



COMMONWEALTH of VIRGINIA

Karen Shelton, MD
State Health Commissioner

Department of Health
P O BOX 2448
RICHMOND, VA 23218

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

April 15, 2024

Ms. Jennifer Ligon
Williams Mullen
200 S. 10th Street
Suite 1600
Richmond, Virginia 23219

RE: **COPN No. VA-04885**
Virginia Commonwealth University Health System Authority
Planning District 19
Establish a specialized center for mobile MRI imaging at VCU Health Imaging at
Southpark Medical Center

Dear Ms. Ligon:

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 Virginia Commonwealth University Health System Authority to establish a specialized center for mobile magnetic resonance imaging (MRI) services at VCU Health Imaging at Southpark Medical Center with one mobile MRI site.

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 proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The capital cost of the proposed project is reasonable.
3. The proposed project appears economically viable in the immediate and the long-term.
4. The project is more favorable than the alternative of the status quo.

Ms. Jennifer Ligon
Williams Mullen.
April 15, 2024
Page 2

This certificate is valid for the period April 15, 2024 through April 14, 2025. The total authorized capital cost of the project is \$667,000.

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: Allyson Tysinger, Senior Assistant Attorney General, Commonwealth of Virginia
Erik Bodin, Director, Division of Certificate of Public Need
Deborah K. Waite, Chief Operating Officer, Virginia Health Information
Alton Hart, Jr., MD, MPH, District Director, District Director, Crater Health District

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

THIS CERTIFIES THAT Virginia Commonwealth University Health System Authority is authorized to initiate the proposal as described below.

NAME OF FACILITY: VCU Health Imaging at Southpark Medical Center

LOCATION: 325 Charles H. Dimmock Parkway, Colonial Heights, Virginia 23834

OWNERSHIP AND CONTROL: Virginia Commonwealth University Health System Authority

SCOPE OF PROJECT: Establish a specialized center for mobile magnetic resonance imaging (MRI) services at VCU Health Imaging at Southpark Medical Center with one mobile MRI site. Capital costs authorized for this project total \$667,000. The project is expected to be completed by January 31, 2025. 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-04885

Date of Issuance: April 15, 2024

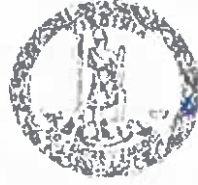
Expiration Date: April 14, 2025

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Karen Shelton, MD, State Health Commissioner

Virginia Commonwealth University Health System Authority will provide MRI services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 19 in an aggregate amount equal to at least 1.0% of Virginia Commonwealth University Health System Authority's gross patient revenue derived from MRI services in Planning District 19. 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. Virginia Commonwealth University Health System Authority will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided 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.

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



COMMONWEALTH of VIRGINIA

Department of Health

Office of Licensure and Certification

Karen Shelton, MD
State Health Commissioner

TTY 7-1-1 OR
1-800-628-1120

9960 Mayland Drive, Suite 401
Henrico, Virginia 23233-1485
Fax (804) 527-4502

March 20, 2024

Ms. Jennifer Ligon
Williams Mullen
200 S. 10th Street
Suite 1600
Richmond, Virginia 23219

RE: **COPN Request No. VA-8741**
Virginia Commonwealth University Health System Authority
Colonial Heights, Virginia
Establish a specialized center for mobile MRI imaging at the Southpark Medical Center

Dear Ms. Ligon:

For your consideration, I enclose the Division of Certificate of Public Need (DCOPN) report and recommendation on the above referenced project. DCOPN is recommending **conditional approval** of this application for the reasons listed in the attached staff report.

If Virginia Commonwealth University Health System Authority is willing to accept the recommendation for conditional approval of this project, please provide documentation of this acceptance *no later than* **March 25, 2024**. If not willing to accept, before the State Health Commissioner makes her decision on this project, the Department will convene an informal-fact-finding conference (IFFC) pursuant to *Title 2.2 of the Code of Virginia*. This IFFC has been scheduled for Wednesday, April 3, 2024 beginning at 10:00 a.m. in Board Room 4 of the Perimeter Center located at 9960 Mayland Drive in Henrico, Virginia. A copy of the procedures for conduct at IFFCs may be found at <http://www.vdh.virginia.gov/OLC/copn/>

Persons wishing to participate in an IFFC have four days from the date of this letter to submit written notification to the State Health Commissioner, DCOPN and the applicant stating a factual basis for good cause standing. If no person has submitted written notification stating grounds and providing a factual basis for good cause standing and Virginia Commonwealth University Health System Authority accepts the conditional approval, DCOPN will then notify you of the cancellation of the scheduled IFFC. DCOPN would then anticipate action by the State Health Commissioner within a few weeks of transmission.

DIRECTOR
(804) 367-2102

ACUTE CARE
(804) 367-2104

COPN
(804) 367-2126



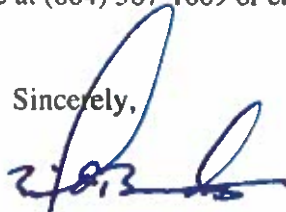
COMPLAINTS
1-800-955-1819

LONG TERM CARE
(804) 367-2100

Ms. Jennifer Ligon
COPN Request No. VA-8741
March 20, 2024
Page 2

Should you have questions or need further clarification of this report and/or its recommendations, please feel free to call me at (804) 367-1889 or email me at Erik.Bodin@VDH.Virginia.Gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Erik Bodin', written over a horizontal line.

Erik Bodin, Director
Division of Certificate of Public Need

Enclosures

cc: Vanessa MacLeod, J.D., Office of Adjudication, Virginia Department of Health

VIRGINIA DEPARTMENT OF HEALTH
Office of Licensure and Certification
Division of Certificate of Public Need

Staff Analysis

March 20, 2024

COPN Request No. VA-8541

Virginia Commonwealth University Health Systems Authority
Richmond, Virginia

Establish a specialized center for mobile MRI imaging at VCU Health Imaging at Southpark Medical Center

Applicant

The Virginia Commonwealth University Health Systems Authority (VCUHS) is a public body corporate and political subdivision of the Commonwealth of Virginia, governed by the Virginia Commonwealth University Health System Authority Act of 1996-Title 23, Chapter 6.2, 23-50.16:1 of the Code of Virginia. VCU Health Imaging at Southpark Medical Center is located in Colonial Heights, Virginia, Planning District (PD) 19, Health Planning Region (HPR) IV.

Background

Division of Certificate of Public Need (DCOPN) records show that there are currently four COPN authorized fixed-site magnetic resonance imaging (MRI) units and two mobile MRI sites in PD 19 (Table 1).

Table 1. PD 19 COPN Authorized MRI Units and Sites

Facility	Fixed Scanners	Mobile Sites
Appomattox Imaging (HCA)	1	0
Bon Secours Southern Virginia Medical Center	0	1
Bon Secours Southside Medical Center	1	0
Bon Secours Colonial Heights Imaging Center	1 ¹	0
TriCities Hospital (HCA)	1	1
Total	4	2

Source: DCOPN records

Proposed Project

VCUHS proposes to establish mobile MRI services at VCU Health Imaging at Southpark Medical Center. VCUHS is already approved to establish Computed Tomography (CT) services with one CT scanner at this location pursuant to COPN No. VA-04729. VCU Health Imaging will be

¹ Approved for relocation to PD 15 pursuant to COPN Request No. VA-04655.

located at 325 Charles H. Dimmock Parkway, Colonial Heights, Virginia and will be co-located with VCU Health Orthopaedics at Southpark Medical Center, a multidisciplinary medical center that includes orthopaedic services, podiatry, physical and occupational therapy, radiology (x-ray) and pain medicine. The Southpark Medical Center also houses an independent internal medicine practice and an independent pediatric practice. VCU Health Imaging will also be proximal to other VCUHS providers of outpatient care in PD 19 including VCU Health Orthopaedics at Jennick Drive; VCU Health at Waterside Commons; VCU Health at Colonial Square; and VCU Health Orthopaedics at River's Bend in PD 15.

The projected capital costs of the proposed project are \$667,000, approximately 68% of which are attributed to direct construction costs for renovation of the existing space (**Table 2**). The project requires limited construction of a concrete pad and renovations to shelled space to accommodate a registration area, a changing area and restrooms. VCUHS plans to engage DMS Health Technologies as the mobile vendor for the proposed project. Capital costs will be funded through the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. If the State Health Commissioner (Commissioner) approves the proposed project, construction is expected to begin 135 days after COPN approval and is projected to be complete 270 days after COPN approval. The target date of opening 270 days after COPN approval.

Table 2: VCUHS Projected Capital Costs

Direct Construction Costs	\$456,500
Equipment Not Included in Construction Contract	\$5,000
Site Preparation Costs	\$80,500
Architectural and Engineering Fees	\$80,000
Other Consultant Fees	\$45,000
Total Capital Costs	\$667,000

Source: COPN Request No. VA-8741

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part, as “[t]he addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of... magnetic resonance imaging (MRI)...” A medical care facility includes “Any specialized center or clinic or that portion of a physician's office developed for the provision of computed tomographic (CT) scanning...”

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

In determining whether a public need for a project exists, the following factors shall be considered:

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

Geographically, VCU Health Imaging will be located at Southpark Medical Center at 325 Charles H. Dimmock Parkway, Colonial Heights, Virginia, which is one mile from Interstate 95. Additionally, Southpark Medical Center is located on the Petersburg Area Transit bus line, at the stop serving the Southpark Mall. Currently, VCUHS patients residing in PD 19 must travel to the MCV campus in downtown Richmond (approximately 23 miles) or to VCUHS’ Stony Point location (approximately 28 miles) for imaging services, or they obtain imaging services outside the VCUHS system.

The most recent Weldon-Cooper data projects a total PD 19 population of 173,995 persons by 2030 (Table 3). This represents an approximate 0.3% increase in total population from 2010 to 2030. Comparatively, Weldon-Cooper projects the total population of Virginia to increase by approximately 16.6% for the same period. With regard to the 65 and older age cohort in PD 19, Weldon-Cooper projects a much more rapid increase. Weldon-Cooper projects a PD 19 increase of approximately 50.6% among this age cohort from 2010-2030 (Table 4). While this is below the statewide growth of 76.41% for the 65+ cohort, PD 19’s 65+ age group population growth is still significant.

Table 3. Statewide and PD 19 Total Population Projections, 2010-2030

Locality	2010	2020	% Change 2010-2020	Avg Ann % Change 2010-2020	2030	% Change 2020-2030	Avg Ann % Change 2020-2030	2010-2030 % Change
Dinwiddie County	28,001	28,669	2.39%	0.23%	30,473	6.29%	0.61%	8.83%
Greensville County	12,243	11,340	-7.38%	-0.75%	11,144	-1.72%	-0.17%	-8.98%
Prince George County	35,725	37,613	5.28%	0.50%	39,408	4.77%	0.47%	10.31%
Surry County	7,058	6,501	-7.89%	-0.80%	6,282	-3.37%	-0.34%	-10.99%
Sussex County	12,087	11,370	-5.93%	-0.59%	10,657	-6.27%	-0.65%	-11.83%
Colonial Heights City	17,411	17,631	1.26%	0.12%	17,766	0.77%	0.08%	2.04%
Emporia City	5,927	5,462	-7.85%	-0.79%	5,317	-2.65%	-0.27%	-10.29%
Hopewell City	22,591	22,852	1.16%	0.11%	22,781	-0.31%	-0.03%	0.84%
Petersburg City	32,420	31,671	-2.31%	-0.23%	30,166	-4.75%	-0.49%	-6.95%
Total PD 19	173,463	173,109	-0.20%	-0.02%	173,995	0.51%	0.05%	0.31%
PD 19 65+	24,581	30,488	24.03%	2.12%	37,022	21.43%	1.96%	50.61%
Virginia	8,001,024	8,655,021	8.17%	0.77%	9,331,666	7.82%	0.76%	16.63%
Virginia 65+	976,937	1,352,448	38.44%	3.22%	1,723,382	27.43%	2.45%	76.41%

Source: U.S. Census, Weldon Cooper Center Projections (August 2019) and DCOPN (interpolations)

Regarding socioeconomic barriers to access to the applicant’s services, according to regional and statewide data regularly collected by VHI, for 2021, the most recent year for which such data is available, the average amount of charity care provided by HPR IV facilities was 1.0% of all reported total gross patient revenues (Table 4). Pursuant to § 32.1-102.4B of the Code of Virginia, DCOPN must now place a charity care condition on every applicant seeking a COPN.

Accordingly, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition of no less than the 1.0% HPR IV average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 4. HPR IV Charity Care Contributions: 2021

2021 Charity Care Contributions at or below 200% of Federal Poverty Level			
HPR IV	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue
Encompass Health Rehab Hospital of Petersburg	\$26,851,240	\$1,046,165	3.9%
Southern Virginia Regional Medical Center	\$193,424,382	\$6,462,541	3.3%
Sentara Halifax Regional Hospital	\$305,216,000	\$5,567,790	1.8%
Bon Secours St. Francis Medical Center	\$1,075,574,864	\$15,314,171	1.4%
Southside Regional Medical Center	\$2,000,593,397	\$27,695,403	1.4%
Bon Secours Richmond Community Hospital	\$991,036,257	\$11,039,087	1.1%
CJW Medical Center	\$8,975,939,621	\$87,710,457	1.0%
Henrico Doctors' Hospital	\$5,763,604,659	\$52,734,748	0.9%
VCU Health System	\$6,809,570,615	\$61,295,221	0.9%
Bon Secours St. Mary's Hospital	\$2,358,088,813	\$20,998,912	0.9%
TriCities Hospital	\$1,324,643,208	\$9,600,576	0.7%
Sheltering Arms Institute	\$137,252,572	\$970,918	0.7%
Bon Secours Memorial Regional Medical Center	\$1,614,325,924	\$9,753,218	0.6%
Community Memorial Hospital	\$343,583,756	\$1,572,169	0.5%
Encompass Health Rehab Hospital of Virginia	\$25,150,781	\$107,359	0.4%
Southside Community Hospital	\$383,098,711	\$1,431,006	0.4%
Cumberland Hospital for Children and Adolescents	\$39,513,361	\$0	0.0%
Select Specialty Hospital - Richmond	\$141,742,321	\$0	0.0%
Total Inpatient Hospitals:			18
HPR IV Inpatient Hospital Median			1.1%
HPR IV Total Inpatient \$ & Mean %	\$32,509,210,482	\$313,299,741	1.0%

Source: VHI (2021)

DCOPN notes that according to the most recent U.S. Census data, the City of Colonial Heights, the location of the proposed project, has a poverty rate of 10.4% - nearly the same as the statewide average of 10.6% (Table 5). Additionally, the applicant has indicated that its service area includes Dinwiddie County, with a poverty rate of 11.0%, Prince George County, with a poverty rate of 11.4%, Sussex County, with a poverty rate of 23.5%, Hopewell City, with a poverty rate of 17.9% and Petersburg City with a poverty rate of 22.8%.

Table 5. Statewide and PD 19 Poverty Rates:2022²

Locality	Percent in Poverty
United States	12.6%
Virginia	10.6%
Dinwiddie County	11.0%
Greensville County	21.1%
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%

Source: U.S. Census Data (census.gov)

DCOPN is not aware of any other distinct and unique geographic, socioeconomic, cultural, transportation, or other barriers to care that this project would address.

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

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

DCOPN received 27 letters of support for the proposed project from members of the VCUHS medical community, which addressed:

- In comparison with CT, MRI provides better soft tissue contrast and can provide more accurate imaging to help diagnose conditions associated with bones, organs, or joints. In addition to orthopedic applications, MR offers a highly accurate, noninvasive means of evaluating patients with suspected neurological, gastrointestinal, and vascular abnormalities without the risk of radiation.
- MRI is a critical imaging modality for many VCU Health patients, and certainly for orthopaedic patients. Currently, despite VCU Health offering robust clinic services in PD 19, including orthopaedic services in three locations, VCU Health patients in need of an MRI must travel to VCU Health's facilities in PD 15 or leave the health system to stay closer to home.
- In 2022, VCU Health locations in PD 15 performed more than 2,400 MRI procedures on adult outpatients who reside in PD 19.

² Small Area Income and Poverty Estimates. United States Census Bureau. Census.Gov Accessed February 21, 2024 https://www.census.gov/datatools/demo/saiper/#/?s_state=51&s_county=51570,51053,51595,51081,51670,51730,51149,51181,51183&s_district=&s_geography=county

- Each year, thousands of VCU Health patients choose to travel to PD 15 to get their MRI scans to preserve continuity of care from their trusted providers. Such travel is time and cost-intensive and far from ideal from a clinical standpoint.
- There has been an increasing delay in obtaining MRI imaging studies in the local area as the MRIs already in use are fully scheduled weeks in advance. The resulting delay of patient care is negatively impacting doctors' ability to provide timely care and pain relief for their patients.

Public Hearing

Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8741 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

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

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner. As will be discussed in greater detail later in this staff analysis report, all of the MRI services in PD 19 are owned by two hospital systems – Bon Secours and HCA. Therefore, approval of the proposed project would introduce beneficial institutional competition that would increase patient choice for MRI providers in PD 19. Regarding the effect that the proposed location would have on other facilities in the area, DCOPN's analysis of the available data, both in the application and from VHI, shows no evidence that the proposed location would significantly reduce the utilization of existing providers in the area. The applicant provided data showing that in 2022, VCUHS performed 2,460 MRI procedures on its MRI units in PD 15 on adult outpatients who originated in PD 19. Additionally, it performed 2,172 MRI procedures on its MRI units in PD 15 on adult outpatients who originated in PD 19 in 2021. Moreover, the applicant provided data demonstrating that since 2018, its outpatient MRI procedures performed on patients residing in PD 19 has increased by 56% from 1,581 procedures in 2018 to 2,460 procedures in 2022. Therefore, the applicant is able to support the proposed project with its existing PD 19 patient base. Finally, there is no opposition to the proposed project from existing providers. For these reasons, DCOPN concludes that no alternatives exist that would meet the needs of the people in the area to be served in a less costly, more efficient, or more effective manner.

(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 regional health planning agency for PD 19. Accordingly, this consideration is not applicable to this review.

(iv) any costs and benefits of the proposed project;

As shown in **Table 2**, the estimated capital costs of the proposed project are \$667,000. Capital costs will be funded through the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN is unable to compare the proposed project to a similar project because there has not been a recently approved project for a mobile MRI imaging site. However, as will be discussed in greater detail later in this staff analysis report, in March 2020, VCUHS submitted COPN Request No. VA-8506 seeking to establish a specialized center for CT and MRI services with one fixed CT scanner and one fixed MRI unit, at Charles H. Dimmock Parkway (the proposed project site). The Commissioner approved the CT portion of the project³ and VCUHS elected to limit the scope of the proposed project to CT services only. When comparing the costs to establish fixed-site MRI services to a mobile MRI site at the same location, the proposed project's costs are modest and reasonable. More specifically, for COPN Request No. VA-8506, the cost to purchase the MRI unit alone was \$1,695,000, as compared to overall capital costs of the proposed project of \$667,000.

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

- The mobile MRI service will be ideally located to meet the needs of VCUHS' patients who reside in PD 19 but travel to PD 15 for their imaging care.
- Southpark Medical Center is located in a growing and vibrant area of Colonial Heights – just one mile off of Interstate 95 – surrounded by retail and office development and a population base of approximately 100,000 residents within a five-mile radius.
- The medical center is located centrally within an area with a significant Medicare/Medicaid payor mix: approximately 73% of all inpatient discharges in PD 19 are insured by Medicare or Medicaid.
- The location offers excellent accessibility and convenience, allowing VCUHS' patients to obtain MRI scans in close proximity to where they live and work without needing to travel to PD 15 to receive those scans.
- The proposed mobile MRI service will require limited construction of a concrete pad, readily accessible on the property, and renovations to shelled space to accommodate a registration area, a changing area, and restrooms.

³ COPN N. VA-04729, issued December 21, 2020.

- The building includes abundant parking with front-door patient drop-off, multiple access points from the parking area, and grade-level access – accessibility features particularly important for mobility-impaired and chronically ill patients in need of diagnostic imaging studies.

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

The applicant asserts that the proposed MRI service will be financial accessible to all patients in need of the service. The Pro Forma Income Statement (**Table 6**) provided by the applicant includes the provision of 1% charity care (reflected in the “Charity” line item) based on gross patient services revenue derived from MRI services in Years 1 and 2 of operation. According to regional and statewide data regularly collected by VHI, for 2021, the most recent year for which such data is available, the average amount of charity care provided by HPR IV facilities was 1% of all reported total gross patient revenues (**Table 4**). DCOPN notes that for that same year, VCUHS provided 0.9% of its gross patient services revenue in charity care. As previously discussed, pursuant to Section 32.1 – 102.4 of the Code of Virginia, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition of no less than the 1% HPR IV average.

Table 6. VCUHS Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$8,669,480.96	\$9,961,049.78
Charity	(\$86,694.81)	(\$99,610.50)
Bad Debt	(\$173,389.62)	(\$199,221.00)
Admin/Other W/Os	(\$303,431.83)	(\$348,636.74)
Contractual Adjustment	(\$6,281,708.70)	(\$7,248,074.82)
Net Revenue	\$1,824,256.00	\$2,065,506.73
Total Expenses	\$1,469,040.64	\$1,526,865.38
Net Income	\$355,215.36	\$538,641.35

Source: COPN Request No. VA-8741

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

A COPN is required for a mobile MRI site, not for the mobile MRI equipment. As the Adjudication Officer explained in his May 18, 2015 Recommendation to the State Health Commissioner regarding COPN Request No. VA-8111:

On February 2, 2012, the Commissioner issued a case decision that changed existing policy regarding the certification of mobile services. Before 2012, routine policy held that, when approving a mobile project, a COPN should be issued, not only to each *site* at which a particular unit would provide services, but to the mobile *vendor* itself. The Commissioner changed this policy partially on the grounds that it created a non-competitive environment, and, in presumed effect, cause a site, *e.g.*, a rural hospital, holding a COPN for a mobile service to be locked into a contractual arrangement with the mobile vendor. (No COPN

could be issued to an incoming mobile vendor because one already exists, hence, no public need could be demonstrated.)

In March 2020, VCUHS submitted COPN Request No. VA-8506 seeking to establish a specialized center for CT and MRI services with one fixed CT scanner and one fixed MRI unit, at Charles H. Dimmock Parkway, the location of the proposed project. DCOPN's November 20, 2020 staff analysis report for COPN Request No. VA-8506 recommended the Commissioner approve the CT portion of the project and deny the MRI portion. DCOPN's denial recommended was based on the following reasons:

1. The proposed project is generally inconsistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. There is excess capacity and a calculated surplus of MRI units in PD 19.
3. There are reasonable alternatives to the proposed project, including maintaining the status quo.
4. Opposition to the proposed project was indicated at the public hearing and written opposition was filed with DCOPN.

The Commissioner approved the CT portion of COPN Request No. VA-8506 on December 21, 2020, and VCUHS elected to limit the scope of the proposed project to CT services only and did not pursue an informal fact-finding conference to challenge the DCOPN's recommendation of denial for the MRI portion of the project.

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

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

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

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

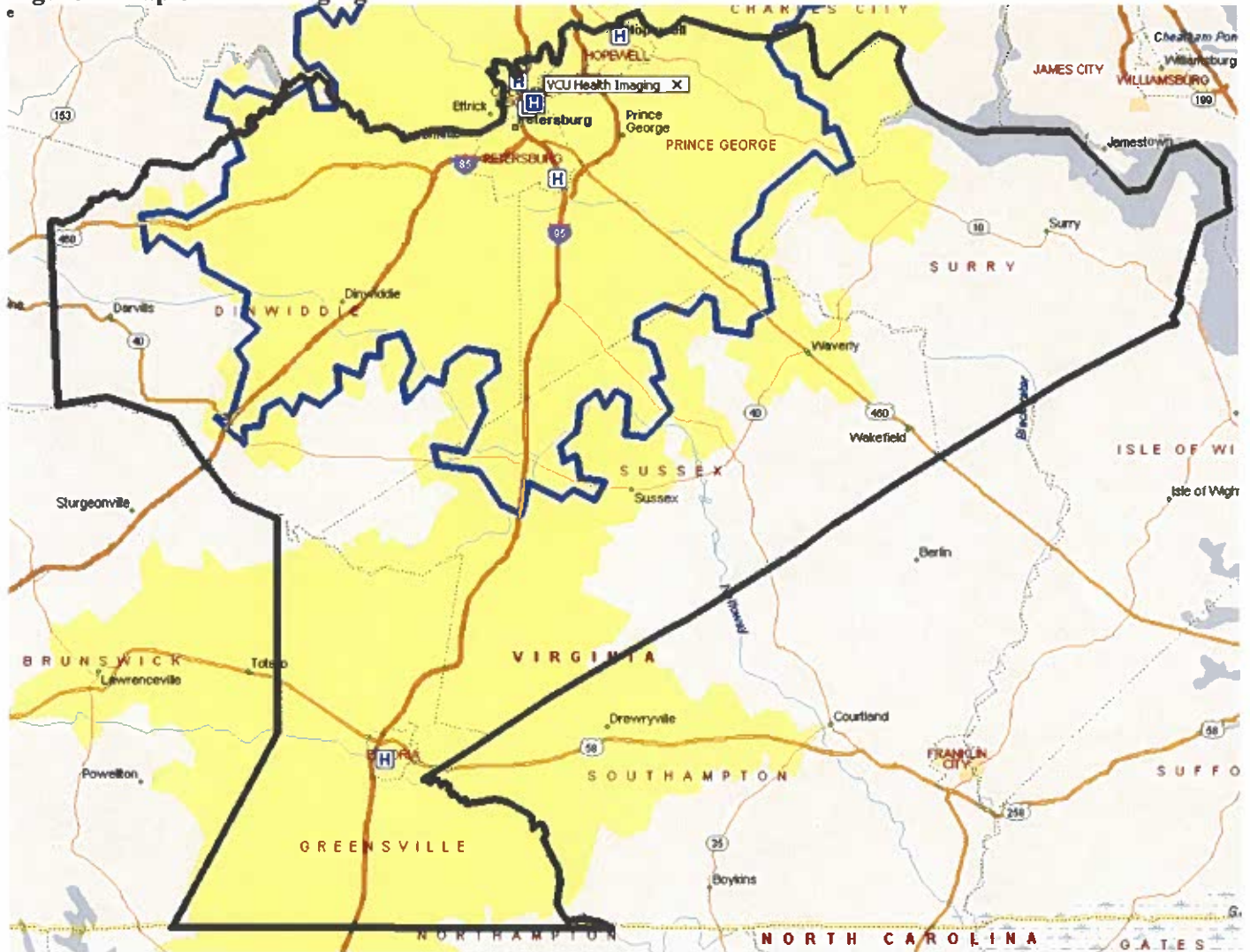
Part II Article 2
Diagnostic Imaging Services
Criteria and Standards for Magnetic Resonance Imaging

12VAC5-230-140. Travel Time.

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

The heavy black line in **Figure 1** identifies the boundary of PD 19. The white “H” symbols mark the locations of existing COPN approved MRI services located in PD 19. The blue “H” symbol marks the location of the proposed project. The yellow shaded area in **Figure 1** illustrates the area of PD 19 and the surrounding area that is within a 30-minute drive of existing MRI services. The blue outline illustrates the area of PD 19 and the surrounding area that would be within a 30-minute drive of the proposed new MRI service at VCU Health Imaging. Based on the yellow shaded area in **Figure 2**, DCOPN is unable to conclude that 95% of the population of PD 19 is within 30 minutes driving-time one-way under normal traffic conditions of MRI services. However, as shown by the blue outline, the geographic area within 30-minute drive of the proposed project is already covered by existing MRI services. Therefore, approval of the proposed projects will not increase geographic access to MRI services in PD 19 because the area within 30 minutes driving-time one-way under normal traffic conditions from the proposed project is already covered by existing MRI providers.

Figure 1. Map of MRI Imaging Services in PD 19



12VAC5-230-150. Need for New Fixed Site Service.

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

Not applicable. The applicant is not proposing to establish a fixed site service.

12VAC5-230-160. Expansion of Fixed Site Service.

Proposals to expand an existing medical care facility's MRI services through the addition of an MRI scanner may be approved when the existing service performed an average of 5,000 MRI procedures per scanner during the relevant reporting period. The commissioner may authorize placement of the new unit at the applicant's existing medical care facility, or at a separate location within the applicant's primary service area for MRI services, provided the proposed expansion is not likely to significantly reduce the utilization of existing providers in the health planning district.

Not applicable. The applicant is not proposing to expand an existing facility's MRI service.

12VAC5-230-170. Adding or Expanding Mobile MRI Services.

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

The proposed project is a new site for mobile MRI services, so there is no MRI volume history to review. The applicant provided data showing that in 2022, VCUHS performed 2,460 MRI procedures on its MRI units in PD 15 on adult outpatients who originated in PD 19. Additionally, it performed 2,172 MRI procedures on its MRI units in PD 15 on adult outpatients who originated in PD 19 in 2021. Moreover, the applicant provided data demonstrating that since 2018, its outpatient MRI procedures performed on patients residing in PD 19 has increased by 56% from 1,581 procedures in 2018 to 2,460 procedures in 2022. Therefore, the applicant is able to support the procedure threshold of this standard with its existing PD 19 patient base.

With regard to the effect the proposed project will have on the utilization of existing MRI providers in PD 19, as discussed above, VCUHS is able to support the mobile MRI site with its existing patient base of patients residing in PD 19 who travel to VCUHS' MRI sites in PD 15 for services. Additionally, the two existing mobile MRI sites in PD 19 are both located in inpatient hospitals. For these reasons the proposed project is unlikely to have a negative effect on existing mobile MRI providers in PD 19. The proposed project is consistent with this standard.

Table 7. PD 19 COPN Mobile MRI Units and Utilization: 2022

Facility	Mobile Sites	Mobile MRI Procedures	Mobile MRI Utilization
Bon Secours Southern Virginia Medical Center	1	403	16.79%
TriCities Hospital (HCA)	1	970	40.42%
Total	2	1,373	28.6%

Source: VHI (2022)

12VAC5-230-180. Staffing.

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

The applicant has provided assurances that the proposed project would be under the direction or supervision of one or more board-certified radiologists who are part of VCUHS' radiology department.

Required Considerations Continued

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

The applicant is part of the VCUHS, which does not provide MRI services in PD 19. Additionally, the proposed project would provide non-hospital based diagnostic imaging, thereby offering imaging services to patients of PD 19 at a lower price point than available in an inpatient hospital. DCOPN contends that approval of the proposed project will introduce institutional competition, as the current inventory of four fixed-site MRI units and two mobile MRI sites in PD 19 is operated by two health systems – Bon Secours and HCA. Additionally, the two existing mobile MRI sites in PD 19 are both located in inpatient hospitals. As an outpatient diagnostic imaging center, approval of the proposed project would provide residents of PD 19 with an option for receiving non-hospital based diagnostic imaging services.

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

As previously discussed, the current inventory of four fixed-site MRI units and two mobile MRI sites in PD 19 are operated by two health systems – Bon Secours and HCA. Furthermore, as previously discussed, the applicant has provided data showing it has an existing patient base who currently travel to PD 15 for MRI scans but reside in PD 19. Therefore, approval of the proposed project is unlikely to significantly affect the utilization and efficacy of existing providers in the area.

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

The Pro Forma Income Statement (Table 6) provided by the applicant projects income of \$355,215.36 by the end of the first full year of operations and income of \$538,641.35 by the end of the second full year of operations, indicating that the proposed project is financially feasible in the immediate and long-term. The projected capital costs of the proposed project are \$667,000, approximately 68% of which are attributed to direct construction costs for renovation of the existing space (Table 2). Capital costs will be funded through the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. As previously discussed, DCOPN concludes that these costs are reasonable and that the proposed project is financially feasible.

The applicant anticipates the need to hire three additional full-time equivalent personnel (FTE) for the proposed project. VCUHS will provide one FTE – an administrative professional, and the mobile vendor will provide two FTEs – either two radiologic technologists or one technologist and one assistant.

The applicant is an established provider of diagnostic imaging services and has a well-developed and effective recruitment and employee retention program. According to the applicant “[d]ue to the various initiatives and unique training programs developed by VCUHS as an academic medical center with strong affiliation with VCU, VCUHS does not anticipate challenges staffing this service.” DCOPN finds that the applicant will not have difficulty filling the required positions or that doing so will have a negative impact upon other area healthcare providers.

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

The proposed project would provide improvements in the delivery of health services by increasing the provision of services on an outpatient basis. As an outpatient diagnostic imaging center, approval of the proposed project would provide residents of PD 19 with an option for receiving non-hospital based diagnostic imaging services.

DCOPN did not identify any other factors, not previously discussed in this staff report, to bring to the Commissioner’s attention with respect to the determination of a public need for the proposed project.

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

The applicant provided the following information with regard to this consideration:

As Central Virginia’s only academic medical center, VCUHS serves a tripartite mission to preserve and restore health for all people of Virginia and beyond through innovation in service, research, and education. Together, VCUHS and VCU serve as a premier urban, public research university and academic health center dedicated to research that expands knowledge and sustainable partnerships that support the community.

VCUHS is committed to the advancement of health care professional training and education. As the regional academic medical center, VCUHS is a key partner for many medical undergraduate and graduate education programs in many specialties, including radiology,

orthopaedics, and neuroscience. In these specialties, VCUHS provides vital training to medical students, interns, residents, and fellows who are in training programs at VCU. The proposed service, in connection with the CT services already authorized for Southpark Medical Center, will further enable learners to diversify their hands-on experience in a way that comports with the evolving health care landscape.

DCOPN Staff Findings and Conclusions

DCOPN finds that Virginia Commonwealth University Health System Authority's proposed project to establish mobile MRI services with one mobile MRI site is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. Moreover, DCOPN finds that proposed project is more favorable than the status quo. Finally, DCOPN concludes that approval of the proposed project is not likely to have a significant negative impact on the staffing or utilization of existing PD 19 providers of mobile MRI services.

Overall, DCOPN finds that the total capital costs of the proposed project are reasonable and modest. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term. Finally, there is no known opposition to the proposed project.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Virginia Commonwealth University Health System Authority's request to establish mobile MRI services with one mobile MRI site for the following reasons:

1. The proposed project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The capital cost of the proposed project is reasonable.
3. The proposed project appears economically viable in the immediate and the long-term.
4. The project is more favorable than the alternative of the status quo.

DCOPN's recommendation is contingent on Virginia Commonwealth University Health System Authority's agreement to the following charity care condition:

Virginia Commonwealth University Health System Authority will provide MRI services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 19 in an aggregate amount equal to at least 1.0% of Virginia Commonwealth University Health System Authority's gross patient revenue derived from MRI 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. Virginia Commonwealth University Health System Authority will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided 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.

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

March 25, 2024

Via Electronic Mail (erik.bodin@vdh.virginia.gov)

Mr. Erik O. Bodin, III
Director, Division of Certificate of Public Need
Virginia Department of Health
9960 Mayland Drive, Suite 401
Richmond, Virginia 23233

**Re: COPN Request No. VA-8741
Virginia Commonwealth University Health System Authority
Establishment of a Specialized Center for MRI Imaging (Mobile)
Planning District 19**

Dear Mr. Bodin:

I write in follow-up to the staff report issued by the Division of Certificate of Public Need (“DCOPN”) on March 20, 2024, relating to the above-referenced Certificate of Public Need application by Virginia Commonwealth University Health System Authority (“VCUHS”). VCUHS appreciates DCOPN’s recommendation of conditional approval of its application.

VCUHS accepts DCOPN’s recommendation of conditional approval of COPN Request No. VA-8741, including the recommended charity care condition set forth in the DCOPN staff report as expressly revised below. Such revision, which is reflected in the underlined text for ease of review, reflects and is consistent with VCUHS’ discussions with DCOPN following issuance of the staff report.

Virginia Commonwealth University Health System Authority will provide MRI services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 19 in an aggregate amount equal to at least 1.0% of Virginia Commonwealth University Health System Authority’s gross patient revenue derived from MRI services in Planning District 19. 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. Virginia Commonwealth University Health System Authority will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided individuals pursuant to this

March 25, 2024

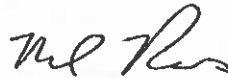
Page 2

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Thank you again for your review of this proposal. Please let me know of any questions.

Sincerely,



Michael Roussos
President, VCU Medical Center

cc: Ms. Valerie Cheatham, Project Analyst, Division of Certificate of Public Need
Andrew Schutte, AVP Deputy General Counsel, VCU Health System
Jennifer Ligon, Esquire