology, emergency medicine, and more.

DCOPN Staff Findings and Conclusions

DCOPN finds Carilion New River Valley Medical Center's COPN Request No. VA-8787 to add a third MRI unit is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The applicant has demonstrated an institutional need to expand, and the proposed project is more favorable than maintaining the status quo. As previously discussed, for 2022, the most recent year for which VHI data is available, CNRV's two MRI units performed 8,887 procedures and operated at a utilization rate of 88.87%. Additionally, the applicant reports, in 2023, the two MRI units performed 9,462 procedures with a utilization rate of 95% and, in 2024, the two MRI units performed 9,653 procedures with a utilization rate of 96.53%. DCOPN notes that the applicant is also supplementing its fixed MRI service with a mobile MRI unit, which performs approximately 400 scans annually and has extended its service hours.

As previously discussed, there is no known opposition to the proposed project. DCOPN maintains that the projected capital costs of the proposed project are reasonable and consistent with previously approved projects similar in clinical scope; and notes that because the costs will be funded using accumulated reserves of the applicant, no financing fees are associated with this project. Finally, DCOPN finds that the proposed project will prove financially feasible both in the immediate and in the long-term.

Staff Recommendations

The Division of Certificate of Public Need recommends **conditional approval** of Carilion New River Valley Medical Center's COPN Request No. VA-8787 to expand MRI services by adding a third MRI unit for the following reasons:

1. The project is consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The project is more favorable than maintaining the status quo.
3. The applicant has demonstrated an institutional need to expand.

4. The capital costs are reasonable.
5. The proposed project appears economically viable in the immediate and the long-term.

Recommended Condition

Carilion New River Valley Medical Center will provide 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 0.6% of Carilion New River Valley Medical Center'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 Carilion New River Valley Medical Center 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.

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