

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

January 21, 2024

RE: COPN Request No. VA-8790

HCA Health Services of Virginia, Inc.

Henrico County

Add one fixed site CT scanner at Henrico Doctors Hospital - Forest

Applicant

HCA Health Services of Virginia, Inc. (“HCA Virginia”) is a for-profit, Virginia stock corporation. HCA Healthcare Inc., headquartered in Nashville, Tennessee, is the ultimate corporate parent of HCA Virginia. Henrico Doctors’ Hospital (“HDH”) is an affiliate of HCA Virginia. Henrico Doctors’ Hospital - Forest (“HDH Forest”) is a campus of HDH and is located in Henrico County, Health Planning Region (HPR) IV, Planning District (PD) 15.

Background

A 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

VHI reported data on 42 CT scanners in PD 15 for 2022, the latest year for which such data are available. Twenty-eight of these were reported by acute care hospitals and 14 were in freestanding facilities. The hospital-based CT scanners averaged 10,984 procedures per CT scanner, 148.4% of the State Medical Facilities Plan (SMFP) threshold of 7,400 scans per unit. Freestanding scanners averaged 3,958 procedures per scanner (53.5% of the SMFP threshold). In aggregate, CT scanners in PD 15 reported volumes equal to 116.8% of the SMFP standard in 2022 (**Table 1**). It is important to note that HDH Forest reported 3 diagnostic CT scanners to VHI; however, one of these is at Hanover Emergency Center, operating as a component of HDH Forest’s imaging department.

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 15 CT Scanners' Utilization, VHI 2022

Facility Name	Total Stationary Units	Total CT Procedures	Procedures by Scanner	% Utilization of Threshold
Acute Hospital				
Bon Secours Memorial Regional Medical Center	3	39,442	13,147	177.7%
Bon Secours Richmond Community Hospital	1	5,687	5,687	76.9%
Bon Secours St. Francis Medical Center	2	28,258	14,129	190.9%
Bon Secours St. Mary's Hospital	3	42,680	14,227	192.3%
Chippenham Hospital	3	42,059	14,020	189.5%
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	12,741	12,741	172.2%
Henrico Doctor's Hospital - Retreat	1	4,633	4,633	62.6%
Henrico Doctors' Hospital – Forest	3	30,223	10,074	136.1%
Johnston-Willis Hospital	3	32,371	10,790	145.8%
VCU Medical Center	8	69,445	8,681	117.3%
Acute Hospital Total	28	307,539	10,984	148.4%
Freestanding				
Bon Secours Imaging Center at Reynolds Crossing	1	1,758	1,758	23.8%
Bon Secours Westchester Imaging Center	1	7,344	7,344	99.2%
Chesterfield Imaging	1	5,598	5,598	75.6%
MEDARVA Imaging	1	1,331	1,331	18.0%
NOW Neuroscience, Orthopaedic and Wellness Center	1	4,663	4,663	63.0%
Richmond Ear Nose and Throat	1	235	235	3.2%
Short Pump Imaging	1	4,016	4,016	54.3%
Urosurgical Center of Richmond	2	8,920	4,460	60.3%
VCU Medical Center at Stony Point Radiology	1	6,296	6,296	85.1%
Virginia Cancer Institute - Discovery Drive	1	6,340	6,340	85.7%
Virginia Cancer Institute - Harbourside	1	4,258	4,258	57.5%
Virginia Cardiovascular Specialists, PC	1	4,096	4,096	55.4%
Virginia Ear Nose & Throat - Henrico	1	553	553	7.5%
Freestanding Total	14	55,408	3,958	53.5%
PD 15 Totals and % of Threshold	42	362,947	8,642	116.8%

Source: DCOPN Records and VHI 2022 Data

Note: **Table 1** lists those scanners that were operational and reporting data to VHI in 2022 while **Table 2** shows the total authorized and diagnostic CT scanners in the DCOPN inventory.

There are a total of 63 CT scanners now authorized in PD 15. Six of these are used for CT simulation only and two are intraoperative scanners such that their restricted use should remove their volume from consideration. Only the 55 diagnostic scanners are included in this analysis (**Table 2**).

Table 2. Inventory of CT Scanners in PD 15

Facility Name	Authorized Diagnostic Scanners	Operational Diagnostic Scanners
Bon Secours Memorial Regional Medical Center	3	3
Bon Secours Richmond Community Hospital	1	1
Bon Secours St. Francis Medical Center	2	2
Bon Secours St. Mary's Hospital	3	3
Chippenhams Hospital	3	3
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	1
Henrico Doctor's Hospital – Retreat	1	1
Henrico Doctors' Hospital – Forest	2	2
Johnston-Willis Hospital	3	3
VCU Health System ³	8	7
Vibra Hospital of Richmond, LLC	1	1
West Creek Medical Center ⁴	0	0
Bon Secours Ashland Emergency and Imaging Center ⁵	1	0
Bon Secours Chester Emergency and Imaging Center ⁶	1	1
Bon Secours Imaging Center at Reynolds Crossing ⁷	1	1
Bon Secours Short Pump Emergency/Imaging Center	1	1
Bon Secours Westchester Imaging Center	1	1
Buford Road Imaging ⁸	1	1
Chester Imaging Center ⁹	1	0
Chesterfield ER ¹⁰	1	0
Chesterfield Imaging	1	1
Hanover Emergency Center	1	1
OrthoVirginia ¹¹	1	1
Virginia Cardiovascular Specialists	1	1
Richmond Ear, Nose & Throat	1	1
Richmond Eye & Ear Healthcare Alliance d/b/a Medarva Healthcare	1	1
Richmond Radiation Oncology Center	0	0
Scott's Addition ER ¹²	1	0
Short Pump, LLC	1	1
Swift Creek ER ¹³	1	1
VCU Health Neuroscience, Orthopedic and Wellness Center	1	1
VCU Massey Cancer Center at Hanover Medical Park	0	0
VCU Medical Center Adult Outpatient Pavilion ¹⁴	0	0
VCU Medical Center at Stony Point Radiology	1	1
VCU Health Emergency Center at New Kent	1	1
Virginia Cancer Institute - Harbourside	1	1
Virginia Cancer Institute - Dominion Drive	1	1
Virginia Ear Nose & Throat - Chesterfield	1	1
Virginia Ear Nose & Throat - Henrico	1	1
Virginia Urology	2	2
Total CT Scanners in PD 15 Inventory	55	49

Source: DCOPN Records

³ COPN No. VA-04760; additional CT Scanner dedicated to pediatric care.

⁴ COPN No. VA-04179; relocating to Scott's Addition ER.

⁵ COPN No. VA-04864; additional CT Scanner not yet operational.

⁶ COPN No. VA-04656, operational May 2022.

⁷ COPN No. VA-04743, operational April 2022, relocated CT from Bon Secours Imaging Center Innsbrook.

⁸ Did not report data to VHI in 2022.

⁹ COPN No. VA-04655 not yet operational.

¹⁰ COPN No. VA-04840; not yet operational.

¹¹ COPN No. VA-04876; not yet operational.

¹² COPN No. VA-04811; to relocate CT Scanner from West Creek Medical Center, not yet operational.

¹³ COPN No. VA-04862 authorized the relocation of Swift Creek ER to a new site, Magnolia ER, not yet operational.

¹⁴ COPN No. VA-04717; not yet operational.

Proposed Project

HCA Virginia proposes to add a third diagnostic CT scanner on the HDH Forest campus at 7607 Forest Avenue, Richmond, Virginia on the first floor of the Sarah Cannon Cancer Institute, adjacent to a suite that currently houses a PET/CT scanner. The proposed CT scanner will be dedicated to serving HDH's outpatient CT patients. Projected capital costs for the proposal are \$2,597,516 (**Table 3**) and will be funded through the internal resources of HCA Healthcare, Inc., such that no financing costs will accrue.

Table 3. Capital Costs, Henrico Doctors' Hospital CT, Forest

Direct Construction Costs	\$1,717,562
Equipment not included in construction costs	\$681,612
Off-Site costs	\$35,292
Architectural and Engineering fees	\$163,050
TOTAL CAPITAL COST	\$2,597,516

Source: COPN Request No. VA-8790

Should the proposed project be approved, the applicant's target date of opening is 14 months after issuance of a certificate of public need (COPN).

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 15 had a population over 1.1 million in 2020 and is projected to add nearly 100,000 to its population by 2030. Its projected growth of 8.6% by the end of the decade is a higher growth rate than that of Virginia's population, 5.6% (**Table 4**). Henrico County, where the proposed project is located, represents about 29% of the PD 15 population (**Chart 1**) and is projected to grow more slowly than PD15 as a whole at 6.5%, and add nearly 22,000 to its population between 2020 and 2030 (**Table 4**).

People aged 65 and older, have a higher utilization rate for advanced imaging services than younger individuals,¹⁵ so they are an important demographic in projects involving CT imaging. Though the population over age 65 is expected to grow at a higher rate in PD 15 (29.9%) than that of Virginia (27.4%), this age cohort is projected to grow in Henrico County at 27.7%, a rate consistent with Virginia's. Henrico County is projected to add nearly 15,000 people over age 65 between 2020 and 2030 through aging and in migration (**Table 4/Chart 2**).

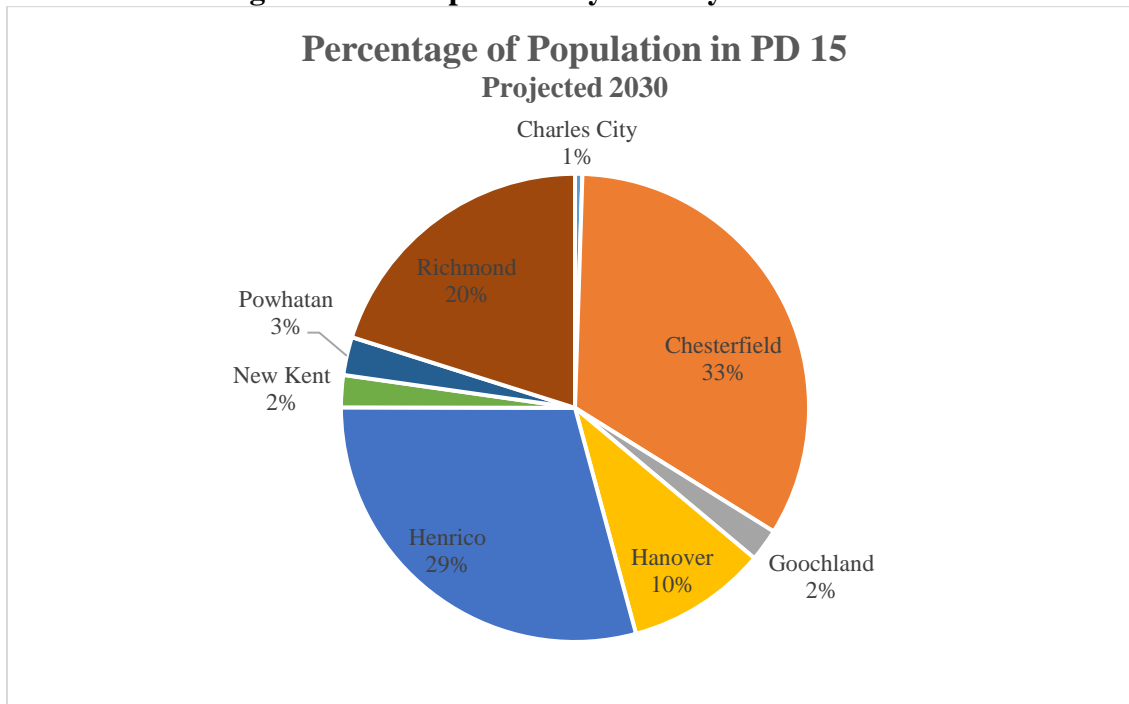
Table 4. PD 15 Population Data

	2020 Population	2030 Projected Population	Proj. Population Change 2020-2030	Proj. Percent Change 2020-2030	2020 65+ Population	Proj. 2030 65+ Population	Proj. 65+ Population Change 2020-2030	Proj. 65+ Percent Change 2020-2030
Charles City	6,758	6,200	-558	-8.30%	1,773	2,189	416	23.40%
Chesterfield	365,627	406,942	41,315	11.30%	55,297	72,476	17,179	31.10%
Goochland	24,809	27,339	2,530	10.20%	5,420	7,421	2,001	36.90%
Hanover	110,164	118,374	8,210	7.50%	19,807	27,456	7,649	38.60%
Henrico	334,756	356,656	21,900	6.50%	53,255	68,003	14,748	27.70%
New Kent	23,069	27,067	3,998	17.30%	4,303	6,663	2,360	54.80%
Powhatan	30,355	32,152	1,797	5.90%	6,041	8,552	2,511	41.50%
Richmond	226,613	245,437	18,824	8.30%	26,352	31,657	5,305	20.10%
PD 15	1,140,301	1,238,825	98,524	8.60%	176,028	228,611	52,583	29.90%
Virginia	8,646,905	9,129,002	482,097	5.60%	1,352,448	1,723,382	370,934	27.40%

Source: Weldon Cooper Intercensal Estimates

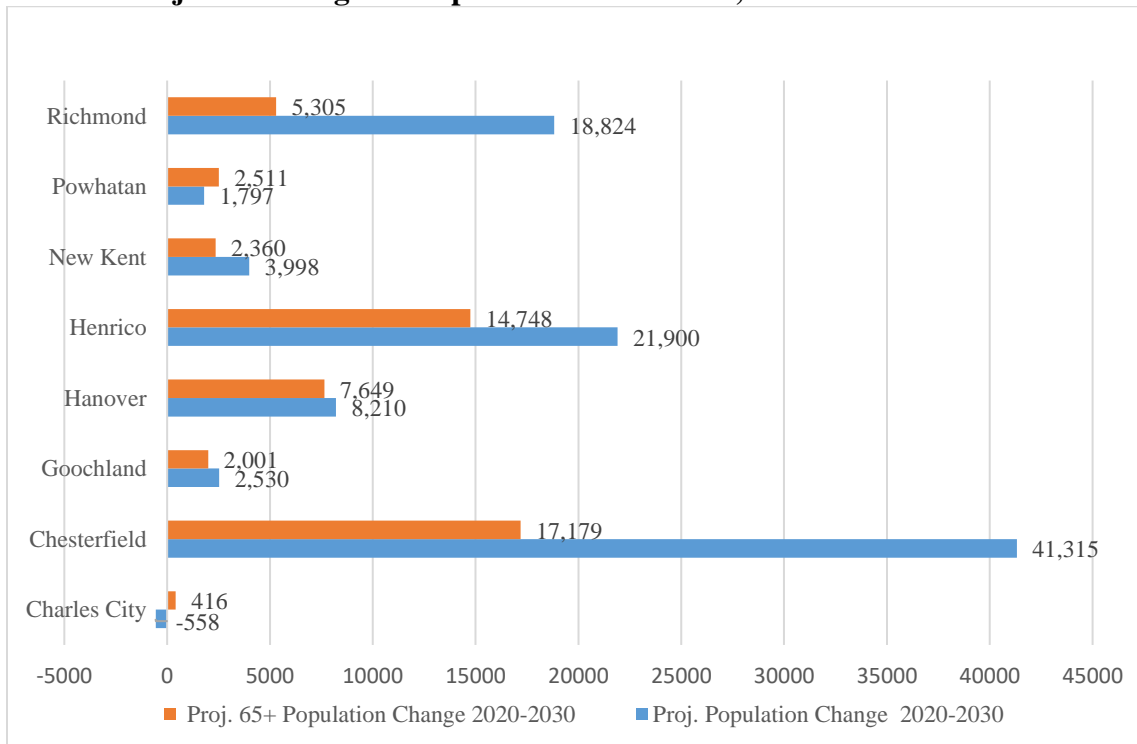
¹⁵ <https://jamanetwork.com/journals/jama/fullarticle/2749213>

Chart 1. Percentage of PD 15 Population by Locality



Source: Weldon Cooper Intercensal Estimates

Chart 2. Projected Changes in Population 2020 to 2030, PD 15 Localities



Source: Weldon Cooper Intercensal Estimates

Table 5 shows that PD 15 has a poverty rate just under that of Virginia (10.7%), but the poverty rate in Henrico County is lower at 9%. As to transportation barriers, none are identified. HDH Forest is located close to two main highways, I-64 and I-95, readily accessible to populations to the west and north. HDH Forest is also accessible via public bus lines.

Table 5. PD 15 Poverty Rates

Geographic Name	Poverty Rate
Charles City County	12.3%
Chesterfield County	7.6%
Colonial Heights City	13.5%
Goochland County	6.7%
Hanover County	5.2%
<i>Henrico County</i>	<i>9.0%</i>
New Kent County	5.2%
Powhatan County	6.9%
Richmond City	24.5%
PD 15 Totals	10.1%
Virginia	10.7%

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 a resolution from HDH Forest's Medical Executive Committee expressing the support of the medical staff for the proposed project, as well as five letters of support from Richmond Surgical, TeamHealth Emergency Medicine, Radiation Associates of Richmond, Virginia Cancer Institute and Virginia Gynecologic Oncologists. These letters, in aggregate, expressed the following:

- HDH CT services are highly utilized, operating well above the capacity and threshold for an additional CT scanner.
- HDH requires additional CT capacity to continue to meet the needs of its patients and referring providers.
- High utilization speaks directly to the imaging quality and service patients and providers receive at HDH.
- High utilization leads to longer patient wait times and unnecessary delays in diagnosis and treatment.
- We rely on CT scanning to diagnose patients, inform decisions and create treatment plans that give patients the best chance at a successful and quick recovery.

- HDH is well known in the community for providing excellent oncological services.
- Physicians rely on CT imaging to diagnose emergency and non-emergency conditions accurately and efficiently.
- We advocate for projects and resources that help our patients be more comfortable and informed when discussing diagnoses and treatment.
- We advocate for what is best for our patients and that is why we support this project.
- CT imaging is critical in our mission to provide the best possible care.
- CT can provide invaluable information to physicians treating emergent cardiac diseases, orthopedic ailments, infections or stroke—regardless of the disease being treated, delivery of high-quality patient care depends on accurate and prompt assessment of the condition.
- The project will significantly improve care and access to many patients who are already visiting the Sarah Cannon Cancer Institute for other oncological services.
- Proper management of each cancer patient depends on prompt and accurate evaluation and diagnosis, for which a CT scanner is critical.
- CT imaging is an essential tool for the practice of oncology because it can show the size, shape and location of a tumor as well as the vessels that supply it with blood.
- CT can be used for CT-guided tissue biopsies.
- HDH is an exceptional partner in patient care.
- Our patients choose HDH because of consistent quality of care.
- By placing the CT scanner in a freestanding building on its campus, HDH will offer its existing patients a more convenient and accessible option for CT procedures.
- The project will enable patients to receive outpatient CT procedures quickly and efficiently without having to navigate the hospital building.
- The project will reduce patient wait times and the chance of delay to make the CT scanner available for emergency or urgent inpatients.
- Many physicians have offices on the HDH Forest campus, and their patients would directly benefit from a CT scanner that is easier to access than the ones in the main hospital.
- Easy access is especially valuable for oncology patients who are already navigating severe disruptions to daily life and need continued support.
- It will decompress the main hospital's CT services and improve access to HDH outpatients as well as inpatients and emergency patients

Public Hearing

§32.1-102.6B of the Code of Virginia directs DCOPN to hold one public hearing on each application in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8790 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 November 8, 2024. The public comment period closed on December 23, 2024. 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.

There is no reasonable alternative to additional CT capacity at HDH Forest. The facility reported utilization to VHI in 2022 above the SMFP threshold (**Table 1**) and its application shows 33,288 CT scans on its two HDH Forest CT scanners in 2023 (225% of the SMFP threshold) and annualized volumes of 37,233 in 2024 (252%). Locating the proposed CT scanner on campus in a freestanding building is easily accessible and less costly for outpatients. The proposal is more beneficial than the status quo and addresses an 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 15. Therefore, this consideration is not applicable to the review of the proposed project.

(iv) Any costs and benefits of the project.

Total projected capital costs for the proposed project are \$2,597,516, 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 several benefits to the proposed project, primarily the alleviation of high utilization of its two diagnostic CT scanners at HDH Forest. Its proposed location on the first floor of the Sarah Cannon Cancer Institute on its campus creates clinical and operational efficiencies due to adjacency to an existing PET/CT scanner, as well as convenient access for patients in a freestanding building with its own parking and entrance. The proposed CT scanner will be dedicated to outpatient scans which will reduce wait times and decant volumes from hospital-based CT scanners. It will reduce the risk of scheduled outpatient scans being “bumped” to prioritize emergency CT scans in the hospital. The proposed location co-locates CT imaging in the same building as physician offices and improves timely access for their patients who need the critical diagnostic service.

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

Henrico Doctors’ Hospital provided in aggregate on its various campuses, charity care in the amount of 0.8% in 2022, the latest year for which such data are available. This is comparable to the HPR IV average of 0.9% (**Table 6**).

Table 6. 2022 Charity Care, HPR IV

HPR IV	2022 at 200%		
	Gross Pt Rev	Total Charity Care Provided Below 200%	%
Inpatient Hospitals			
Encompass Health Rehab Hosp of Petersburg	\$29,926,632	\$ 1,262,680	4.2%
Bon Secours Southern Virginia Regional Medical Center	\$226,835,907	\$ 4,487,576	2.0%
Sheltering Arms Institute	\$151,399,824	\$ 2,530,945	1.7%
Sentara Halifax Regional Hospital	\$309,122,102	\$ 4,945,782	1.6%
Bon Secours St. Francis Medical Center	\$1,238,984,979	\$ 19,560,168	1.6%
Bon Secours St. Mary's Hospital	\$2,475,071,483	\$ 27,800,876	1.1%
Bon Secours Southside Regional Medical Center	\$2,238,925,486	\$ 23,176,465	1.0%
CJW Medical Center HCA	\$9,414,749,474	\$ 92,280,367	1.0%
TriCities Hospital HCA	\$1,291,681,768	\$ 12,190,500	0.9%
Bon Secours Richmond Community Hospital	\$1,099,525,303	\$ 9,999,109	0.9%
Henrico Doctors' Hospital HCA	\$6,125,759,528	\$ 50,390,024	0.8%
Bon Secours Memorial Regional Medical Center	\$1,648,605,572	\$ 10,986,041	0.7%
VCU Health System	\$7,574,785,954	\$ 45,509,855	0.6%
Poplar Springs Hospital UHS	\$84,621,465	\$ 328,036	0.4%
Centra Southside Community Hospital	\$357,467,950	\$ 1,261,207	0.4%
VCU Community Memorial Hospital	\$428,496,287	\$ 664,258	0.2%
Encompass Health Rehab Hosp of Virginia	\$28,839,933	\$ 35,972	0.1%
Select Speciality Hospital - Richmond	\$119,460,229	\$ -	0.0%
Cumberland Hospital for Children and Adolescents UHS	\$32,427,799	\$ -	0.0%
Total Inpatient Hospitals:			19
HPR IV Total Inpatient \$ & Mean %	\$34,876,687,675	\$307,409,861	0.9%
Outpatient Centers			
Boulders Ambulatory Surgery Center HCA	\$133,673,934	\$ 3,982,385	3.0%
Urosurgical Center of Richmond	\$46,192,499	\$ 467,587	1.0%
Virginia Eye Institute, Inc.	\$41,539,958	\$ 362,746	0.9%
St. Mary's Ambulatory Surgery Center	\$51,111,602	\$ 420,544	0.8%
MEDRVA Surgery Center @ West Creek	\$11,215,428	\$ 27,326	0.2%
VCU Health Neuroscience, Orthopedic and Wellness Center	\$6,301,892	\$ 9,063	0.1%
American Access Care of Richmond	\$5,218,308	\$ 865	0.0%
Cataract and Refractive Surgery Center	\$9,709,070	\$ -	0.0%
MEDRVA Stony Point Surgery Center	\$62,279,534	\$ -	0.0%
Skin Surgery Center of Virginia	\$1,562,293	\$ -	0.0%
Virginia Beach Health Center VLPP	\$2,518,016	\$ -	0.0%
Total Outpatient Hospitals:			11
HPR IV Total Outpatient Hospital \$ & Mean %	\$ 371,322,534	\$ 5,270,516	1.4%
Total Hospitals:			30
HPR IV Total \$ & Mean %	\$35,248,010,209	\$312,680,377	0.9%

Source: VHI

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.

(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. They are as follows:

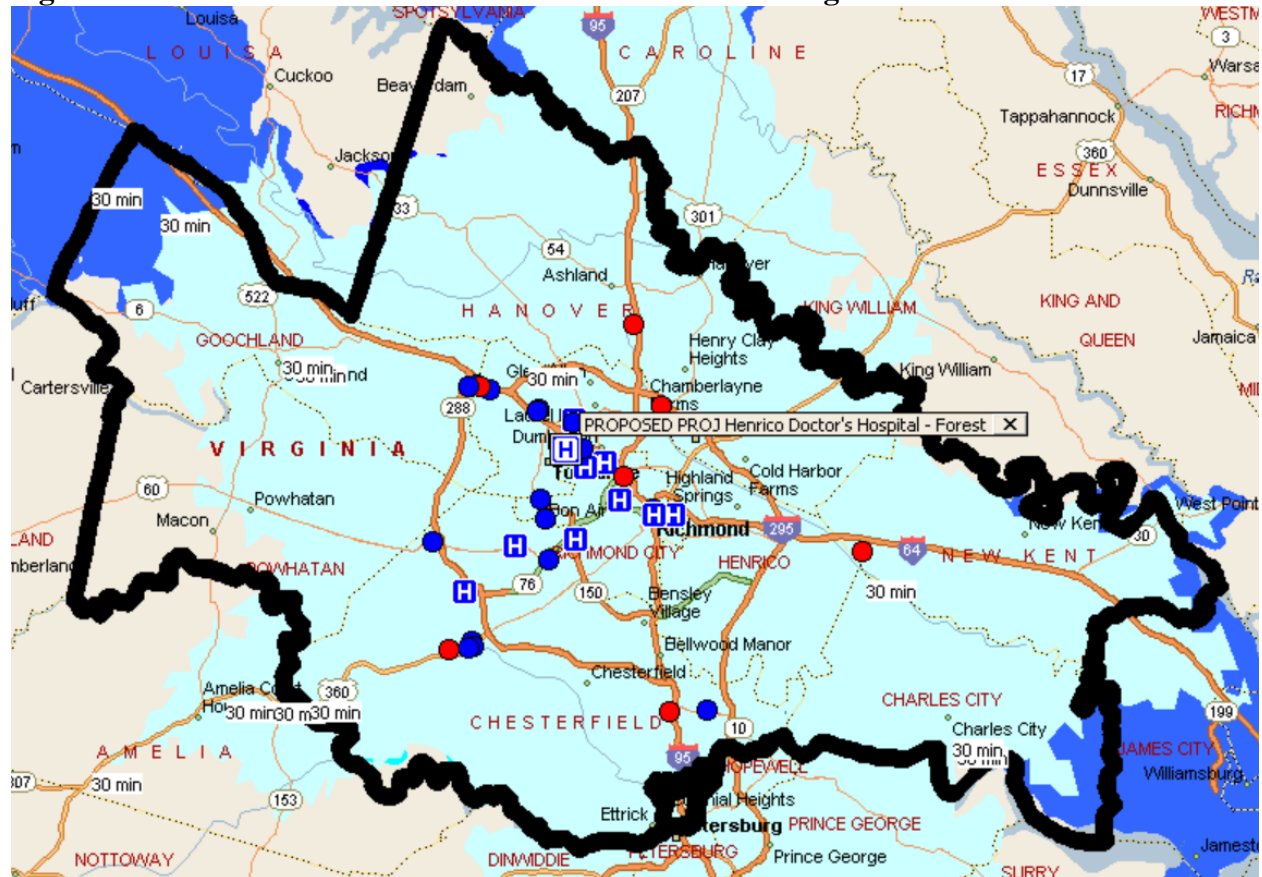
12VAC-5-230 Part I, Article 1 Criteria and Standards for Computed Tomography

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 blue shaded area in **Figure 1** illustrates the areas in PD 15 that have CT services available within 30 minutes driving distance. The dark blue illustrates CT coverage within 30 minutes from providers outside of the PD. The three towns not within the shaded area include Cartersville (population 1,434 per 2020 Census), Beaverdam (population 14,374 per 2020 Census), and Macon (population 28,696 per 2020 Census), with a total population for the three being approximately 44,504 in 2020. The total PD 15 population was 1,140,301 in 2020, meaning the three towns not within 30 minutes driving distance from CT services make up approximately 3.9% of the PD population, or that 96.1% of the PD is within the appropriate driving time from CT services according to the SMFP standard. The white icon with the blue "H" locates the proposed project. "H" symbols with blue backgrounds are authorized hospital-based CT scanners while dots are authorized freestanding CT sites and red dots are those in FSEDs. The proposed project on campus of existing CT scanners does not expand the geography with CT imaging within 30 minutes' drive time.

Figure 1. PD15 CT Services Locations and 30 Minutes Driving Distance



Source: DCOPN Records and Microsoft Streets & Maps

***Note:** The red dots indicate free-standing ERs, the blue dots are outpatient imaging centers, the “H”s are hospitals with CTs. The white H icon is the proposed project.

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.**
- 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 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:

According to 2022 VHI data, the most recent available, there were 42 CT scanners in PD 15 with an average utilization of 8,642 scans, 117% percent of the SMFP threshold (**Table 1**). CT scanners have been authorized in PD 15 since the latest VHI data were published and there are currently 55 diagnostic CT authorized (see **Table 2**). At utilization of the SMFP standard of 7,400 CT scans per year, the 362,947 scans performed in 2022 would represent 49 fully utilized CT scanners, six fewer than are currently authorized.

Needed CT units = $362,947 \div 7,400 = 49$

Utilization Percentage in 2022: 117% (excludes dedicated intraoperative scanners)

Current number of PD 15 authorized CT units: 55 (excluding dedicated intraoperative scanners)

CT unit surplus = 6

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 HDH Forest averaged 10,074 per diagnostic CT scanner in 2022, according to VHI (**Table 1**). HDH Forest reports in its application 16,644 scans per unit (225% of this standard) in 2023 and projects 18,616 scans per unit (252% of this standard) in 2024.

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.

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.

HDH Forest has an institutional need for additional CT capacity having operated well above the SMFP volume standard for the past three years, as noted above, 112% of the standard in 2022, 225% of the standard in 2023 and a projected 252% of the standard in 2024. The applicant presents data showing that across all of its campuses, authorized HDH CT scanners on average operated at 121% of the SMFP threshold in 2023 and a projected 134% in 2024. HDH Forest and HDH Parham each operated above the SMFP threshold for the past three years.

The applicant also presents data for the broader HCA Virginia's PD 15 CT scanners, showing that they also operate on average above the SMFP volume threshold, with HDH Forest having the highest utilization per scanner of PD 15 HCA CT units. Five of HCA's eleven sites in PD 15 are projected to operate above the SMFP threshold in 2024. Those operating below the threshold are not yet operational or have only a single CT scanner, so none is available within HDH or the broader HCA base in PD 15 to reallocate to the proposed project.

The proposal does not involve a nursing facility, nor does it seek 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 15 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 Virginia has 16 of the 55 authorized CT scanners in PD 15 and two of HCA's units are not yet operational. Six authorized CT scanners are under Henrico Doctors' Hospitals. The PD is

also served by Bon Secours Mercy Health and VCU, as well as several specialty and physician providers of CT imaging. CT services are generally well-utilized across the PD, operating above the SMFP in 2022, according to VHI (Table 1), with lowest utilization, as expected, on the restricted use CT scanners.

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 8). The application shows 38.8 vacant positions, about 3.2% of total full-time equivalents (FTEs) currently needed. The proposal requires an additional 2 FTE radiologic technologists. There is currently only one radiologic technologist vacancy of 72 needed, indicating that recruitment of needed staff is fully feasible.

Table 8. Proforma, Third CT at HDH Forest

	Year 1	Year 2
Gross Revenue	\$8,476,657	\$8,744,824
Charity Care	\$76,290	\$78,703
Other Deductions	\$7,454,786	\$7,676,139
Net Revenue	\$945,581	\$989,982
Expenses	\$636,703	\$668,656
Excess Revenue Over Expenses	\$308,878	\$321,326
Depreciation Expense	\$36,805	\$38,632
Operating Income	\$272,073	\$282,694

Source: COPN Request No. VA-8790

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 but does improve the provision of outpatient imaging services on the campus of HDH Forest.

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.

HDH is not associated with a teaching hospital or medical school, but HCA Virginia Health System has Graduate Medical Education (GME) programs and recently partnered with the Galen College of Nursing to open Galen's first Virginia campus in Richmond. The applicant provides clinical rotations but does not state that the proposed project will specifically benefit the community in this way.

DCOPN Staff Findings and Conclusions

HCA Virginia proposes to add a third CT scanner on the campus of HDH Forest. The proposed project will improve CT access in an area of PD 15 experiencing growth. Though the proposal will not expand geographic access, it will enhance access for patients served by HDH Forest. The proposed project will decant high utilization from the hospital-based CT imaging services on HDH Forest's campus and offer a CT scanner dedicated to outpatient procedures in a freestanding facility on its campus that is more convenient for patients and more clinically and operationally efficient than another unit within the hospital. 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 its 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. HDH Forest has demonstrated an institutional need for additional CT capacity. HDH across its campuses and the broader HCA Virginia have also demonstrated institutional need for additional CT capacity which the proposed project will alleviate. 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 HCA Health Services of Virginia, Inc.'s COPN Request No. VA-8790 to add a third CT scanner on the campus of HDH Forest in Henrico, Virginia for the following reasons:

1. The proposal to add a third CT scanner at HDH Forest 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 specific 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 15.
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 HCA Health Services of Virginia Inc.'s agreement to the following charity care condition:

HCA Health Services of Virginia, Inc. will provide CT imaging services 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 HCA Health Services of Virginia, Inc.'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. HCA Health Services of Virginia, 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.

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