



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

Thomas J. Stallings
McGuireWoods
Gateway Plaza
800 East Canal Street
Richmond, Virginia 23219-3916

RE: **COPN No. VA-04954 (COPN Request No. VA-8822)**
Columbia/HCA John Randolph, Inc. (TriCities Hospital)
Hopewell, Virginia
Add Second CT Scanner

Dear Mr. Stallings:

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 Columbia/HCA John Randolph, Inc. to add a second CT scanner in Hopewell, 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 add a second CT scanner at TriCities Hospital is consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The applicant has demonstrated an institutional need for the proposed project.
3. There is no identified reasonable alternative to the proposed project, and it is more beneficial than the status quo.
4. The capital costs of the proposed project are reasonable.
5. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of CT services in PD 19.
6. The proposed project appears to be wholly feasible in the immediate and long-term.

7. There is no known opposition to the project.

This certificate is valid for the period August 20, 2025 through August 19, 2026. The total authorized capital and financing cost of the project is \$2,496,500 with an expected competition date of October 2027.

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
Deborah K. Waite, Chief Operating Officer, Virginia Health Information
Alton Hart, Jr., MD, MPH, District Director, Crater Health District

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

THIS CERTIFICATE THAT Columbia/HCA John Randolph, Inc. is authorized to initiate the proposal as described below.

NAME OF FACILITY: TriCities Hospital

LOCATION: 11 West Randolph Road, Hopewell, Virginia

OWNERSHIP AND CONTROL: Columbia/HCA John Randolph, Inc.

SCOPE OF PROJECT: Add one CT scanner for a total of two CT scanners at TriCities Hospital. Capital costs authorized for this project total \$2,496,500. The project is expected to be completed with approval of the certificate of public need, about October, 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-04954

Date of Issuance: August 20, 2025

Expiration Date: August 19, 2026

Karen Shelton, MD, State Health Commissioner

Columbia/HCA John Randolph, Inc. will provide CT imaging services at TriCities Hospital to all persons in need of this service, 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 TriCities Hospital's gross patient revenue derived from CT services. 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. Columbia/HCA John Randolph, Inc. will accept the revised charity condition based on 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 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.

Columbia/HCA John Randolph, Inc. will provide CT services at TriCities Hospital 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, Columbia/HCA John Randolph, Inc. will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of TriCities Hospital's service area.

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-8822

Columbia/HCA John Randolph, Inc.

Hopewell, Virginia

Add one fixed site CT scanner at TriCities Hospital

Applicant

Columbia/HCA John Randolph, Inc. ("HCA John Randolph") is a for-profit, Virginia stock corporation. HCA Healthcare Inc., headquartered in Nashville, Tennessee, is the ultimate corporate parent of HCA John Randolph. TriCities Hospital ("TriCities") is a 147-bed general hospital affiliate of HCA John Randolph and is located in Hopewell, Virginia, Health Planning Region (HPR) IV, Planning District (PD) 19.

Background

A computed tomography (CT) scan is a diagnostic imaging tool that utilizes x-ray technology to produce imaging of the inside of the body and can show bones, muscles, organs, and blood vessels. CT scans are more detailed than plain film x-rays; rather than the standard straight-line x-ray beam, CT imaging uses an x-ray beam that moves in a circle around the body to show structures in much greater detail.¹ The scans can be done with or without contrast; contrast is a substance taken either orally or injected within the body, causing a particular organ or tissue to be seen more clearly.²

Virginia Health Information (VHI) reported data on seven CT scanners in PD 19 for 2023, the latest year for which such data are available. Four of these were in acute care hospitals with two more in imaging centers associated with the hospitals' freestanding emergency departments. One was in a freestanding facility with the two new scanners also being in freestanding imaging centers. The hospital-based CT scanners averaged 12,743 procedures per CT scanner, 172.2% of the State Medical Facilities Plan (SMFP) threshold of 7,400 scans per unit. Freestanding scanners, including those associated with freestanding emergency departments, averaged 5,321 procedures per scanner (71.9% of the SMFP threshold). In aggregate, the seven diagnostic CT scanners in PD 19 reported volumes equal to 129.2% of the SMFP standard in 2023 (**Table 1**).

¹ <https://www.hopkinsmedicine.org/health/treatment-tests-and-therapies/computed-tomography-ct-scan#:~:text=Computed%20tomography%20is%20commonly%20referred,fat%2C%20organs%20and%20blood%20vessels.>

² Ibid.

Table 1. PD 19 CT Scanners' Utilization, VHI 2023

Facility Name	Total Diagnostic CTs	Total CT Procedures	Procedures per Scanner	% Utilization of 7,400 scan Threshold
Diagnostic CT Scanners				
Bon Secours Southern Virginia Medical Center	1	4,937	4,937	66.7%
Bon Secours Southside Medical Center	2	29,103	14,551	196.6%
ED - Bon Secours Colonial Heights Emergency Care	1	3,743	3,743	50.6%
TriCities Hospital	1	16,934	16,934	228.8%
Prince George ER (TriCities Hospital)	1	8,338	8,338	112.8%
Appomattox Imaging	1	3,882	3,882	52.5%
2023 Inventory and Utilization	7	66,937	9,562	129.2%
Non-Diagnostic CTs				
Bon Secours Southside Medical Center ¹	1			
Authorized, Not Open for Reporting in 2023				
VCU Health Imaging at Southpark Medical Center	1			
Bon Secours Colonial Heights Imaging Services ²	1			
	2			
Total Authorized PD 19 CT Inventory	10			

¹ CT used for radiation therapy simulation

² Operational as of March 21, 2025

Source: DCOPN Records and VHI 2023 Data

There are a total of nine diagnostic CT scanners authorized in PD 19. There is an additional one restricted for use for CT simulation in radiation therapy. Only the nine diagnostic scanners are included in this analysis. Had all nine diagnostic CT scanners been operational in 2023 at the utilization volume reported for the seven diagnostic CT scanners, they would have averaged 6,694 scans per CT, or 90.5% of the SMFP utilization threshold.

Proposed Project

HCA John Randolph proposes to add a second diagnostic CT scanner at TriCities Hospital, at 411 West Randolph Road, Hopewell, Virginia. The proposed CT scanner will be installed in new space adjacent to the hospital's emergency department. Projected capital costs for the proposal are \$2,496,500 (Table 2) and will be funded through the internal resources of HCA Healthcare, Inc., such that no financing costs will accrue.

Table 2. Capital Costs, TriCities Hospital CT

Direct Construction Costs	\$2,175,000
Equipment not included in construction costs	\$200,000
Architectural and Engineering fees	\$121,500
TOTAL CAPITAL COST	\$2,496,500

Source: COPN Request No. VA-8822

Should the proposed project be approved, the applicant's target date of opening is 25 months after issuance of a certificate of public need (COPN), approximately October 2027.

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 ... computed tomographic (CT) scanning...” 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.**

PD 19's population reported in the 2020 census was 180,165 and is projected to grow to 184,190 in 2030, a 2.2% growth projection. However, for the first four years of the decade since the last census the projection has been for a 0.5% decline in population. PD 19's projected growth rate is well below the projected rate of 7.9% for Virginia's population. The City of Hopewell, where the proposed project is located, represents about 12% of the PD 19 population and is projected to grow more slowly than PD 19 as a whole at 0.5%.

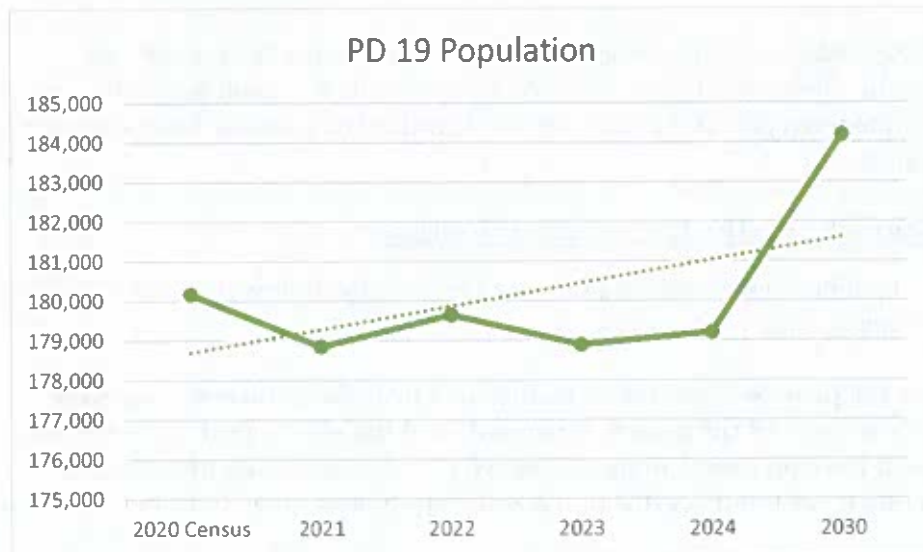
Table 3 PD 19 Population

Locality	2020 Census	2021	2022	2023	2024	2030
Colonial Heights City	18,170	18,071	18,040	18,041	18,169	18,658
Dinwiddie County	27,947	27,989	28,552	28,177	28,411	27,493
Emporia City	5,766	5,628	5,657	5,601	5,612	5,525
Greensville County	11,391	11,080	11,088	10,868	10,852	10,388
Hopewell City	23,033	22,976	22,657	22,494	22,561	23,139
Petersburg City	33,458	32,912	33,466	34,157	34,475	34,002
Prince George County	43,010	43,209	43,295	42,743	42,657	49,574
Surry County	6,561	6,569	6,492	6,524	6,558	5,977
Sussex County	10,829	10,409	10,388	10,275	9,897	9,434
PD 19	180,165	178,843	179,635	178,880	179,192	184,190
Virginia	8,460,472	8,473,157	8,516,841	8,550,197	8,633,690	9,129,002

Source: Weldon Cooper Intercensal Estimates

Chart 1 shows the projected PD 19 population growth with a trend line indicating an upward trend in population growth. Much of the growth is concentrated in Prince George County, adjacent to the City of Hopewell, with a projected growth rate of 15.3%, adding over 6,000 new residents by 2030.

Chart 1 Population Trend in PD 19



Source: Weldon Cooper Intercensal Estimates

Table 4 shows that PD 19 has a poverty rate of 15.9%, well above the Virginia average of 10.6%, with the poverty rate in the city of Hopewell, the site of the proposed project, being higher than the planning district average at 17.9%. As to transportation barriers, none are identified by the applicant. TriCities Hospital is within a six-minute drive (less than four miles) of Interstate I-295, and 13-minute (7 mile) drive of I-95. TriCities Hospital is on State Route 10/West Randolph Road, the major east-west artery in the area. The City of Hopewell does not have a public transportation service but commercial services like taxis, ride shares, and medical transports are available.

Table 4. PD 19 Poverty Rates

Geographic Name	Poverty Rate
Prince George County	11.4%
Surry County	12.4%
Sussex County	23.5%
Colonial Heights City	10.4%
Emporia City	22.2%
Hopewell City	17.9%
Petersburg City	22.8%
Dinwiddie County	11.0%
Greensville County	21.1%
PD 19 Totals	15.9%
Virginia	10.6%

Source: Weldon-Cooper Census Data

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 five letters of support from the medical staff at and practices utilizing TriCities Hospital for the proposed project. These letters, in aggregate, expressed the need for addition CT imaging capacity at TriCities Hospital to relieve the strain on capacity of the existing scanner.

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-8822 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 received with the application referenced above, no members of the public provided comment on the request. There is no known opposition to the project.

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

There is no reasonable alternative to additional CT capacity at TriCities Hospital. The facility reported utilization to VHI in 2023 well above the SMFP threshold (**Table 1**) of 16,934 CT scans on its CT scanner in 2023 (229% of the SMFP threshold. The CT scanner at Prince George ER, an emergency room of TriCities Hospital, is operating at 112.8% of the SMFP threshold and is therefore not available for relocation to TriCities Hospital. In 2023 the CT scanner at Appomattox Imaging³ performed at 52.5% of the SMFP threshold. To relocate it to TriCities Hospital would leave Appomattox Imaging without a CT and the 3,882 scans performed there in 2023 would have needed to be diverted to another scanner. The proposal is more beneficial than the status quo and addresses a pressing institutional need for an additional CT scanner.

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

³ Appomattox Imaging, LLC's members are Richmond Outpatient Imaging, LLC (20%) and Imaging Services of Appomattox, LLC (80%). Imaging Services of Appomattox, LLC's sole member is Columbia/HCA John Randolph, Inc., the same owner of TriCities Hospital.

(iv) Any costs and benefits of the project.

Total projected capital costs for the proposed project are \$2,496,500, funded entirely with accumulated reserves, so there are no financing costs involved in the proposed project. The estimated costs are consistent with or lower than other recently approved projects to add a CT scanner at an established facility, COPN Nos. VA-04873 at \$3.4 million and VA-04883 at \$6.2 million, for example.

The applicant has described the benefit of the proposed project to be the alleviation of high utilization of its single diagnostic CT scanner at TriCities Hospital.

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

TriCities Hospital provided charity care at a rate of 0.8% in 2023, the latest year for which such data are available. This is slightly below the HPR IV average of 0.9% (**Table 5**). The applicant has included providing charity care at a rate of 0.9% of gross patient revenues as a line item in their proforma budget for the requested second CT scanner (**Table 6**).

In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the project would be conditioned to provide a level of charity care based on gross patient revenues derived from CT imaging that is no less than the equivalent average for charity care contributions in HPR IV. 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.

Table 5. 2023 Charity Care, HPR IV

HPR IV	2023 at 200%		
	Gross Pt Rev	Total Charity Care Provided Below 200%	%
Inpatient Hospitals			
Encompass Health Rehab Hosp of Petersburg	\$31,902,584	\$1,128,654	3.5%
Bon Secours Southern Virginia Regional Medical Center	\$250,713,603	\$5,572,556	2.2%
Sentara Halifax Regional Hospital	\$341,148,455	\$6,200,157	1.8%
Bon Secours St. Francis Medical Center	\$1,479,291,082	\$24,657,029	1.7%
Bon Secours Richmond Community Hospital	\$1,241,191,742	\$16,711,399	1.3%
Bon Secours St. Mary's Hospital	\$2,762,282,294	\$34,017,353	1.2%
Sheltering Arms Institute	\$186,535,950	\$2,177,014	1.2%
Bon Secours Southside Regional Medical Center	\$2,565,858,345	\$28,890,515	1.1%
CJW Medical Center HCA	\$10,527,250,615	\$100,362,996	1.0%
VCU Health System	\$8,145,377,150	\$66,362,509	0.8%
TriCities Hospital HCA	\$1,371,999,484	\$10,527,708	0.8%
Henrico Doctors' Hospital HCA	\$6,907,258,982	\$38,780,978	0.6%
Bon Secours Memorial Regional Medical Center	\$1,828,188,155	\$9,964,617	0.5%
Centra Southside Community Hospital	\$384,039,049	\$1,652,238	0.4%
Poplar Springs Hospital UHS	\$88,939,433	\$376,070	0.4%
VCU Community Memorial Hospital	\$421,895,877	\$1,677,139	0.4%
Encompass Health Rehab Hosp of Virginia	\$28,432,919	\$13,720	0.0%
Select Specialty Hospital - Richmond	\$53,310,288	\$0	0.0%
Cumberland Hospital for Children and Adolescents UHS	\$30,897,129	\$0	0.0%
Total Inpatient Hospitals:			19
HPR IV Inpatient Hospital Median			0.8%
HPR IV Total Inpatient \$ & Mean %	\$38,646,513,136	\$349,072,652	0.9%
Outpatient Centers			
Boulders Ambulatory Surgery Center HCA	\$178,430,144	\$2,835,945	1.6%
American Access Care of Richmond	\$5,614,196	\$78,601	1.4%
Urosurgical Center of Richmond	\$46,830,464	\$384,074	0.8%
Virginia Eye Institute, Inc.	\$51,667,075	\$387,608	0.8%
VCU Health Neuroscience, Orthopedic and Wellness Center	\$67,292,975	\$414,824	0.6%
St. Mary's Ambulatory Surgery Center	\$54,839,934	\$252,107	0.5%
MEDRVA Surgery Center @ West Creek	\$12,554,561	\$20,580	0.2%
Virginia ENT Surgery Center	\$25,926,435	\$10,589	0.0%
MEDRVA Stony Point Surgery Center	\$64,547,579	\$0	0.0%
Cataract and Refractive Surgery Center	\$7,916,214	\$0	0.0%
Virginia Beach Health Center VLPP	\$2,270,805	\$0	0.0%
Skin Surgery Center of Virginia	\$1,542,518	\$0	0.0%
Total Outpatient Hospitals:			12
HPR IV Total Outpatient Hospital \$ & Mean %	\$519,432,900	\$4,384,328	0.8%
Total Facilities:			31
HPR IV Total \$ & Mean %	\$ 39,165,946,036	\$ 353,456,980	0.9%

Source: VHI

(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 CT services.

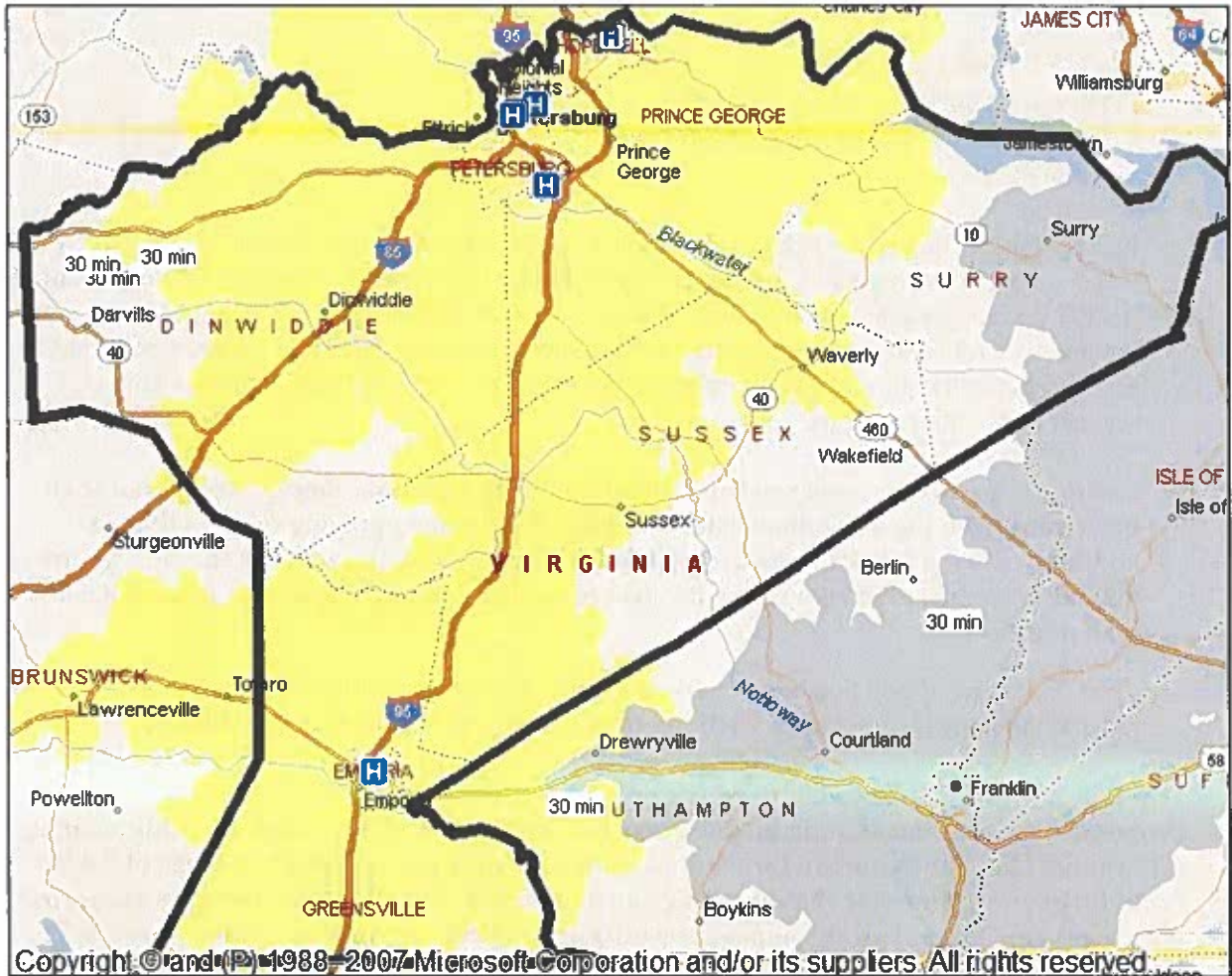
**12VAC-5-230 Part I, Article 1
Criteria and Standards for Computed Tomography**

12VAC5-230-90. Travel time.

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

The light-yellow shaded area in **Figure 1** illustrates the areas in PD 19 that have CT services available within 30 minutes driving distance. The light grey shading illustrates CT coverage within 30 minutes from providers outside of the PD. The area not within the shaded area is the less densely populated portion of PD 19. The white icon with the blue "H" locates the proposed project. The blue icon with the white "H" symbols are the sites of the other authorized CT scanners in PD 19. The proposed project at TriCities Hospital does not expand geographic access to CT imaging.

Figure 1. PD19 CT Services Locations and 30 Minutes Driving Distance



While the proposed addition of a CT scanner at TriCities Hospital will not improve geographic access to services it is expected to improve the availability of CT scanning services. Given the volume of scans performed on TriCities Hospital's single existing CT scanner, wait times and emergent availability of the scanner can limit current availability, and therefore access to, CT imaging.

12VAC5-230-100. Need for new fixed site or mobile service.

- A. No new fixed site or mobile CT service should be approved unless fixed site CT services in the health planning district performed an average of 7,400 procedures per existing and approved CT scanner during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing providers in the health planning district. The utilization of existing scanners operated by a hospital and serving an area distinct from the proposed new service site may be disregarded in computing the average utilization of CT scanners in such health planning district.**

The proposed project is not a new fixed or mobile CT service, so this standard is not applicable, but the need calculation for CT scanners has been included here for reference.

Needed CT units = $66,937 \div 7,400 = 9.05$
PD average Utilization Percentage in 2023: 129.2%
Current number of PD 19 authorized CT units: 9
CT unit surplus = 0

In 2023 the existing seven PD 19 CT scanners operated at an average patient scan volume of 9,562 scans per operational CT scanner. By including the two authorized but not yet operational (in 2023) scanners for a total of nine CT scanners authorized in 2023, the average patient scan volume was 7,437 scans per authorized CT scanner. It is anticipated that the only existing CT scanner that will realize a significant reduction in utilization would be the current single CT scanner at TriCities Hospital.

- B. Existing CT scanners used solely for simulation with radiation therapy treatment shall be exempt from the utilization criteria of this article when applying for a COPN. In addition, existing CT scanners used solely for simulation with radiation therapy treatment may be disregarded in computing the average utilization of CT scanners in such health planning district.**

The CT scanner at Bon Secours Southside Medical Center used solely for simulation with radiation therapy treatment was excluded from the volume-based need calculations.

12VAC5-230-110. Expansion of fixed site service.

Proposals to expand an existing medical care facility's CT service through the addition of a CT scanner should be approved when the existing services performed an average of 7,400 procedures per scanner for the relevant reporting period. The commissioner may authorize placement of a new unit at the applicant's existing medical care facility or at a separate location within the applicant's primary service area for CT services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health planning district.

The applicant exceeds this standard as TriCities Hospital averaged 16,934 scans on their single diagnostic CT scanner in 2023, according to information reported to VHI (Table 1). The PD wide average utilization of the nine authorized CT scanners, (seven operational and two approved but not yet operational) was 7,437 scans, exceeding the 7,400 scan SMFP threshold.

12VAC5-230-120. Adding or expanding mobile CT services.

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

This provision is not applicable as the applicant is not proposing to add or expand mobile CT services.

12VAC5-230-130. Staffing.

The applicant provides assurances that the CT imaging service will be under the direct 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.

While the applicant has the CT scan volume to demonstrate an institutional need for additional CT imaging capacity, this section is not applicable since the planning district does not have an excess supply of CT scanners.

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.

One of the two other CT scanners affiliated with the applicant operating within PD 19 is underutilized, operating at 52.5% of the SMFP 7,400 scan threshold. The underutilized scanner is partially (majority) owned by Columbia/HCA John Randolph, Inc., the ultimate corporate parent of HCA John Randolph and TriCities Hospital and is nine miles remote from the hospital. Ownership and, in this case distance, makes diverting patients from the hospital to the imaging center impractical. To relocate an imaging center that is performing at greater than 50 percent of the volume threshold would result in a localized need at the original site. For these reasons, reallocation of existing resources is not an appropriate alternative.

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

Not applicable, the applicant is not a nursing facility.

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

Not applicable, the applicant is not proposing to establish 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.**

There are multiple providers of CT services in PD 19 such that there is no unhealthy market concentration of CT imaging services. The applicant has demonstrated an institutional need such that the proposal will not impact other providers and will not foster 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.**

HCA John Randolph owns, partially or wholly, 3 of the 9 authorized diagnostic CT scanners in PD 19. PD 19 CT imaging needs are served by Bon Secours Mercy Health and VCU, in addition to HCA John Randolph. CT services are generally well-utilized across the PD, operating above the SMFP threshold in 2023.

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 proposal are reasonable and will be paid with accumulated reserves, accruing no financing costs. The proposed project is expected to have a positive net income in years one and two (Table 6). The application shows a need to hire two additional radiologic technologists to staff the additional CT scanner. The applicant reports that 64 of the existing 399 full-time equivalent (FTE) positions are vacant, about a 16% vacancy rate. TriCities Hospital currently has 29 radiologic technologists with an additional three positions vacant. The applicant has a robust recruitment and staff development program.

Table 6. Proforma, Second CT at TriCities Hospital

	Year 1	Year 2
Gross Revenue	\$1,657,405	\$1,708,106
Charity Care	\$14,916	\$15,373
Other Deductions	\$ 1,474,682	\$1,519,795
Net Revenue	\$167,807	\$172,938
Operating Expenses	\$113,168	\$116,627
Excess Revenue Over Expenses	\$54,639	\$56,311
Depreciation Expense	\$5,590	\$5,755
State and Federal Taxes	13,216	13,621
Operating Income	\$35,833	\$36,935

Source: COPN Request No. VA-8822

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.

The proposal does not provide innovations in the delivery of health services, any particular improvement in the delivery of outpatient imaging, cooperative regional efforts or other factors other than having a CT imaging service that significantly exceeds the volume threshold demonstrating the need for additional capacity.

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.

TriCities Hospital is not associated with a teaching hospital or medical school.

DCOPN Staff Findings and Conclusions

HCA John Randolph proposes to add a second CT scanner at TriCities Hospital. The proposed project will reduce the patient volume burden on the hospital's single existing CT scanner. Though the proposal will not expand geographic access, it will enhance access for patients served by TriCities Hospital in terms of availability and reduced wait times. The proposed project will decant high utilization from the existing hospital-based CT imaging service. There is no identified reasonable alternative to the proposed project, and it is more beneficial than the status quo.

The proposed project has support from the hospital's medical community and no known opposition. It is consistent with applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia with regard to a fixed CT site. HCA John Randolph has demonstrated an institutional need for additional CT capacity at TriCities Hospital. The proposal is unlikely to impact other existing providers significantly. Projected capital costs for the proposal are reasonable and will be funded with accumulated reserves. The project is wholly feasible financially and with regard to human resources.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends **conditional approval** of Columbia/HCA John Randolph, Inc.'s COPN Request No. VA-8822 to add a second CT scanner TriCities Hospital in Hopewell, Virginia for the following reasons:

1. The proposal to add a second CT scanner at TriCities Hospital is consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The applicant has demonstrated an institutional need for the proposed project.

3. There is no identified reasonable alternative to the proposed project, and it is more beneficial than the status quo.
4. The capital costs of the proposed project are reasonable.
5. The proposed project is unlikely to have a significant negative impact upon the utilization, costs, or charges of other providers of CT services in PD 19.
6. The proposed project appears to be wholly feasible in the immediate and long-term.
7. There is no known opposition to the project.

DCOPN's recommendation is contingent upon Columbia/HCA John Randolph, Inc.'s agreement to the following charity care condition:

Columbia/HCA John Randolph, Inc. will provide CT imaging services at TriCities Hospital to all persons in need of this service, 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 TriCities Hospital's gross patient revenue derived from CT services. 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. Columbia/HCA John Randolph, Inc. will accept the revised charity condition based on 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 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.

Columbia/HCA John Randolph, Inc. will provide CT services at TriCities Hospital 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, Columbia/HCA John Randolph, Inc. will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of TriCities Hospital's service area.