

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-8821

Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery

Blacksburg, Virginia

Introduce CT imaging at LewisGale Imaging Center - Montgomery

Applicant

Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery (Montgomery Regional) is a for-profit, Virginia stock corporation. LewisGale Imaging Center Montgomery (Imaging Center Montgomery) is a subsidiary of Montgomery Regional. HCA Healthcare, Inc. is the ultimate corporate parent of Montgomery Regional. Imaging Center Montgomery is in Blacksburg, Virginia, located in Montgomery County, Virginia, Planning District (PD) 4, Health Planning Region (HPR) III.

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 six diagnostic CT scanners in PD 4 for 2023, the latest year for which such data are available. All six were in general hospitals. A fourth diagnostic CT scanner was authorized for Carilion New River Valley Medical Center on August 22, 2022 (COPN no. VA-04804). Due to project delays, that CT scanner is not expected to be operational until February 2026. A diagnostic CT scanner was authorized in August 2022 (COPN number VA-04803) for a freestanding emergency department (FSED) licensed under LewisGale Hospital Montgomery. The CT scanner for LewisGale Montgomery's FSED opened in November 2024, is the seventh operational diagnostic CT scanner in PD 4, and was relocated from Imaging

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.

Center Montgomery, the site of the proposed project. There is an additional CT scanner at LewisGale Hospital Pulaski that is restricted to use for CT simulation in radiation therapy.

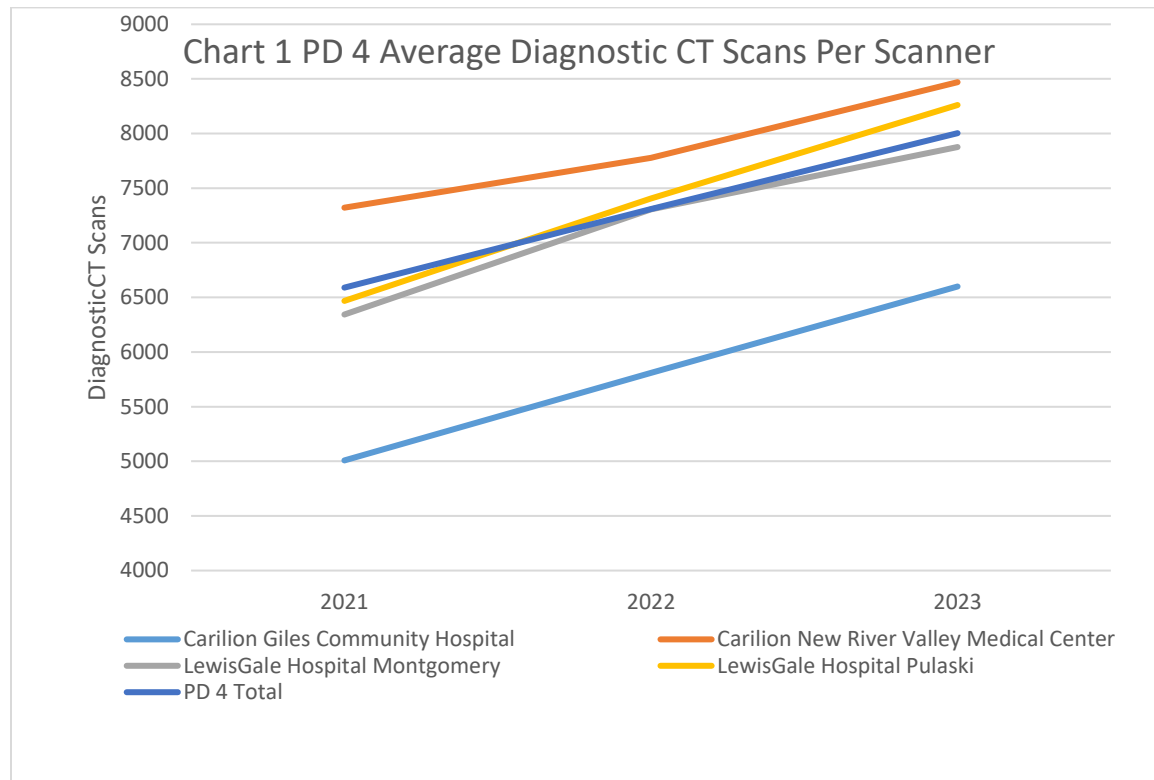
In 2023 the operational diagnostic CT scanners averaged 9,337 procedures per CT scanner, 126.2% of the State Medical Facilities Plan (SMFP) threshold of 7,400 scans per unit (**Table 1**). Had all eight of the PD 4 authorized diagnostic CT scanners been operational in 2023, at the 2023 reported volume of scans, the average utilization of each scanner would have been 7,003 scans, or 94.6% of the SMFP 7,400 scan threshold.

Table 1. PD 4 CT Scanners' Utilization, VHI 2023

Facility Name	Total CTs	Total CT Procedures	Procedures / Scanner	% Utilization of 7,400 scan Threshold
Diagnostic CT Scanners				
Carilion Giles Community Hospital	1	6,600	6,600	89.19%
Carilion New River Valley Medical Center	3	25,410	8,470	114.46%
LewisGale Hospital Montgomery	1	15,753	15,753	212.88%
LewisGale Hospital Pulaski	1	8,261	8,261	111.64%
2023 Inventory and Utilization	6	56,024	9,337	126.18%
Radiation Therapy Simulator CTs				
LewisGale Hospital Pulaski ¹	1			
Authorized, Not Open for Reporting in 2023				
LewisGale Hospital Montgomery - Christiansburg ED ²	1			
Carilion New River Valley Medical Center ³	1			
	2			
Total Authorized PD 4 Diagnostic CT Inventory	8	56,024	7,003	94.6%
1 CT used for radiation therapy simulation 2 Relocated from LewisGale Imaging Center-Montgomery per COPN No. VA-04803 approved August 22, 2022. Opened November 2024. 3 Authorized August 22, 2022 by COPN no. VA-4804. Project delayed, expected to open February 2026.				

Source: DCOPN Records and VHI 2023 Data

All the diagnostic CT scanners in PD 4 have shown steady growth in utilization over the most recent three years for which data is available from VHI (**Chart 1**). The only diagnostic CT scanner operating below the SMFP threshold of 7,400 scans per year is Carilion Giles Community Hospital, a 25-bed critical access hospital in Pearisburg, Virginia. All the other diagnostic CT scanners in PD 4 are operating above 110% (R 112% - 213%) of the SMFP threshold.



In March 2022 Montgomery Regional, the current applicant, submitted an application for, and received, a certificate of public need (COPN) to develop a freestanding imaging center with one CT scanner in conjunction with a FSED in Christiansburg, Virginia (COPN no. VA-04803). Montgomery Regional proposed to replace and relocate the existing CT scanner authorized by COPN No. VA-03865 in 2004, which was located across the street from the hospital at Imaging Center Montgomery, to the FSED being developed in Christiansburg. Montgomery Regional argued for the replacement and relocation of the Imaging Center Montgomery CT scanner since it was nearing the end of its useful life (replacement) and that the Imaging Center Montgomery CT scanner was operating at very low utilization volume³, 24%, 18% and 26% of the SMFP 7,400 scans per scanner per year threshold in 2019, 2020, and 2021 respectively⁴, it “would help decompress demand on the busy CT scanner at Montgomery [Regional] in a way that the CT scanner at the existing imaging center [Imaging Center Montgomery] cannot”. The diagnostic CT scanner at the FSED in Christiansburg has been operational for eight months with no scan volume for either the FSED CT or Montgomery Regional reported through VHI such that the impact of the move in decompressing “demand on the busy CT scanner at Montgomery” Regional cannot yet be assessed.

Proposed Project

Montgomery Regional proposes re-establishing CT scanning at the Imaging Center Montgomery, at 813 Davis Street, Blacksburg, Virginia. The proposed CT scanner will be installed in existing space

³ Montgomery Regional Hospital, Inc COPN application VA-8638

⁴ Ibid

formerly occupied by the CT scanner authorized by COPN no. VA-03865 by reactivating the CT scanner taken out of service in October 2024 and left in place. The applicant states that there is no capital costs projected for the proposal since the room needs no renovation and the equipment already exists.

Should the proposed project be approved, the applicant's target date of opening is upon the 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 specialized center ... developed for the provision of ... computed tomographic (CT) scanning, magnetic resonance imaging (MRI)..." Since the Imaging Center Montgomery has provided CT imaging services within the previous 12 months, discontinuing such services in October 2024⁵, this project is not defined as the introduction of CT imaging. Imaging Center Montgomery currently offers magnetic resonance imaging (MRI), satisfying the definition of an existing medical care facility.

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 4's population reported in the 2020 census was 191,260 and is projected to fall to 188,486 by 2030, a 1.5% reduction. Being negative, PD 4's projected growth rate is well below the projected rate of 7.9% for Virginia's population. Montgomery County, where the proposed project is located, represents about 54% of the PD 4 population and is projected to grow by 2.2% over the decade, the only jurisdiction in PD 4 whose population is projected to grow by a more than very modest rate⁶ (Floyd County, 0.1% growth).

⁵ COPN application VA-8821, pg 6

⁶ Floyd County, 0.1% growth

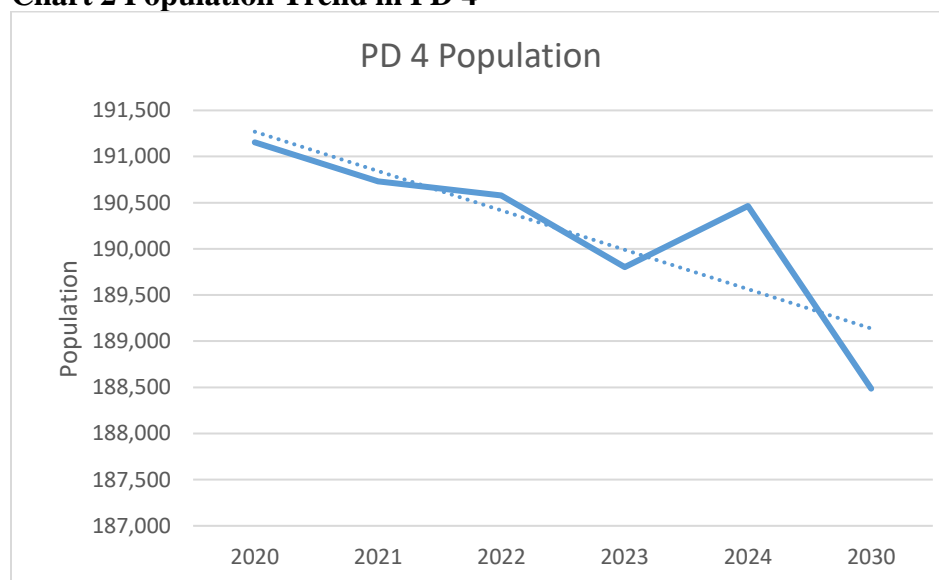
Table 2 PD 4 Population

Locality	2020	2021	2022	2023	2024	2030
Montgomery County	101,446	101,938	102,061	101,894	102,125	103,544
Pulaski County	33,772	33,660	33,571	33,203	33,108	32,259
Radford City	17,469	16,930	16,835	16,854	17,293	15,506
Bland County	6,258	6,210	6,295	6,217	6,244	5,634
Floyd County	15,450	15,347	15,160	15,025	15,090	15,488
Giles County	16,759	16,648	16,657	16,610	16,605	16,055
PD 4	191,154	190,733	190,579	189,803	190,465	188,486

Source: Weldon Cooper Intercensal Estimates

Chart 2 shows the projected changes to the PD 4 population, with a trend line indicating a downward trend in overall population growth. While PD 4 is projected to lose 2,774 residents overall, Montgomery County is projected to add 2,221 residents during the same period, offsetting what otherwise would have been a planning district loss of over 5,000 residents.

Chart 2 Population Trend in PD 4



Source: Weldon Cooper Intercensal Estimates

Table 3 shows that PD 4 has a poverty rate of 18.1%, well above the Virginia average of 10.6%, with the poverty rate in Montgomery County, the site of the proposed project, being higher than the planning district average at 21.0%.

Table 3. PD 4 Poverty Rates

Jurisdiction	Poverty Rate
Bland County	13.4%
Floyd County	12.3%
Giles County	12.0%
Montgomery County	21.0%
Pulaski County	14.0%
Radford City	24.6%
Greensville County	21.1%
PD 4 Totals	18.1%
Virginia	10.6%

Source: Weldon-Cooper Census Data

As to transportation barriers, none are identified by the applicant. Imaging Center Montgomery is within an eight-minute drive (less than seven miles) of Interstate I-81, and a three-minute (1.2 miles) drive of US Route 460, the major east-west artery in the area. Imaging Center Montgomery is on the Montgomery Regional campus on US Route 460 Business/South Main Street, the main route between Blacksburg and Christiansburg. Blacksburg Transit, a public transportation service, has stops on the Two Town Trolley route scheduled on the Montgomery Regional campus.

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

(i) The level of community support for the project demonstrated by citizens, businesses, and governmental leaders representing the area to be served.

DCOPN received four letters of support from the medical staff at, and practices that would utilize, Montgomery Regional for the proposed project. These letters, in aggregate, expressed the need for additional CT imaging capacity at Montgomery Regional 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 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.

One of the stated goals for the addition of a CT scanner at the FSED in Christiansburg was to provide care more locally to the patient's home and therefore offload the demand at Montgomery Regional. Not surprisingly, when the Imaging Center Montgomery CT scanner was taken out of service in response to the opening of the CT imaging service at the FSED the applicant reports that the patient scan volume at the sole CT scanner at Montgomery Regional rose to the level previously seen by the hospital CT and the CT scanner in the imaging center on campus (Imaging Center Montgomery). A reasonable alternative to the proposed project would be for Montgomery Regional to actively implement their plans to shift patient cases to the FSED and after a reasonable time re-evaluate the need for a second CT scanner on campus. The letter of intent for this COPN request was filed just four months after the opening of the FSED and discontinuance of the Imaging Center Montgomery CT scanner, hardly sufficient time to account for the FSED start up and implementation of a plan to shift patients.

A partial justification of the plan to replace and relocate the CT scanner from Imaging Center Montgomery to the FSED in Christiansburg was that the then nine-and-a-half-year-old CT scanner (now almost 13-year-old) that was described as reaching (then) the end of its useful life. If the CT scanner was near the end of its useful life 3 ½ years ago, it must be even closer now, especially having been unused and in storage for nine months. A reasonable alternative would have been to propose the addition of a new CT scanner not so near the end of its operational life and likely to need replacing in the near future, allowing for full public scrutiny of the project and capital cost as a whole.

Historically the Imaging Center Montgomery CT scanner has provided at most 15.4% of the CT imaging on the Montgomery Regional campus (hospital and imaging center combined) according to data provided in the application for COPN number VA-04803 to relocate the CT to the FSED in Christiansburg. Applying the highest proportion of cases realized at Imaging Center Montgomery (2019 – 2021 as reported in the application for COPN number VA-04803) to the applicant's reported annualized (based on four months of data) volume remaining at Montgomery Regional of 15,234 scans, the offload to a CT scanner at Imaging Center Montgomery would be 2,346 scans. This is a little more than half the projected number of scans, 4,239, provided by the applicant. This would indicate a preferential use of the hospital-based CT scanner over that in the imaging center. A reasonable alternative may be the development of additional CT imaging capacity within the hospital, which would also enhance imaging capacity for inpatient and emergent use as well.

(iii) Any recommendation or report of the regional health planning agency regarding an application for a certificate that is required to be submitted to the Commissioner pursuant to subsection B of § 32.1-102.6.

Currently there is no organization in HPR III designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 4. Therefore, this consideration is not applicable to the review of the proposed project.

(iv) Any costs and benefits of the project.

Total projected capital costs for the proposed project are \$0, as the applicant intends to use an existing room configured for CT imaging and to reactivate a CT scanner that had been described as intended to be replaced. Its continued presence and apparent readiness for use indicates that it has not been replaced and that the scanner placed into service at the Christiansburg FSED as authorized by COPN number VA-04803 was an additional CT scanner and not a replaced and relocated scanner as described. The estimated zero cost does not appear to accurately reflect the ultimate cost of the project.

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

Montgomery Regional provided charity care at a rate of 0.5% in 2023, the latest year for which such data are available. This is at the HPR III average of 0.5% (**Table 4**). The applicant has included providing charity care at a rate of 0.5% of gross patient revenues as a line item in their proforma budget for the requested CT scanner (**Table 5**).

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 III. 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 4. 2023 Charity Care, HPR III

HPR III	Gross Pt Rev	Total Charity Care Provided Below 200%	%
Rehabilitation Hospital of Bristol, LLC	\$ 19,511,661	\$ 485,168	2.5%
Centra Specialty Hospital	\$ 49,263,635	\$ 927,182	1.9%
Carilion Franklin Memorial Hospital	\$ 260,485,310	\$ 3,182,816	1.2%
Carilion Tazewell Community Hospital	\$ 93,201,701	\$ 915,589	1.0%
Carilion Giles Memorial Hospital	\$ 214,444,866	\$ 1,577,250	0.7%
Carilion Medical Center	\$ 4,948,697,558	\$ 39,724,335	0.8%
Carilion New River Valley Medical Center	\$ 955,897,092	\$ 7,639,471	0.8%
LewisGale Hospital-Montgomery	\$ 1,022,426,647	\$ 5,328,382	0.5%
LewisGale Hospital - Alleghany	\$ 283,061,729	\$ 1,151,183	0.4%
LewisGale Hospital Pulaski	\$ 523,904,005	\$ 1,674,632	0.3%
Lewis-Gale Medical Center	\$ 3,302,457,661	\$ 12,305,457	0.4%
Centra Health	\$ 3,324,221,131	\$ 10,826,171	0.3%
Smyth County Community Hospital	\$ 199,838,748	\$ 803,394	0.4%
Bedford Memorial Hospital	\$ 200,565,970	\$ 506,965	0.3%
Norton Community Hospital	Did not report		
Russell County Medical Center	\$ 136,544,998	\$ 349,028	0.3%
Dickenson Community Hospital	\$ 28,592,334	\$ 77,774	0.3%
Johnston Memorial Hospital	\$ 864,558,491	\$ 4,316,555	0.5%
Wellmont Lonesome Pine Mountain View Hospital	\$ 832,222,721	\$ 2,226,897	0.3%
Lee County Community Hospital	\$ 39,718,746	\$ 161,548	0.4%
Buchanan General Hospital	\$ 121,202,254	\$ 98,872	0.1%
DLP Twin County Regional Healthcare	\$ 308,984,072	\$ 68,790	0.0%
Sovah Health-Martinsville	\$ 796,930,431	\$ 94,423	0.0%
Clinch Valley Medical Center	\$ 730,614,306	\$ 298,585	0.0%
Sovah Health-Danville	\$ 1,108,084,476	\$ 129,178	0.0%
Wythe County Community Hospital	\$ 350,271,171	\$ 7,304	0.0%
Ridgeview Pavilion (Bristol Region)	\$ 8,000,972	\$ -	0.0%
Total Inpatient Hospitals:			26
HPR III Total Inpatient \$ & Mean %	\$ 20,723,702,686	\$ 94,876,949	0.5%

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.

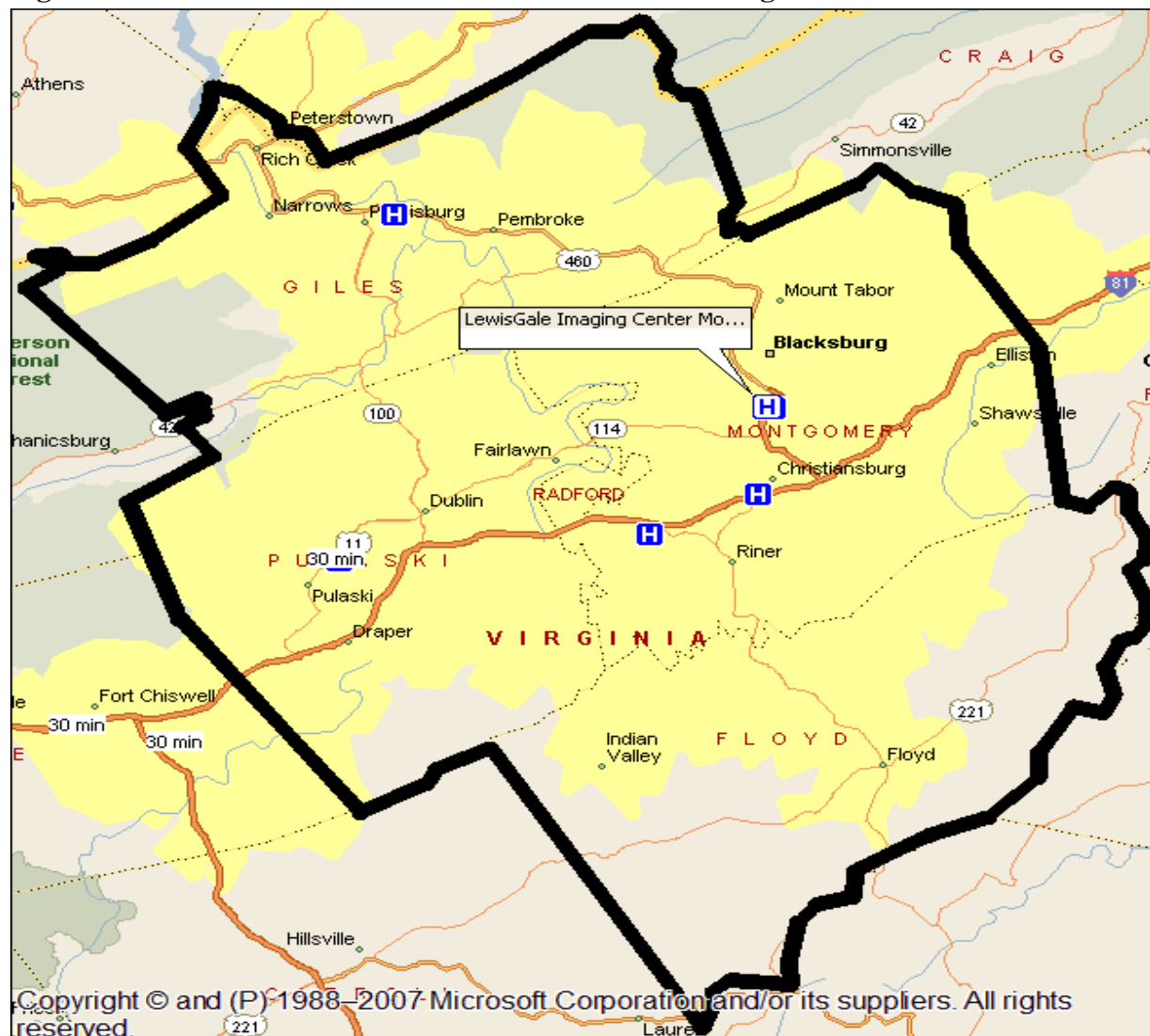
12VAC-5-230 Part I, Article 1
Criteria and Standards for Computed Tomography

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 4 that have CT services available within 30 minutes driving distance. The area not within the shaded area is the less densely populated portion of PD 4. The white icon with the blue “H” locates the proposed project, which is essentially collocated with Montgomery Regional. The blue icon with the white “H” symbols are the sites of the other authorized CT scanners in PD 4. The proposed project at Imaging Center Montgomery does not expand geographic access to CT imaging.

Figure 1. PD4 CT Services Locations and 30 Minutes Driving Distance



While the proposed addition of a CT scanner at Imaging Center Montgomery will not improve geographic access to services the applicant expects it will improve the availability of CT scanning services. Given the volume of scans performed on Montgomery Regional's single existing CT scanner, wait times and emergent availability of the scanner can limit current availability, and therefore access to, CT imaging. However, the stated expectation of off-loading of Montgomery Regional scans to the Christiansburg FSED, and the historic use of the CT at Imaging Center Montgomery suggests the addition of a CT scanner at Imaging Center Montgomery will have minimal impact on the CT scan volume at Montgomery Regional.

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 for a new fixed CT service, so this standard is applicable.

Needed CT units = $56,024 \text{ scans in } 2023^7 \div 7,400 = 7.6 \text{ (8.0)}$

PD average Utilization Percentage in 2023: 126.2%

Current number of PD 19 authorized CT units: 8

CT unit surplus = 0

In 2023 the existing six operational PD 4 diagnostic CT scanners operated at an average patient scan volume of 9,337scans per operational CT scanner. By including the two authorized but not yet operational (in 2023) scanners for a total of eight CT scanners authorized in 2023, the average patient scan volume was 7,003 scans per authorized CT scanner. It is anticipated that the only existing CT scanner that will realize any reduction in utilization would be the current single CT scanner at Montgomery Regional, although the stated goal of directing CT imaging from Montgomery Regional to the Christiansburg FSED is likely to be adversely impacted as well.

- 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.**

⁷ 2023 is the relevant reporting period as it is the most recent year for which data is available from VHI. The Regulations at 12VAC5-230-10 defines the relevant reporting period as "the most recent 12-month period, prior to the beginning of the applicable batch review cycle, for which data is available from VHI or a demographic entity as determined by the commissioner." VHI's data is the entity used by the Virginia Department of Health.

The CT scanner at LewisGale Hospital Pulaski 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.

While Imaging Center Montgomery is an existing medical care facility as a specialized center for MRI imaging, it discontinued its CT imaging service in 2024. Therefore, this criterion is not applicable as the project is to introduce CT imaging services back into Imaging Center Montgomery.

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.**

The applicant's proposed project is to introduce CT imaging services back into Imaging Center Montgomery, (re)establishing a CT service.

- 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.

Not applicable, the applicant is not a nursing facility.

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

The applicant is proposing to establish a new service. Therefore this section is not applicable.

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 4 such that there is no unhealthy market concentration of CT imaging services. It is likely that the proposed CT scanner will not impact providers other than Montgomery Regional 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.

LewisGale Montgomery owns, partially or wholly, three of the eight (38%) authorized diagnostic CT scanners in PD 4, with Carilion Clinic controlling the remaining five. CT services are generally well-utilized across the PD, operating above the SMFP threshold in 2023, but below the SMFP threshold with the addition of two CT scanners since 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.

The applicant reports the capital costs of the proposal as \$0 due to the plan to use an existing CT configured room and an old CT scanner that was to have been replaced and relocated. The proposed project is expected to have a positive net income in years one and two (**Table 5**). The application shows a need to hire one additional radiologic technologist to staff the additional CT scanner. The applicant's web site shows a current recruitment for three CT radiologic technologists system wide, none of which are posted for Montgomery Regional.

Table 5. Proforma, CT at Imaging Center Montgomery

	Year 1	Year 2
Gross Revenue	\$18,013,122	\$19,674,795
Charity Care	\$90,066	\$98,374
Other Deductions	\$ 15,940,616	\$17,472,387
Net Revenue	\$1,982,440	\$2,104,034
Operating Expenses	\$795,899	\$841,761
Operating Income	\$1,186,541	\$1,262,761

Source: COPN Request No. VA-8821

- 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. To the extent that offloading CT imaging cases from Montgomery Regional is a cooperative regional effort this project is presented as such, but as discussed, based on historic utilization, this is likely to have a minimal impact. The project is for the delivery of outpatient imaging,

- 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.

Neither Imaging Center Montgomery nor Montgomery Regional is associated with a teaching hospital or medical school.

DCOPN Staff Findings and Conclusions

Montgomery Regional proposes to re-establish CT imaging services at Imaging Center Montgomery on the campus of Montgomery Regional. The applicant expects 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, the applicant expects it will enhance access for patients served by Montgomery Regional in terms of availability and reduced wait times.

The applicant expects the proposed project will decant high utilization from the existing hospital-based CT imaging service. There are several identified reasonable alternatives to the proposed project, and as such this request may be premature. The outcome of the last project to offload CT imaging volume from Montgomery Regional (the project that took the CT out of Imaging Center Montgomery and moved it to the Christiansburg ER in 2024) has not had time to be realized.

The proposed project intends to use a CT scanner that was offered as the unit to relocate to the freestanding emergency department in Christiansburg. In effecting the relocation, the CT scanner was to have been replaced. Maintaining the CT scanner, previously reported as near the end of its useful life, is not in strict compliance with the previous stated intentions to relocate the unit. As a result, the true capital costs for the proposal are unknown and have not been publicly evaluated.

The proposed project has support from the hospital's medical community and there is no known opposition. The request is not consistent with applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia about a fixed CT site. The proposal is unlikely to impact other existing providers significantly. The project is wholly feasible financially and with regard to human resources.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **denial** of Montgomery Regional Hospital, Inc. d/b/a LewisGale Hospital Montgomery's COPN Request No. VA-8821 to add a CT scanner at the LewisGale Imaging Center Montgomery, Blacksburg, Virginia, for the following reasons:

1. The proposal to add CT scanner at LewisGale Imaging Center Montgomery is inconsistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. There are several identified reasonable alternatives to the proposed project.
3. The project appears to be a premature request.
4. The applicant didn't replace/relocate the Imaging Center Montgomery CT equipment as described in its previous application. The presented project costs do not appropriately represent the expected true cost of the project.
5. The use of a machine that was to have been removed, and was described as being at the end of its useful life, is inappropriate at best, unsafe at the worst and creates a situation requiring the imminent replacement of the equipment.