



## COMMONWEALTH of VIRGINIA

*Department of Health*  
P O BOX 2448  
RICHMOND, VA 23218

Karen Shelton, MD  
State Health Commissioner

TTY 7-1-1 OR  
1-800-828-1120

August 20, 2025

Tara Estabrooks  
Vice President, Strategic Planning & Business  
Children's Hospital of the King's Daughters  
601 Children's Lane  
Norfolk, Virginia, 23507

**RE: COPN No. VA-04952 (COPN Request No. VA-8818)**  
**Children's Hospital of the King's Daughters**  
**Norfolk, Virginia**  
**Add 1 MRI scanner**

Dear Ms. Estabrooks:

In accordance with Chapter 4, Article 1.1 of Title 32.1 of the Code of Virginia of 1950 (the Code), as amended, I reviewed the application and all supporting documents submitted by Children's Hospital of the King's Daughters, Incorporated to add one MRI scanner for a total of three fixed site scanners at Children's Hospital of the King's Daughters in Norfolk, Virginia.

As required by Section 32.1-102.3B of the Code, I have considered all factors that must be taken into account in a determination of public need, and I have concluded that **conditional approval** of the request is warranted based on the following findings:

1. The proposal to expand the MRI service at Children's Hospital of the King's Daughters, Inc. with one additional MRI unit dedicated to pediatric patients is consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.
2. The proposal will enhance access to MRI services for children in PD 20.
3. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of MRI services in PD 20.
4. The proposed project is viable in the immediate and long-term.

Ms. Tara Estabrooks  
Children's Hospital of the King's Daughters  
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5. The proposal supports the research and education missions of Eastern Virginia Medical School.
6. There is no known opposition to the proposed project.

This certificate is valid for the period August 20, 2025 through August 19, 2026.  
The total authorized capital cost of the project is \$10,106,088.

Please file two copies of the application for a certificate extension with the Department no later than 30 days before the expiration date of the certificate. Part VIII of the Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations identifies the filing requirements and review procedure for certificate extension requests.

Sincerely,



Karen Shelton, MD  
State Health Commissioner

Enclosure

cc: Charis A. Mitchell, Assistant Attorney General, Commonwealth of Virginia  
Erik Bodin, Director, Division of Certificate of Public Need  
James Jenkins, Acting Director, VDH, Office of Licensure and Certification  
Jamie Martin, Williams Mullen  
Deborah K. Waite, Chief Operating Officer, Virginia Health Information  
Susan B. Girois, MD, MPH, District Director, Norfolk City Health District

COMMONWEALTH OF VIRGINIA  
DEPARTMENT OF HEALTH  
MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

THIS CERTIFIES THAT Children's Hospital of the King's Daughters, Incorporated is authorized to initiate the proposal as described below.

NAME OF FACILITY: Children's Hospital of the King's Daughters

LOCATION: 601 Children's Lane, Norfolk, Virginia 23507

OWNERSHIP AND CONTROL: Children's Hospital of the King's Daughters, Incorporated

SCOPE OF PROJECT: Expansion of MRI services with one MRI scanner for a total of three fixed MRI scanners at Children's Hospital of the King's Daughters in Norfolk City, Virginia. Capital costs authorized for this project total \$10,106,088. The project is expected to be completed by July 31, 2027. This certificate is issued with the condition that appears on its reverse.

Pursuant to Chapter 4, Article 1:1 of Title 32.1, Sections 32.1-102.1 through 32.1-102.12 of the Code of Virginia (1950), as amended and the policies and procedures promulgated thereunder, this Medical Care Facilities Certificate of Public Need is issued contingent upon substantial and continuing progress towards implementation of the proposal within twelve (12) months from the date of issuance. A progress report shall be submitted to the State Health Commissioner within twelve (12) months from the date of issuance along with adequate assurance of completion within a reasonable time period. The Commissioner reserves the right not to renew this Certificate in the event the applicant fails to fulfill these conditions. This Certificate is non-transferable and is limited to the location, ownership, control and scope of the project shown herein.



Certificate Number: VA-04952

Date of Issuance: August 20, 2025

Expiration Date: August 19, 2026

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Karen Shelton, MD, State Health Commissioner

Children's Hospital of the King's Daughters ("CHKD") will, consistent with its treatment capabilities, (i) provide services to all persons in need of services, regardless of their ability to pay, including 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.; (ii) accept patients requiring specialized care; and (iii) facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

This condition shall be deemed satisfied as long as CHKD continues to meet the definition of children's hospital at Virginia Code Section 32.1-123. This condition is a systemwide charity care condition and applies to and supersedes the charity care conditions placed on all Certificates of Public Need issued to CHKD since July 1, 2020, that have charity care conditions and to all such future Certificates of Public Need issued to CHKD. Compliance with this condition will be documented to the Division of Certificate of Public Need ("DCOPN") annually by providing appropriate documentation of CHKD's fulfillment of the above-referenced requirements.

This condition meets the standards set forth in Virginia Code Section 32.1-102.4.B as effective July 1, 2020, and accomplishes the access to care goals of that law in a way that recognizes (i) CHKD's unique status as Virginia's only freestanding, full-service pediatric hospital; (ii) CHKD's special role in serving as the regional pediatric referral center for Health Planning Region V and its provision of specialty care not provided elsewhere in the region; (iii) CHKD's extraordinarily high level of Medicaid service; (iv) that CHD's extensive Medicaid service and focus on pediatric care means that very few of CHKD's patients are defined as "charity care" for purposes of charity care condition compliance; (v) CHKD's location in a medically underserved area as defined by the Health Resources and Services Administration; and (vi) the fact that historically, DCOPN and the State Health Commissioner have found it neither appropriate nor necessary to impose charity care conditions on COPNs issued to CHKD due to its unique circumstances.

# VIRGINIA DEPARTMENT OF HEALTH

## Office of Licensure and Certification

### Division of Certificate of Public Need

#### Staff Analysis

July 21, 2025

**RE: COPN Request No. VA-8818**

Children's Hospital of the King's Daughters

Norfolk, Virginia

Add 1 MRI scanner

**Applicant**

Children's Hospital of the King's Daughters, Inc., doing business as Children's Hospital of the King's Daughters ("CHKD"), is a Virginia not for profit, nonstock corporation. CHKD is a wholly owned subsidiary of Children's Health System, Inc., a Virginia not for profit, nonstock corporation. Subsidiaries of the applicant include Children's Medical Tower, LLC and Children's Health System Insurance, LLC. The proposed site is CHKD's main hospital in Norfolk, Virginia in Health Planning Region (HPR) V, Planning District (PD) 20.

**Background**

An MRI is a noninvasive medical imaging test that produces detailed images of almost every internal structure in the human body, including organs, bones, muscles, and blood vessels; the images are created using a large magnet and radio waves, and no radiation is produced.<sup>1</sup> An MRI may be used instead of a CT scan when organs or soft tissue are being studied as MRI is better at distinguishing between types of soft tissues and normal and abnormal soft tissues.<sup>2</sup>

According to Virginia Health Information (VHI) data for 2023, the latest year for which data are available, PD 20 had 33 MRI units operating at an average of 82.3% of the State Medical Facilities Plan (SMFP) threshold of 5,000 procedures per MRI scanner (**Table 1**). CHKD operated at 62.7% of the SMFP threshold in 2023. In addition to its fixed MRI scanners, CHKD has two mobile MRI sites, one in Virginia Beach (also PD 20) and the other in Newport News (PD 21).

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<sup>1</sup> <https://www.hopkinsmedicine.org/health/treatment-tests-and-therapies/magnetic-resonance-imaging-mri>

<sup>2</sup> Ibid.

**Table 1. PD 20 MRI Utilization, 2023**

Facility	Fixed Unit	Procedures	Procedures/Unit	Utilization
Bon Secours Maryview Medical Center	1	4,016	4,016	80.3%
Chesapeake Regional Imaging - Kempsville	1	2,867	2,867	57.3%
Chesapeake Regional Imaging - Kingsborough	2	10,840	5,420	108.4%
Chesapeake Regional Medical Center	3	7,910	2,637	52.7%
Children's Hospital of The King's Daughters	2	6,273	3,137	62.7%
ED - Bon Secours Health Care Center @ Harbour View	2	6,348	3,174	63.5%
ED - Sentara BelleHarbour	1	134	134	2.7%
ED - Sentara Independence	1	131	131	2.6%
Maryview Medical Center at Norfolk	1	221	221	4.4%
MRI & CT Diagnostics - Chesapeake	2	8,854	4,427	88.5%
MRI & CT Diagnostics - Virginia Beach	3	9,858	3,286	65.7%
Sentara Advanced Imaging Center - Belleharbour	1	4,327	4,327	86.5%
Sentara Advanced Imaging Center - Princess Anne	1	5,039	5,039	100.8%
Sentara Advanced Imaging Center at First Colonial	1	5,333	5,333	106.7%
Sentara Advanced Imaging Solutions at North Leigh Campus	1	3,064	3,064	61.3%
Sentara Brock Cancer Center	1	4,408	4,408	88.2%
Sentara Independence	1	5,469	5,469	109.4%
Sentara Leigh Hospital	1	8,665	8,665	173.3%
Sentara Norfolk General Hospital	4	16,348	4,087	81.7%
Sentara Obici Hospital	1	8,450	8,450	169.0%
Sentara Princess Anne Hospital	1	8,764	8,764	175.3%
Sentara Virginia Beach General Hospital	1	8,466	8,466	169.3%
<b>Total and Average</b>	<b>33</b>	<b>135,785</b>	<b>4,115</b>	<b>82.3%</b>

Source: 2023 VHI

DCOPN records show 31 authorized fixed MRI units in PD 20 (**Table 2**).

**Table 1. PD 20 COPN Authorized Fixed MRI Units**

<b>Facility</b>	<b>Units</b>
Bon Secours Health Center at Harbour View	2
Bon Secours Maryview Medical Center	1
Bon Secours Imaging Town Center	1
Chesapeake Regional Medical Center	3
Children's Hospital of The King's Daughters	2
First Meridian d/b/a MRI & CT Diagnostics - Chesapeake	3
First Meridian d/b/a MRI & CT Diagnostics - Virginia Beach	2
Chesapeake Diagnostic Imaging - Hanbury Imaging Center	1
Chesapeake Diagnostic Imaging - Lynnhaven Imaging Center	1
Chesapeake Diagnostic Imaging - West Branch Imaging Center	1
Sentara Advanced Imaging Center - Belleharbour	1
Sentara Advanced Imaging Center - Leigh	1
Sentara Advanced Imaging Center - Princess Anne	1
Sentara Advanced Imaging Center at First Colonial	1
Sentara Independence	1
Sentara Leigh Hospital	2 <sup>3</sup>
Sentara Norfolk General Hospital	3 <sup>4</sup>
Sentara Obici Hospital	2
Sentara Princess Anne Hospital	1
Sentara Virginia Beach General Hospital	1
<b>Total</b>	<b>31</b>

Source: DCOPN records

### **Proposed Project**

CHKD proposes to add a third fixed MRI unit, a 3 Tesla MRI scanner, within the hospital at 601 Children's Lane, Norfolk, Virginia. CHKD is Virginia's only freestanding children's hospital. Due to the complexities of treating the pediatric population, many services, including MRI scanning, are far more time-consuming than services provided primarily to adults. For this reason, the applicant asserts a facility-specific need for an additional MRI scanner, despite utilization below the SMFP threshold, to address the unique barriers that pediatric patients encounter to accessing services.

Total capital cost of the proposed project is \$10,106,088, 57% of which is direct construction cost and an additional 36.2% is equipment cost (**Table 3**). The proposed project will be funded through accumulated reserves; therefore, there are no financing costs associated with the proposed project. Should the proposed project be approved, the applicant anticipates its completion by July 31, 2027.

<sup>3</sup> One MRI unit at Sentara Brock Cancer Center.

<sup>4</sup> Virginia Health Information data for 2023 lists four MRI units at Sentara Norfolk General Hospital. DCOPN records indicate that one of these four MRI units is an intraoperative unit. Therefore, DCOPN did not include it in the inventory in **Table 1**.

**Table 3. Capital Costs, CHKD MRI**

Direct Construction Cost	\$ 5,765,000
Equipment not included in construction contract	\$ 3,662,588
Architectural and Engineering	\$ 675,000
Other Consulting fees	\$ 3,500
<b>Total Capital Cost</b>	<b>\$ 10,106,088</b>

Source: COPN Request No. VA-8818

**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 provision of ... magnetic resonance imaging (MRI)...” A medical care facility includes “[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 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.**

CHKD is a regional tertiary care center that serves only pediatric patients. Its facilities are designed to address the needs of children, including equipment appropriately sized and calibrated for children. The proposed project seeks to address barriers to accessing MRI imaging for the pediatric population in its service area. Clear MRI images require patients to remain motionless for the duration of the scan which is particularly difficult for anxious children. Calming interventions include sedation and anesthesia, which necessitate extensive coordination between pediatric providers, including radiology, anesthesiology, nurses, child life specialists and specialized pediatric staff. MRI availability early in the day is needed to minimize anxiety and the need for anesthesia as well as prolonged periods without food, water or IV fluids. Due to unique anatomical, developmental and clinical needs, children need access to MRI services within 24 to 48 hours of physician orders, in many cases.

The applicant states that only 10% to 12% of its MRI patients would fit into a routine (30 minute) appointment for an adult MRI scan. CHKD's MRI scans average 76 minutes, with 60% requiring more than one hour to complete, and some taking as long as 2 – 3 hours. Frequent rescheduling and last-minute cancellations additionally diminish practical capacity of the applicant's existing MRIs. CHKD asserts that its MRI scanners are at capacity, given the unique needs and complexities of the pediatric population it serves. Wait times for an appointment at

CHKD's 3T MRI unit can extend to six weeks or more which delays diagnosis, treatment planning, surgery, PT and return to normal activities.

PD 20 had a population of about 1.2 million in 2020 and is projected to grow by just over 40,000 people, 3.3%, between 2020 and 2030. This is less than the population growth rate projected for Virginia during this decade, 5.8% (Table 4). The pediatric population<sup>5</sup> in PD 20 was estimated to be 303,076 in 2020 and is projected to grow by 5,781 people, 1.9%, by 2030. This is a much slower growth rate than is projected for the pediatric population of Virginia, which is 6.8% (Table 4).

**Table 4. PD 20 Population Data**

Locality	2020 Census	2030 Projected	Projected Population Change 2020-2030	Projected % Change 2020-2030	2020 Population Age 19 and Under	2030 Population Age 19 and Under	Projected Population Change 0-19 2020-2030	Projected % Change 0-19 2020-2030
Isle of Wight Co.	38,606	41,341	2,735	7.1%	8,530	9,146	615	7.2%
Southampton Co.	17,996	17,172	-824	-4.6%	3,756	3,511	-245	-6.5%
Chesapeake City	249,422	272,670	23,248	9.3%	66,477	71,140	4,664	7.0%
Franklin City	8,180	7,667	-513	-6.3%	2,295	2,249	-46	-2.0%
Norfolk City	238,005	229,864	-8,141	-3.4%	59,115	58,666	-449	-0.8%
Portsmouth City	97,915	98,857	942	1.0%	24,597	22,785	-1,812	-7.4%
Suffolk City	94,324	102,571	8,247	8.7%	25,315	28,705	3,390	13.4%
Virginia Beach City	459,470	474,052	14,582	3.2%	112,989	112,654	-335	-0.3%
<b>PD 20</b>	<b>1,203,918</b>	<b>1,244,194</b>	<b>40,276</b>	<b>3.3%</b>	<b>303,076</b>	<b>308,857</b>	<b>5,781</b>	<b>1.9%</b>
<b>Virginia</b>	<b>8,631,393</b>	<b>9,129,002</b>	<b>497,609</b>	<b>5.8%</b>	<b>2,152,494</b>	<b>2,298,450</b>	<b>145,956</b>	<b>6.8%</b>

Sources: Weldon-Cooper and Virginia Employment Commission

With respect to socioeconomic barriers, the poverty rate of PD 20, 12.3%, is higher than that of Virginia at 10.6%. Norfolk City, the location of the proposed project has a poverty rate of 18.8%, higher than that of PD 20 and of Virginia (Table 5).

<sup>5</sup> DCOPN used ages 0-19 to represent the pediatric population as this age range was the closest approximation available.

**Table 5. 2022 Poverty Rates, PD 20**

<b>Locality</b>	<b>Percent in Poverty</b>
Isle of Wight County	8.5%
Southampton County	15.0%
Chesapeake City	8.7%
Franklin City	19.0%
Norfolk City	18.8%
Portsmouth City	19.8%
Suffolk City	11.6%
Virginia Beach City	9.9%
<b>PD 20</b>	<b>12.3%</b>
<b>Virginia</b>	<b>10.6%</b>

Source: <https://www.census.gov/data-tools/demo/saipe/#>

CHKD is located on the campus of Eastern Virginia Medical School (“EVMS”) in downtown Norfolk. It is adjacent to Sentara Norfolk General Hospital (“SNGH”) and Macon and Joan Brock Virginia Health Sciences at Old Dominion University (“ODU”) a division of ODU and successor-in-interest to EVMS. CHKD is accessible from several exits of Interstate 264, Interstate 664 and Interstate 64. Public transportation is available in the area, including a public bus system and Norfolk’s light rail train, the Tide, both of which have stops on the EVMS campus. No transportation barriers to access are identified.

**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 President of the Professional Staff at CHKD. It also received seven letters of support for the proposed project signed by CHKD’s Chair of the Department of Pediatrics, who is also a pediatric hematology-oncology physician and CHKD’s principal investigator for the world’s largest pediatric clinical trials organization; Chief of Orthopedics and Sports Medicine; six orthopedic surgeons; and two pediatric radiologists. These letters, in aggregate, expressed the following:

- As Virginia’s only freestanding pediatric hospital, CHKD is committed to delivering excellence in quality and service to its pediatric patients.
- CHKD offers inpatient, outpatient, emergency and trauma MRI imaging services for children and adolescents.
- The project is essential to support commitment to CHKD patients’ unique needs and clinical requirements in a timely manner.
- The MRI study is a noninvasive medical imaging test that produces detailed images of almost every structure in the human body.

- At CHKD the radiology department is the only one in Eastern Virginia comprised entirely of 100% board certified pediatric radiologists, specifically trained to provide radiology services to children. The units are equipped with special pediatric coils and all protocols and processes are designed with the safety, comfort and needs of young patients in mind.
- An example was provided of a 15-year-old with a stress fracture and degenerative disc disease mistaken for arthritis by a radiologist at an adult-inclusive facility without certification in pediatric radiology.
- Patients with MRI studies from adult-focused imaging centers are often reimaged for quality and continuity of care reasons.
- The 3.0 Tesla unit offers high-resolution imaging capabilities and is critically needed to support timely diagnosis and treatment across a broad spectrum of conditions while eliminating exposure to ionizing radiation associated with other imaging technologies.
- The 3T MRI renders clearer, more detailed images, especially for small structures and abnormalities. It can be more sensitive and detect small lesions, fractures and infections, leading to more accurate diagnosis.
- The 3T's high resolution is essential for the most complex oncological cases.
- The 1.5T MRI unit plays a critical role in pediatric imaging, but neither it nor the mobile unit can meet the need for an additional 3T unit.
- The 3T offers high-quality vascular imaging, potentially reducing the need for invasive catheter studies and can provide better visualization of the brain, spine, joints and other areas.
- The 3T is the standard of care for sports medicine, musculoskeletal, vascular and neurological imaging.
- It is an indispensable component of nearly every orthopedic patient's care pathway.
- MRI is the preferred modality for children whose developing bodies and brains are susceptible to radiation risks.
- MRI is a vital tool in pediatric oncology, providing critical insights for tumor detection, staging, treatment planning and response assessment.
- Delays in MRI imaging are especially detrimental for children undergoing cancer diagnosis or treatment.
- The Commissioner has previously recognized that the delivery of services to patients of such a young age is complicated by various challenges.
- Addressing the challenges of care for children requires specialized providers, dedicated teams, focused procedures and protocols, interventions, technology and time.
- Pediatric patients need additional time and special attention to complete an MRI scan.
- About one third of CHKD's MRI patients require anesthesia to avoid artifacts due to patient movement, and pediatric patients generally demand much longer appointment slots than adult patients.
- Sedation and anesthesia patients must comply with "nothing by mouth" protocols, which mandate a frontloaded daily operating schedule, though CHKD's MRI units run until 11 p.m.
- It takes longer to prepare a pediatric patient, introduce them to the device and explain the need to remain still and relaxed.
- As a result of more lengthy procedures, practical capacity for an MRI dedicated to children is substantially lower than an MRI for adults.

- At the same time, as Eastern Virginia's only Level I pediatric trauma center, CHKD must accommodate urgent and emergent MRI imaging needs as well as inpatient needs in a timely manner.
- With CHKD's existing MRI inventory, accommodating competing needs is difficult. Outpatient demand for CHKD's MRI units require constant reshuffling to allow for more urgent patient needs.
- Frequently, low-acuity patients must be rescheduled to accommodate more emergent needs at CHKD.
- Physicians see firsthand the need for additional MRI imaging capacity at CHKD to allow the hospital optimally to serve all of its young patients.
- Both of CHKD's fixed MRI units operate at capacity.
- Wait times for an appointment at CHKD's 3T MRI unit can extend six weeks or more which can impair diagnosis, treatment planning, surgery, PT and return to normal activities.
- Urgencies in orthopedic practice are common and not life-threatening, but do warrant immediate attention to prevent further complications, minimize pain, develop an appropriate treatment plan and facilitate recovery.
- Delayed access to an MRI delays every MRI-dependent step in the patient's care.
- For young orthopedic patients MRI delays can mean unnecessary pain and trauma, prolonged length of stay, delayed return to daily activities like school and athletics (which can adversely impact player development and school recruitment).
- Current volumes and limited capacity make patient care management and allocation extremely difficult, especially given the broad range of specialty patients.
- The proposed additional MRI unit will provide flexibility and redundancy to accommodate time-intensive pediatric MRI procedures.
- Its location within the hospital will facilitate collaboration between the specialized care teams.
- The proposed MRI will be dedicated to pediatric patients, as is CHKD's existing MRI equipment and would improve the timeliness, quality and efficiency of care.
- The additional capacity proposed will also expand and support CHKD's clinical trials as timely access is needed to meet protocols for its more than 60 MRI dependent clinical trials.
- The application is for an MRI that meets an institutional and a public need and is integral to our ability to provide high quality, efficient, accessible care and meet young patients' very unique and challenging needs.

**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-8818 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 comment on May 15, 2025. The public comment period closed on June 29, 2025. Other than the letters of support referenced above, no members of the public commented. There is no known opposition to the project.

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

Given utilization of CHKD's fixed MRI scanners well below the SMFP standard, the status quo appears to be a reasonable alternative to the proposed project; however, its existing and proposed MRI scanners are dedicated to imaging children, a population that takes far longer to scan than the SMFP standard assumes. The applicant states that "many typical adult studies can be completed in approximately 30 minutes, [but] children often require more time—76 minutes on average at CHKD and as long as 2-3 hours or longer..." The status quo includes wait times of three weeks for children needing an MRI scan and up to 60 days for the 3T unit. Other MRI services in PD 20 do not include the level of specialized pediatric care available at CHKD and may not perform procedures that require sedation or anesthesia. There is no reasonable alternative to additional MRI capacity at CHKD that meets the needs of the population, in particular the pediatric population.

**(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 V designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 20. Therefore, this consideration is not applicable to the review of the proposed project.

**(iv) Any costs and benefits of the project.**

Total projected capital cost for the proposed project is \$10,106,088 funded in its entirety with accumulated reserves, so there are no financing costs involved in the proposed project. The applicant included the cost of renovating spaces to which ultrasound and other equipment not regulated by COPN would move to accommodate space for the proposed third MRI. Excluding these costs, the project is estimated at \$6,589,438. This cost is still higher than other recently approved projects to add an MRI at an established facility. For example, COPN No. VA-04924 authorized Carilion New River Valley Medical Center to add an MRI at \$4.9 million; VA-04884 authorized Chippenham and Johnston-Willis Hospitals, Inc. to add an MRI at \$3.7 million; and VA-04894 authorized Inova Reston MRI Center, LLC to add an MRI at \$2.4 million.

The applicant has described several benefits to the proposed project, including improved availability of dedicated pediatric MRI procedures; reduced wait times; capacity to prioritize urgent and trauma patient needs while also addressing non-urgent patients' MRI needs efficiently; improved efficiencies in care coordination and integration with various pediatric health care providers in a range of subspecialties; enhanced continuity of care; and support for clinical trials, pediatric research and educational opportunities.

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

CHKD treats all patients regardless of their ability to pay for services or of their payor source. CHKD provided charity care in the amount of 0.4% in 2023, the latest year for which such data are available (**Table 5**). This is below the HPR V average of 1.7%; however, as a children's hospital, the vast majority of otherwise charity-eligible patients receive Medicaid or other funding. According to the applicant, CHKD's Medicaid participation (based on inpatient days) was 55.5% in 2023 and 56.6% in 2024.

**Table 6. HPR V Charity Care Contributions, 2023**

<b>HPR V</b>	<b>2023 at 200%</b>		
	<b>Gross Pt Rev</b>	<b>Total Charity Care Provided Below 200%</b>	<b>%</b>
<b>Inpatient Hospitals</b>			
Riverside Doctors' Hospital Williamsburg	\$263,828,291	\$8,707,695	3.3%
Riverside Shore Memorial Hospital	\$341,088,652	\$11,224,959	3.3%
Sentara Careplex Hospital	\$1,164,242,503	\$29,652,584	2.5%
Riverside Walter Reed Hospital	\$371,371,717	\$8,973,741	2.4%
Sentara Norfolk General Hospital	\$4,452,208,146	\$105,227,800	2.4%
Sentara Obici Hospital	\$1,273,496,343	\$28,381,455	2.2%
Sentara Leigh Hospital	\$2,031,781,262	\$41,559,157	2.0%
Sentara Virginia Beach General Hospital	\$1,702,923,060	\$33,873,789	2.0%
Riverside Regional Medical Center	\$3,130,814,126	\$60,690,923	1.9%
Chesapeake Regional Medical Center	\$1,267,460,220	\$19,099,394	1.5%
Sentara Princess Anne Hospital	\$1,410,258,179	\$21,159,493	1.5%
VCU Health Tappahannock Hospital	\$207,592,750	\$2,640,231	1.3%
Sentara Williamsburg Regional Medical Center	\$823,825,261	\$10,213,652	1.2%
Virginia Beach Psychiatric Center	\$55,638,150	\$558,000	1.0%
Bon Secours Maryview Medical Center	\$1,459,551,138	\$9,414,682	0.6%
Bon Secours Southampton Medical Center	\$240,211,511	\$1,471,764	0.6%
Newport News Behavioral Health Center	\$32,258,229	\$158,238	0.5%
Bon Secours Mary Immaculate Hospital	\$765,543,060	\$3,588,088	0.5%
Bon Secours Rappahannock General Hospital	\$99,791,350	\$446,763	0.4%
Children's Hospital of the King's Daughters	\$1,437,801,245	\$5,501,594	0.4%
Riverside Rehabilitation Hospital	\$81,843,187	\$287,089	0.4%
Hospital For Extended Recovery	\$32,875,314	\$3,040	0.0%
Select Specialty Hospital-Hampton Roads	\$88,091,051	\$0	0.0%
Kempsville Center for Behavioral Health	\$47,850,285	\$0	0.0%
Lake Taylor Transitional Care Hospital	\$39,571,707	\$0	0.0%
The Pavilion at Williamsburg Place	Did not report	\$0	
Bon Secours DePaul Medical Center	Did not report	\$0	
Bon Secours Portsmouth General Hospital	Did not report	\$0	
Norfolk Community Hospital	Did not report	\$0	
<b>Total Inpatient Facilities:</b>			<b>25</b>
<b>HPR V Inpatient Total \$ &amp; Mean%</b>	<b>\$22,821,916,737</b>	<b>\$402,834,131</b>	<b>1.8%</b>

<b>HPR V</b>	<b>2023 at 200%</b>		
	<b>Gross Pt Rev</b>	<b>Total Charity Care Provided Below 200%</b>	<b>%</b>
<b>Outpatient Hospitals</b>			
Careplex Orthopaedic Ambulatory Surgery Center	\$57,325,774	\$1,117,911	2.0%
Sentara BelleHarbour Ambulatory Surgery Center	\$4,884,554	\$87,094	1.8%
Sentara Princess Anne Ambulatory Surgery Management, LLC	\$46,641,017	\$418,450	0.9%
Riverside Hampton Surgery Center	\$35,798,022	\$320,541	0.9%
Riverside Doctors Surgery Center	\$38,415,903	\$263,341	0.7%
CHKD Health & Surgery Center (Newport News)	\$22,661,447	\$57,080	0.3%
Bon Secours Mary Immaculate Ambulatory Surgery Center	\$26,888,307	\$52,606	0.2%
Bon Secours Surgery Center at Virginia Beach	\$45,283,882	\$83,360	0.2%
CHKD Health & Surgery Center (Virginia Beach)	\$40,509,315	\$68,453	0.2%
Sentara Leigh Orthopedic Surgery Center, LLC	\$114,822,981	\$34,520	0.0%
Bon Secours Surgery Center at Harbour View, L.L.C.	\$80,509,018	\$2,834	0.0%
Chesapeake Regional Surgery Center at Virginia Beach, LLC	\$58,862,768	\$0	0.0%
Surgical Suites of Coastal Virginia	\$34,118,670	\$0	0.0%
Sentara Obici Ambulatory Surgery LLC	\$30,297,111	\$0	0.0%
Sentara Virginia Beach Ambulatory Surgery Center	\$24,947,518	\$0	0.0%
Surgery Center of Chesapeake	\$18,080,607	\$0	0.0%
CVP Surgery Center	\$17,501,332	\$0	0.0%
Sentara Port Warwick Surgery Center	\$16,587,877	\$0	0.0%
Center for Visual Surgical Excellence, LLC	\$11,770,965	\$0	0.0%
Bayview Medical Center, Inc	\$4,852,441	\$0	0.0%
Advanced Vision Surgery Center LLC	\$2,109,895	\$0	0.0%
<b>Virginia Center for Eye Surgery</b>			
Total Outpatient Facilities:			22
<b>HPR V Outpatient Total \$ &amp; Mean %</b>		\$ 765,240,875	\$ 3,610,257 0.5%
Total Facilities:			47
<b>HPR V Total \$ &amp; Mean %</b>		\$ 23,587,157,612	\$ 406,444,388 1.7%

Source: VHI, 2023

Section 32.1-102.4.B of the Code of Virginia indicates that, should the proposed project receive approval, the project would be conditioned to provide a level of charity care. The applicant has proposed a systemwide charity condition which DCOPN has accepted as its recommendation (See recommended charity condition, below). Pursuant to 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.

**(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 State Medical Facilities Plan (SMFP) contains the criteria and standards for MRI services. They are as follows:

**Article 2**

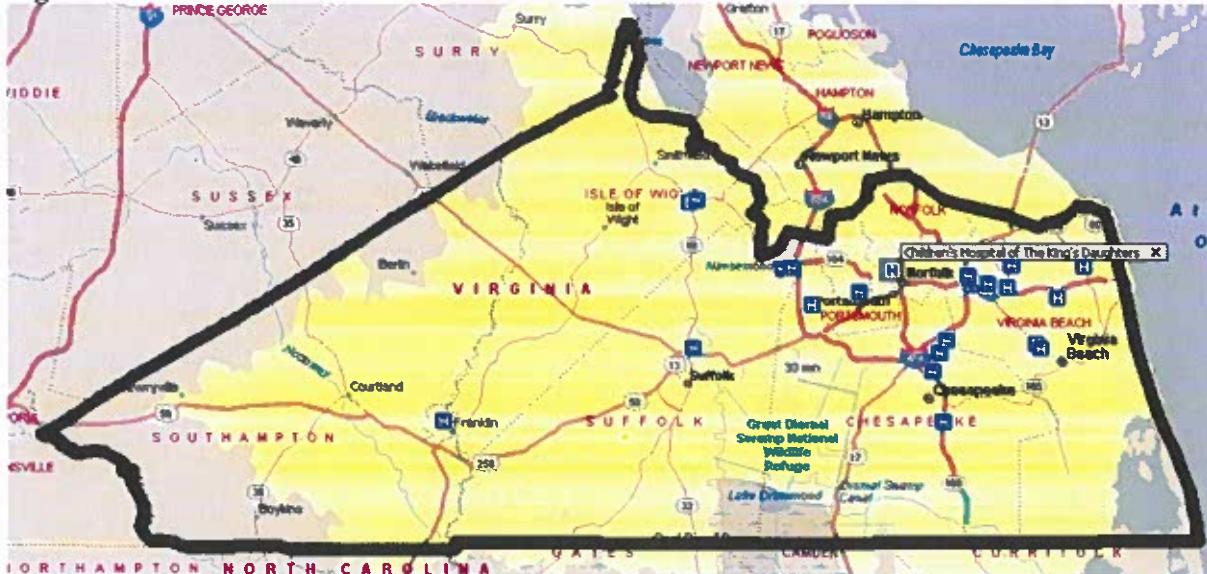
**Criteria and Standards for Magnetic Resonance Imaging**

**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 20. The blue “H” symbols mark the locations of existing MRI providers in PD 20. The white labeled “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 20. **Figure 1** clearly illustrates that MRI services are already well within a 30-minute drive under normal conditions of 95% of the residents of PD 20. Approval of the proposed project will not increase geographic access to MRI services in PD 20.

Figure 1. Authorized MRI Sites in PD 20



Source: Microsoft Streets & Trips and DCOPN Records

**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.**

Not applicable. The applicant is not seeking to add a new MRI service, but to expand an existing service. The information provided below is to show a complete picture of the MRI needs of PD 20.

Table 2 displays the current inventory of authorized fixed MRI units in PD 20. As shown in Table 1, the fixed MRI scanners operational in PD 20 in 2023, the last year for which such data are available, performed a collective MRI volume of 135,785 MRI procedures, with an overall utilization of 82.3%. Based on this, DCOPN has calculated a current surplus of 3 MRI units in PD 20 as follows:

**Calculated Needed MRI Units in PD 20**

Calculated Needed MRI Units =  $135,785 \text{ (2023 MRI procedures)} \div 5,000 = 27.2$  (28) MRI units needed

PD 20 Calculated Need = 28 Fixed MRI Units based on 2023 utilization

2024 COPN authorized Fixed MRI Units = 31

PD 20 Surplus = 3 MRI Units

**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.**

CHKD's two fixed MRI scanners performed a collective MRI volume of 6,273 procedures in 2023, according to VHI, a utilization of 62.7% of the SMFP standard (Table 1). The applicant asserts that its electronic medical record shows 6,490 scans that year, a utilization of 64.9% of the SMFP standard. Though these volumes do not exceed the threshold to expand CHKD's MRI service, DCOPN recommends that the Commissioner, in this specific instance, does not allow this standard to bar the additional MRI unit dedicated to pediatric patients at Virginia's only freestanding pediatric hospital. Wait times for CHKD's existing MRI units are not reasonable for children to delay diagnosis and subsequent treatment. Given the applicant's provision of services specific to the pediatric population, and the pediatric subspecialties and equipment required for the proposed project, it is unlikely that the proposed project will negatively impact existing providers significantly.

**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 applicants are 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 the MRI services will continue to be under the direction and supervision of one or more qualified physicians.

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

- A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.**
- C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:2 of the Code of Virginia.**
- D. Applicants shall not use this section to justify a need to establish new services.**

The applicant asserts a demonstrated institutional need for the proposed project based on having “effectively exceeded its current service capacity” because its unique patient population has significantly longer scanning times than the patient base of most MRI units. While the applicant does not meet the volumes set forth in this SMFP standard, DCOPN recommends that the Commissioner, in this specific instance, does not allow this standard to bar the additional MRI unit dedicated to pediatric patients at Virginia’s only freestanding pediatric hospital.

The applicant has the two existing fixed MRI units on site and two leased mobile MRIs that service outpatients in Virginia Beach and Newport News, such that no other MRI scanner is available to relocate to CHKD. The applicant is not a nursing facility and is not justifying the establishment of a new service.

**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 proposed project does not foster beneficial competition as CHKD is a regional resource for pediatric care and offers the only specialized pediatric diagnostic imaging in PD 20. The applicant does not accept adult patients and is therefore unlikely to impact existing providers negatively.

**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.**

Due to its unique pediatric specialization and expertise, CHKD serves a role in the existing health care system in caring for pediatric patients for which other providers in PD 20 do not have a comparable specialized imaging team. Patients and providers from the entire region rely on CHKD for diagnostic imaging services for pediatric patients. Though CHKD reported MRI volumes in 2023 at 62.7% of the SMFP standard, this standard is not realistic for a patient base comprised entirely of pediatric patients that require much more time per scan than similar services for adults.

**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.**

Capital costs of the proposed project are estimated at \$10,106,088 (\$6,589,438 excluding direct construction in affected areas for services not regulated by COPN). This is higher than recently authorized comparable projects. All costs included will be funded by accumulated reserves, so no financing costs are involved. The proforma provided by the applicant (Table 7) projects a net income of \$2,324,850 in the first year of operation and \$2,350,194 the second.

**Table 7. Pro Forma, CHKD, Additional MRI**

	<b>Year 1</b>	<b>Year 2</b>
<b>Total Gross Patient Revenue</b>	<b>\$39,277,173</b>	<b>\$40,180,069</b>
Deductions	\$31,971,496	\$32,706,227
<b>Net Patient Revenue</b>	<b>\$7,305,677</b>	<b>\$7,473,842</b>
<b>Total Expenses</b>	<b>\$4,980,827</b>	<b>\$5,123,648</b>
<b>Net Income</b>	<b>\$2,324,850</b>	<b>\$2,350,194</b>

Source: COPN Request No. VA-8818

Regarding staffing, the applicant anticipates the need for 7.3 full-time equivalents to operationalize the proposal, a relatively modest 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.**

- (i) The proposal does not provide innovations in the delivery of health services.
- (ii) CHKD notes that all of its MRI scanners serve both inpatients and outpatients, and the proposed project will improve access to MRI imaging for outpatients.
- (iii) The applicant states that it has various agreements with other health care providers such as the University of Virginia and Sentara Health that allow collaborations to share expertise,

services and personnel. CHKD also has agreements with Macon & Joan Brock Virginia Health Sciences at Old Dominion University, a division of Old Dominion University pursuant to which CHKD agrees to provide training in pediatrics and pediatric specialties to EVMS' medical students and residents. CHKD also has an agreement with Children's Specialty Group, LLC which employs pediatric specialists who treat CHKD patients.

(iv) There are no other factors for the Commissioner to consider not presented elsewhere in this report.

**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.**

CHKD's entire spectrum of care is dedicated exclusively to children. It plays a role in the education of health care professionals that focus on the pediatric patient population. CHKD is the headquarters for EVMS' Department of Pediatrics and graduate pediatrics training programs. Dozens of CHKD's physicians serve as faculty for EVMS Department of Pediatrics. CHKD is engaged in pediatric research. In ensuring access to specialized MRI services for pediatric patients, the proposal supports these critical roles.

**DCOPN Staff Findings and Conclusions**

DCOPN finds that Children's Hospital of the King's Daughters' COPN Request No. VA-8818 to add a third MRI dedicated to pediatric imaging is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. It will enhance access to MRI services for children in PD 20 and beyond. The proposal is more favorable than maintaining the status quo and no alternative has been identified to meet the needs of the population in a less costly, more efficient, or more effective manner. The proposal is not likely to significantly impact existing providers negatively. Though capital costs are higher than recently approved comparable projects, the proposal is wholly viable in the immediate and long-term. It supports research and educational missions of Eastern Virginia Medical School as well as collaborative efforts to meet regional health care needs. There is no documented opposition to the proposed project.

**DCOPN Staff Recommendations**

The Division of Certificate of Public Need recommends **conditional approval** of Children's Hospital of the King's Daughters, Inc.'s COPN Request number VA-8818 to expand its MRI service with one MRI scanner located at Children's Hospital of the King's Daughters in Norfolk, Virginia for the following reasons:

1. The proposal to expand the MRI service at Children's Hospital of the King's Daughters, Inc. with one additional MRI unit dedicated to pediatric patients is consistent with the applicable

standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.

2. The proposal will enhance access to MRI services for children in PD 20.
3. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of MRI services in PD 20.
4. The proposed project is viable in the immediate and long-term.
5. The proposal supports the research and education missions of Eastern Virginia Medical School.
6. There is no known opposition to the proposed project.

DCOPN's recommendation is contingent upon Children's Hospital of the King's Daughters, Inc.'s agreement to the following charity care condition:

Children's Hospital of the King's Daughters ("CHKD") will, consistent with its treatment capabilities, (i) provide services to all persons in need of services, regardless of their ability to pay, including 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.; (ii) accept patients requiring specialized care; and (iii) facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.

This condition shall be deemed satisfied as long as CHKD continues to meet the definition of children's hospital at Virginia Code Section 32.1-123. This condition is a systemwide charity care condition and applies to and supersedes the charity care conditions placed on all Certificates of Public Need issued to CHKD since July 1, 2020, that have charity care conditions and to all such future Certificates of Public Need issued to CHKD. Compliance with this condition will be documented to the Division of Certificate of Public Need ("DCOPN") annually by providing appropriate documentation of CHKD's fulfillment of the above-referenced requirements.

This condition meets the standards set forth in Virginia Code Section 32.1-102.4.B as effective July 1, 2020, and accomplishes the access to care goals of that law in a way that recognizes (i) CHKD's unique status as Virginia's only freestanding, full-service pediatric hospital; (ii) CHKD's special role in serving as the regional pediatric referral center for Health Planning Region V and its provision of specialty care not provided elsewhere in the region; (iii) CHKD's extraordinarily high level of Medicaid service; (iv) that CHD's extensive Medicaid service and focus on pediatric care means that very few of CHKD's patients are defined as "charity care" for purposes of charity care condition compliance; (v) CHKD's location in a medically underserved area as defined by the Health Resources and Services Administration; and (vi) the fact that historically, DCOPN and the State Health

Commissioner have found it neither appropriate nor necessary to impose charity care conditions on COPNs issued to CHKD due to its unique circumstances.