

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis Report

July 19, 2024

COPN Request No. VA-8755

Inova Reston MRI Center, LLC
Falls Church, Virginia
Add one fixed MRI scanner

COPN Request No. VA-8756

IFRC, LLC
Woodbridge, Virginia
Establish a medical care facility with one fixed MRI scanner

Applicants

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

Inova Reston MRI Center, LLC (IRMC is a Virginia limited liability company jointly owned by Inova Health Care Services, the majority member and Fairfax Radiological Consultants, PLLC, the minority member. The applicant has no subsidiaries. Inova Reston MRI Center, LLC does business as Tysons MRI and Imaging Center (Tysons Facility) in Falls Church, Virginia, which is located in Planning District (PD), within Health Planning Region (HPR) II.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

IFRC, LLC is a limited liability company formed in 2019 under the laws of the Commonwealth of Virginia. IFRC is jointly owned by Inova Health Care Services, the majority member, and Fairfax Radiological Consultants, PLLC, the minority member. The applicant has no subsidiaries. IFRC, LLC proposes to establish a medical care facility with one MRI unit in Woodbridge, Virginia, which is in PD 8, HPR II.

Background

Division of Certificate of Public Need (DCOPN) records show that there are currently 60 COPN authorized fixed-site magnetic resonance imaging (MRI) scanners in PD 8 (**Table 1**).

Table 1. PD 8 COPN Authorized Fixed MRI Units

Facility	# of Scanners
Fairfax MRI and Imaging Center at Tysons	1
Inova Alexandria Hospital ¹	2
Inova Fair Oaks Hospital	2
Inova Fairfax Medical Campus	4 ²
Inova Center for Personalized Health	6
Inova Imaging Center - Ballston	1
Inova Imaging Center - Mark Center	1
Inova Loudoun Diagnostic Imaging Center -- Leesburg	1
Inova Lorton Healthplex	1
Inova Loudoun Hospital	1
Inova Mount Vernon Hospital	1
Inova Reston-Herndon MRI Center	2 ³
Inova Reston MRI Center	1
Inova Springfield HealthPlex	1
Rayus Radiology - Arlington (formerly known as Insight Imaging - Arlington)	2
Rayus Radiology - Fairfax (formerly known as Insight Imaging - Fairfax / Medical Imaging Center of Fairfax)	1
Rayus Radiology - Woodbridge (formerly known as Insight Imaging - Woodbridge/ Medical Imaging Center of Woodbridge)	2
Kaiser Permanente - Reston Medical Center	1
Kaiser Permanente - Tysons Corner Imaging Center	2
Kaiser Permanente - Woodbridge Imaging Center	2
MRI of Reston	4
UVA Centerville dba Vienna Diagnostic Imaging	2
UVA Prince William Medical Center d/b/a UVA Health Haymarket Medical Center	1
UVA Prince William Medical Center d/b/a UVA Health Prince William Medical Center	2
Radiology Imaging Associates at Lansdowne	3 ⁴
Radiology Imaging Associates at Sterling	1
Reston Hospital Center	1
Sentara Advanced Imaging Center - Lake Ridge	1
Sentara Northern Virginia Medical Center	1
Stone Springs Hospital Center	1
Tysons Corner Diagnostic Imaging	2
Virginia Hospital Center	4
VHC Health Outpatient Imaging Center	1 ⁵
Washington Radiology Associates, PC	1
Total	60

Source: DCOPN records

¹ COPN No. VA-04793, issued July 7, 2022, authorized the relocation to the new Inova Landmark Hospital.

² COPN No. VA-04889, issued July 10, 2024, authorized Inova Health Care Services to add one MRI unit for a total of four MRI units. The project is expected to be completed by December 2, 2024.

³ COPN No. VA-04829 authorized Inova Reston MRI Center, LLC to add one MRI scanner at Inova Reston MRI Center-Herndon. The project is expected to be completed by December 2023.

⁴ COPN No. VA-04877 authorized IFRC, LLC to add one MRI unit for a total complement of three MRI units at Fairfax Radiology Center of Lansdowne. The project is expected to be completed by July 1, 2025.

⁵ COPN No. VA-04880 authorized Virginia Hospital Center Arlington Health System d/b/a VHC Health to establish a specialized center for CT and MRI imaging with one CT unit and one MRI unit. The project is expected to be completed by June 16, 2025.

Proposed Projects

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

IRMC has expressed an institutional need to expand MRI services through the addition of a second MRI unit at its Tysons Facility located at 7799 Leesburg Pike, Suite 104S, Falls Church, Virginia (displayed as Fairfax MRI and Imaging Center at Tysons in **Table 1**). According to the applicant, there were previously two MRI units at the Tysons Facility. Pursuant to COPN Request No. VA-04751, IRMC established a specialized center for MRI services at 6211 Centreville Road, Centreville, Virginia with one MRI unit relocated from the Tysons Facility. The applicant reports that in 2023, the relocated MRI unit performed 6,802 procedures and operated at 136% of the SMFP standard.

The total capital costs of the proposed project are \$2,420,196, of which approximately 36% represents direct construction costs (**Table 2**). The applicant states that the construction/buildout costs associated with the proposed project will be funded from operations. The MRI equipment will be leased from the vendor pursuant to a capital lease whereby, at the end of the lease term, IRMC will own the MRI unit.

Table 2. IRMC Capital Costs

Direct Construction Costs	\$881,198
Equipment Not Included in Construction Contract	\$1,493,198
Site Acquisition Cost	\$0
Architectural and Engineering Fees	\$45,800
Total	\$2,420,196

Source: COPN Request No. VA-8755

Construction for the proposed project is expected to begin by October 1, 2024, and to be completed by March 31, 2025. The applicant anticipates an opening date of April 15, 2025.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

The applicant proposes to establish a specialized center for MRI services with one MRI unit to be relocated and replaced from its IFRC of Sterling location at 4 Pidgeon Hill Drive, Sterling, Virginia to a new MRI imaging center, Inova Health Center – Woodbridge, which will be located 14349 Gideon Drive, Woodbridge, Virginia, approximately 45 miles away.

According to the applicant, the MRI unit at the Sterling location must be replaced because it is at the end of its useful life and cannot perform state of the art MRI examinations, including neurological, breast, musculoskeletal imaging, MR enterography or MR neurography. Furthermore, the lease of the Sterling site ends in February 2027. The applicant says “IFRC views the relocation and replacement of the MRI unit to the new Woodbridge imaging facility as the most efficient use of IFRC’s resources.” According to the applicant, the MRI service will be located at the Inova Health Center which will open in 2025 and will be a multi-specialty ambulatory care site.

The total capital costs of the proposed project are \$4,383,690, of which approximately 25% represents direct construction costs (**Table 3**). The applicant states that the

construction/renovation costs associated with the proposed project will be funded from operations. The MRI equipment will be leased from the vendor pursuant to a capital lease whereby, at the end of the lease term, IFRC will own the MRI unit.

Table 3. IFRC – Lansdowne Capital Costs

Direct Construction Costs	\$1,099,108
Equipment Not Included in Construction Contract	\$2,607,748
Site Acquisition Cost	\$652,834
Architectural and Engineering Fees	\$24,000
Total	\$4,383,690

Source: COPN Request No. VA-8756

Construction for the proposed project is expected to begin one month after COPN approval, and to be completed six months after COPN approval. The applicant anticipates an opening date seven months after COPN approval.

Project Definitions

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

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 ... magnetic resonance imaging (MRI)...”

COPN Request No. VA-8756: IFRC, LLC (IFRC)

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part as the “Establishment of a medical care facility described in subsection A.” A medical care facility includes “Any specialized center or clinic or that portion of a physician's office developed for the provision of ... magnetic resonance imaging (MRI)...”

The Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations at 12VAC5-220-220 requires that applications for the same or similar services which are proposed for the same planning district shall be considered as competing applications. COPN Request Nos. VA-8755 and 8756 are requests for only MRI services in PD 8, and, thus, are considered competing.

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 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;**

According to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2022, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 2% of all reported total gross patient revenues (Table 4).

Table 4. HPR II Charity Care Contributions: 2022

Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Encompass Health Rehab Hosp of Northern Virginia	\$44,278,869	\$1,731,629	3.9%
Sentara Northern Virginia Medical Center	\$944,136,646	\$32,219,014	3.4%
Inova Mount Vernon Hospital	\$641,472,447	\$17,706,001	2.7%
Inova Alexandria Hospital	\$1,197,261,807	\$29,265,924	2.4%
Virginia Hospital Center	\$1,986,450,290	\$47,061,276	2.3%
Inova Fairfax Hospital	\$5,214,506,184	\$116,268,953	2.2%
Inova Loudoun Hospital	\$1,228,076,373	\$24,600,105	2.0%
Inova Fair Oaks Hospital	\$872,902,867	\$16,347,102	1.8%
Dominion Hospital	\$171,735,320	\$1,891,758	1.1%
Reston Hospital Center	\$1,890,705,104	\$16,603,148	0.8%
StoneSprings Hospital Center	\$442,376,284	\$3,383,896	0.7%
North Spring Behavioral Healthcare	\$72,918,890	\$259,529	0.3%
UVA Health Prince William Medical Center	\$329,053,447	\$704,161	0.2%
UVA Health Haymarket Medical Center	\$183,865,488	\$174,114	0.1%
Total Inpatient Hospitals:			14
HPR II Inpatient Hospital Median			1.9%
HPR II Total Inpatient \$ & Mean %	\$15,219,740,016	\$308,216,610	2.0%

Source: VHI (2022)

PD 8 is a large and fast-growing area of Virginia, estimated to grow to 2.8 million people, adding nearly 280,000 people between 2020 and 2030. This projected growth rate of 10.9% for PD 8 in the current decade is nearly twice the growth rate projected for Virginia at 5.8% (Table 5). The population over age 65 is projected to grow faster than the overall population, about 32%, in PD 8 during the same decade, compared with 26.3% across Virginia (Table 5).

Table 5. Population by Locality, PD 8

Locality	2020 Population	2030 Projected Population	Projected Growth 2020-2030	Percent Growth 2020-2030	65+ 2020 Population	Projected 65+ 2030 Population	Projected Growth 65+	Percent Growth 65+
Arlington County	238,643	265,794	27,151	11.4%	25,333	28,501	3,168	12.5%
Fairfax County	1,150,309	1,201,420	51,111	4.4%	158,687	195,132	36,445	23.0%
Loudoun County	420,959	522,015	101,056	24.0%	41,497	65,844	24,347	58.7%
Prince William County	482,204	554,344	72,140	15.0%	50,522	76,112	25,590	50.7%
Alexandria City	159,467	176,403	16,936	10.6%	18,758	22,941	4,183	22.3%
Fairfax City	24,146	25,358	1,212	5.0%	3,871	4,726	855	22.1%
Falls Church City	14,658	16,741	2,083	14.2%	2,185	2,545	360	16.5%
Manassas City	42,772	47,039	4,267	10.0%	4,505	6,593	2,088	46.3%
Manassas Park City	17,219	19,876	2,657	15.4%	1,343	2,162	819	61.0%
PD 8	2,550,377	2,828,990	278,613	10.9%	306,701	404,555	97,854	31.9%
Virginia	8,631,393	9,129,002	497,609	5.8%	1,395,291	1,762,641	367,350	26.3%

Source: United States Census Bureau at <https://data.census.gov/> and Weldon Cooper Center for Public Service, August 2023.

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

Geographically, IRMC is located at 7799 Leesburg Pike, Falls Church, Virginia. IRMC is located on Route 7 directly off Exit 47 of Interstate 495. The applicant states that public transportation is available via a Metro bus stop located 0.1 mile east of the facility. Metro transport is available via the West Falls Church or Tysons metro stops.

Regarding socioeconomic barriers to access to the applicant’s services, according to regional and statewide data regularly collected by VHI, for 2022, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 2% of all reported total gross patient revenues (**Table 4**). DCOPN notes that the applicant is part of the Inova Health System, and should the Commissioner approve the proposed project, it would be subject to the 3.9% system-wide charity care condition currently in place.

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

COPN Request No. VA-8756: IFRC, LLC (IFRC)

Geographically, Inova Health Center – Woodbridge will be located 14349 Gideon Drive, Woodbridge, Virginia. The proposed location is near Interstate 95. The nearest cross street is Telegraph Road. An Omniride bus stop is a four-minute walk from the facility. Additionally, Virginia Railway also offers a stop in Woodbridge.

Regarding socioeconomic barriers to access to the applicant’s services, DCOPN notes that the applicant is part of the Inova Health System, and should the Commissioner approve the proposed project, it would be subject to the 3.9% system-wide charity care condition currently in place.

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;

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

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

- Expanding capacity will result in faster access and will better meet the needs of patients.
- IRMC's radiologists have the expertise and experience necessary to ensure high-quality scans and compassionate, personalized care.

DCOPN did not receive any letters in opposition to the proposed project.

Public Hearing

DCOPN provided notice to the public regarding these projects on May 10, 2024. The public comment period closed on June 24, 2024. On June 17, 2024, HSANV held a public hearing for the two projects. IRMC's project was presented by Elizabeth Breen, counsel for the applicant, Lance Boyd, CEO, Fairfax Radiology Centers and Patrick Oliverio, MD, IFRC and FRC. There was no public comment regarding the project.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

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

- Breast MRI is frequently used in addition to mammography to detect breast cancer, particularly in women who have dense breast tissue or who may be at higher lifetime risk for breast cancer.
- Patients at FRC will have the highest quality care with fellowship-trained breast imaging physicians specialized in interpreting the studies and with technologically advanced MRI equipment that specifically meets the need of the population.
- One of the most important things needed by women at elevated risk with suspected breast cancer is timely and high-quality care.
- The proposed diagnostic imaging services location will offer improved access to patients and a seamless experience to support co-located Inova primary and specialty care providers.
- The proposed project will greatly improve patient convenience and improve efficiency and coordination of care for patients while maintaining PD 8 MRI inventory neutrality by moving a unit that is underutilized and at end of life.

DCOPN received two letters of opposition regarding the proposed project – one letter, dated July 1, 2024, from Sentara Northern Virginia Medical Center (SNVMC Letter) and one letter, dated June 24, 2024 from Insight Health Corp. d/b/a Rayus Radiology – Woodbridge (Rayus Letter).

The SNVMC Letter addressed:

- Approval of COPN Request No. VA-8756 would create a maldistribution of MRI resources in PD 8. The current MRI scanning options for Woodbridge patients within Woodbridge are available by SNVMC, Insight’s Woodbridge location, and Kaiser’s location. While Kaiser only serves Kaiser patients, they operated at an average utilization of 55.5% of the SMFP threshold in 2022. SNVMC operated at 85.2% of the SMFP threshold, and Insight’s location operated at 104.4% of the SMFP threshold in 2022.
- Under 30 minutes from SNVMC (and the proposed location), Inova Imaging Center – Mark Center has an MRI that only operated at 68.3% in 2022. The Mark Center MRI has capacity to address Inova’s Woodbridge patients’ MRI needs.
- IFRC is proposing to relocate its MRI scanner from Sterling to Woodbridge. The scanner they intend to relocate performed at approximately 76% in 2022, and 72% in 2023.
- With IFRC’s anticipated utilization, they are proposing to take an “underutilized” asset, move it directly across the street from SNVMC for a total capital cost of \$4,383,690, continuing to have an “underutilized” asset. Nearly \$4.5 million seems a steep price for the same level of utilization of an asset when services exist across the street at SNVMC.
- Moreover, SNVMC’s existing MRI asset is not at a maximum capacity and still has room to accommodate additional patients.
- The approval of IFRC relocating an MRI from Sterling to the proposed Woodbridge location is simply an unnecessary duplication of services in the Woodbridge area.
- The location of both COPN Request Nos. VA-8756 and VA-8757 would foster harmful competition in the Woodbridge portion of PD 8. Approval of relocating one of Sterling, Virginia’s two MRI units approximately an hour away in a location with multiple assets operating under the SMFP threshold (indicating additional scanning capacity) would clearly create a substantial deficit of MRI capacity in Sterling while creating an over-saturation of MRI scanning capacity in Woodbridge.
- The distance from the Sterling location to the Woodbridge location is relatively large; it is not likely that patients currently seeking MRI scanning at the Sterling location will be driving approximately an hour for MRI scans in Woodbridge following a relocation.
- In addition to the FRC – Sterling MRI provider option for Sterling, Virginia residents, the Lakeside at Loudoun Tech Center (LLTC) MRI (operated by Washington Radiology Associates) is available; however, the MRI unit at LLTC operated at 94.1% of the SMFP

threshold in 2022. It is reasonable to expect that a relocation of the only other MRI unit in Sterling would increase the utilization of LLTC dramatically.

The Rayus Letter addressed:

- IFRC’s proposed COPN projects are unnecessary and would duplicate existing services offered and recently approved nearby, negatively impacting existing providers. The projects as proposed do not demonstrate an unmet public need, and indeed, recent approvals of MRI and CT services in Planning District 8 – including approval of new IFRC projects – should be given the opportunity to begin serving patients and meet any demand for services prior to approving new, costly services.
- There is a significant excess of MRI services in PD 8. There are currently 62 existing and authorized MRI scanners in PD 8. This number includes 4 MRI units that were just approved in early 2024, including one new unit added to a facility operated by IFRC and one unit at Inova Fairfax Hospital.
- Under the relevant criteria for need of new MRI services, PD 8 has a calculated excess of 10 units, indicating that there is no unmet demand for MRI services and that existing and approved facilities are capable to meet the needs of patients seeking services in PD 8.
- Four facilities offering MRI services are already located in the specific area where IFRC proposes to establish this new facility, with a fifth facility owned by Inova in nearby Lorton. These facilities sufficiently serve patients in the southeastern PD 8 area and are more than capable of meeting the current demand for MRI.
- Importantly, over the past three years, five new MRIs were approved, as well as two relocations of existing MRIs within PD 8. Of those seven approved MRI projects, five were proposed by Inova and/or IFRC and their affiliates. IFRC patients are well served by existing and recently approved MRI services.
- IFRC has not allowed dust to settle from recent COPN approvals to see how those approved units might meet any alleged remaining demand for services. In early 2024, IFRC received approval to add a new MRI unit to its facility in Lansdowne, while Inova received approval to add an MRI unit to Inova Fairfax Hospital. In addition, in this application cycle, Inova has also filed an application to add an MRI unit to its location at Inova Reston MRI Center. IFRC has also recently received approval for a CT unit in Springfield. With the current excess of MRI units in PD 8 so high and lack of proven demand for additional CT, it is inconsistent with proper state health planning protocols to approve additional MRI or CT units until recently approved units are initiated and utilized to determine if additional demand exists, and where.
- The approval of the IFRC projects will likely have a negative impact on the Rayus Radiology – Woodbridge site and nearby providers. IFRC’s application notes that it anticipates volumes will be supported by new patients who seek out services at this facility, confirming that

patients will be diverted from Rayus Radiology – Woodbridge, impacting its ability to efficiently and effectively utilize its imaging services.

- In addition, IFRC’s project will cause harm to the staffing of nearby facilities. As IFRC notes, its MRI service is expected to require 6.6 employees, with an additional three staff needed for the CT service. IFRC recognizes in its application that there is a significant nationwide tech staffing shortage. Thus, it is reasonable to assume that to staff this proposed project, IFRC will divert staff from other existing facilities, to include Rayus Radiology – Woodbridge.
- The IFRC projects are also unlikely to improve patient geographic access to services. The proposed location is right across Interstate 95 from Sentara’s busy medical center that sees significant patient volumes each day. The establishment of these proposed imaging services will increase traffic to an already congested area and will not promote convenient geographic access to services.
- Nor will the IFRC projects increase financial access for patients seeking imaging services in Woodbridge. Rayus Radiology Woodbridge believes IFRC’s self-pay MRI costs in Centreville, Tysons Corner, and Fairfax are double Rayus’ self-pay costs to patients.
- IFRC attempts to justify the MRI project because of the age of the existing MRI unit at IFRC of Sterling, which is the unit that IFRC proposes to relocate. DCOPN recently identified a need for the MRI unit in Sterling, and its relocation across the planning district to an area with access to MRI services will only leave a large subset of PD 8 without convenient access.
- IFRC also suggests that the relocation of the MRI is justified because IFRC does not have any MRI units in southeastern PD 8. The distribution of services throughout a planning district is not based on a specific provider of services, and there is little justification for the largest PD 8 service provider’s expansion of its footprint to areas previously unserved.
- IFRC’s claims that it has advanced imaging patients because of taking over part of AAR’s former x-ray, dexa, mammogram, and ultrasound business in Woodbridge are flawed for multiple reasons. First, AAR did not offer MRI or CT services and therefore has no historical advanced imaging procedures to substantiate any advanced imaging volume. Second, AAR is a radiology practice, and radiologists do not generally refer patients for advanced imaging. AAR’s association with IFRC would not change that basic fact or somehow generate the need for additional MRI and CT services.
- Indeed, IFRC’s project is predatory. According to HSANV’s Staff Report, IFRC only serves about 600 patients in the Woodbridge area, and any project success would depend on patients who would otherwise use nearby services. Further, HSANV Staff acknowledged that establishment of these new services would reduce demand at existing facilities (which have historically served the southeastern PD 8 population) over the next three to five years.
- Until such time as the recently approved Inova/IFRC MRI and CT units are put into place and utilization is assessed, any declaration of unmet need is tenuous and unproven. The status

quo is an appropriate and reasonable alternative to this proposed project considering the recent CT and MRI approvals and the existing facilities with capacity in the same area where IFRC plans to place new CT and MRIs.

On July 16, 2024, IFRC replied to the opposition letters (IFRC Response Letter). The IFRC Response Letter addressed:

- IFRC’s COPN Request No. VA-8756 is inventory neutral and will improve the geographic distribution of existing authorized MRI resources in PD 8. Rayus is simply wrong when it argues a calculated surplus of MRI capacity in PD 8 compels denial of IFRC’s relocation project.
- [W]hile Sentara argues the \$4,383,690 capital cost of COPN Request No. VA-8756 “does not appear to be in the public’s best interest,” the argument ignores the undeniable fact that the cost would be greater if IFRC were to replace the MRI unit onsite now, only to have to relocate it shortly thereafter.
- There is no merit to Sentara’s claim that relocation of IFRC’s Sterling MRI service to Woodbridge “would clearly create a substantial deficit of MRI capacity in Sterling while creating an oversaturation of MRI scanning capacity in Woodbridge.” IFRC’s Lansdowne imaging facility is approximately ten minutes from its Sterling facility and was recently approved for a third MRI unit.
- Although Sentara references Kaiser’s Woodbridge facility MRI utilization (55.5% of the SFMP standard in 2022) as a reason to deny IFRC’s COPN Request No. VA-8756 to relocate its existing Sterling MRI service, Kaiser facilities limit their patient populations to Kaiser patients; Kaiser patients must use Kaiser facilities and patients who do not have Kaiser health insurance and not eligible to receive services at Kaiser facilities. Thus, the Kaiser facilities have no relevance to IFRC’s proposed project because there is no possibility whatsoever of any overlap between the two providers’ patient populations.
- Rayus argues, without providing any evidence, that approval of IFRC’s COPN Request No. VA-8756 will divert patients from its Woodbridge MRI site, “impacting its ability to efficiently and effectively utilize its imaging service.” But in making this argument, Rayus conveniently fails to acknowledge that its two Woodbridge MRI units are operating well above the SMFP utilization standard of 5,000 procedures per MRI unit, and, furthermore, that Rayus projects their utilization will continue to grow. In 2022, Rayus’ two Woodbridge MRI units performed 10,436 MRI procedures, placing utilization at 104.4% of the SMFP standard. In its COPN Request No. VA-8739 to establish CT services at its Woodbridge imaging facility, Rayus projected its Woodbridge MRI volume will increase to 12,055 MRI procedures by 2025, placing utilization at 121% of the SMFP standard. Given such heavy existing and predicted utilization, Rayus’ claims of harm simply are not credible.
- Sentara also claims that is “existing MRI asset is not at maximum capacity and still has room to accommodate additional patients.” It is important to note, however, that Sentara Northern Virginia Medical Center’s MRI services is a hospital MRI services that serves hospital

inpatients and outpatients and bills at hospital rates.... IFRC's Woodbridge imaging facility would bill at lower rates and consist exclusively of elective patients seeking MRI (or CT) services in the freestanding imaging center setting.

Public Hearing

DCOPN provided notice to the public regarding these projects on May 10, 2024. The public comment period closed on June 24, 2024. On June 17, 2024, HSANV held a public hearing for the two projects. IFRC's project was presented by Elizabeth Breen, counsel for the applicant, Lance Boyd, CEO, Fairfax Radiology Centers and Patrick Oliverio, MD, IFRC and FRC. There was no public comment regarding the project.

(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;

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

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 previously discussed, IRMC has expressed an institutional need to expand its MRI services. As noted in **Table 8** below, for 2022, the most recent year for which VHI data is available, the two MRI units at IRMC (displayed as Fairfax MRI and Imaging Center at Tyson's) operated at a utilization rate of 102.17%. As previously discussed, pursuant to COPN Request No. VA-04751, IRMC established a specialized center for MRI services at 6211 Centreville Road, Centreville, Virginia with one MRI unit relocated from the Tysons Facility. The applicant reports that in 2023, the relocated MRI unit performed 6,802 procedures and operated at 136% of the SMFP standard. As such, there is now one MRI unit at the Tysons Facility. The applicant reports that in 2023, the one remaining MRI unit performed 6,601 procedures and operated at 132% of the SMFP standard. While it can be argued that the applicant created, or at the very least should have anticipated, the institutional need that would result from relocating one of the MRI units from the Tysons Facility, according to available data both the relocated unit and the remaining unit are very well utilized, and the applicant has shown an institutional need to expand.

Additionally, as shown in **Table 10** below, the majority of the Inova Health System's fixed site MRI units are well utilized, or the facility operates only one MRI unit. Therefore, DCOPN concludes that Inova Health System does not have any underutilized capacity that would be appropriate for reallocation.

In summary, for the reasons discussed, the status quo is not a preferable alternative to the proposed project because IFH's MRI units are overutilized.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

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. According to the applicant, the MRI unit at the Sterling site is at the end of its useful life and must be replaced and, as the lease of the Sterling site ends in February 2027,

IFRC views the relocation and replacement of the MRI unit to the new Woodbridge imaging facility as the most efficient use of IFRC's resources. As will be discussed in greater detail later in this staff analysis report, DCOPN has calculated a surplus of eight MRI units in PD 8.

However, the proposed project represents an inventory-neutral relocation of an existing COPN-authorized MRI unit. 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. 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;

HSANV considered the proposed projects at its June 17, 2024 meeting.

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

The Board voted 14 in favor, and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the June 17, 2024 public hearing, and on several findings and conclusions, including:

1. Tysons MRI and Imaging Center has high use and demand is increasing. Recent average annual service volumes are substantially above the service volume planning standard, 5,000 patient scans per scanner per year, specified in the Virginia State Medical Facilities Plan.
2. Though there is unused MRI scanning capacity in the planning region (PD 8), none is owned or controlled by Inova Health System or Fairfax Radiological Consultants, the owners and operators of IRMC facilities, that could be reallocated or otherwise used to meet demand at Tysons MRI.
3. Expanding MRI capacity at Tysons MRI and Imaging Center to meet current and near-term demand is not likely to affect service volumes at other diagnostic imaging services.
4. The capital cost of the project is reasonable for the scanner that would be acquired, consistent with that of similar projects authorized locally and elsewhere in Virginia.
5. Though there is no indication of a general, region wide need for additional MRI capacity, the proposal to add capacity at IRMC is consistent with the institutional need provision of the Virginia State Medical Facilities Plan as it has been applied historically.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

The Board voted 14 in favor, and none opposed to recommend that the application be approved. HSANV stated that their recommendation was based on its review of the application, on the

HSANV staff report on the proposal, on the testimony and other evidence presented at the June 17, 2024, and on several findings and conclusions, including:

1. IFRC's Sterling Virginia MRI service, Sterling Imaging Center, needs to be replaced and must be relocated. The scanner is at the end of its useful life. The lease on the office space housing the service will expire soon.
2. IFRC seeks COPN authorization to replace and relocate the Sterling service in Woodbridge, Virginia. As an equipment replacement proposal, the project is inventory neutral.
3. IFRC serves a significant number of Prince William County residents but does not have MRI or CT scanning capability in the county.
4. Establishing an MRI service in Woodbridge would improve access to MRI scanning for Prince William County IFRC patients and others who might choose to use the service.
5. The capital cost of the project is reasonable, within the range commonly seen locally and elsewhere.

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

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$2,420,196, approximately 36% of which represents direct construction costs. The applicant states that the construction/buildout costs associated with the proposed project will be funded from operations. The MRI equipment will be leased from the vendor pursuant to a capital lease whereby, at the end of the lease term, IRMC will own the MRI unit. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04788 issued to First Meridian Medical, LLC t/a MRI & CT Diagnostics to add one MRI unit is anticipated to cost approximately \$2,714,525.

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

- Physicians refer to IRMC because they recognize that their patients will have the highest quality interpretation of studies performed by board-certified, fellowship-trained radiologists who are subspecialized within areas of expertise.
- Adding a second MRI unit at the Tysons facility will improve access to IRMC's patient population by reducing the backlog and improving the patient experience through greater efficiency and reduced wait times.
- Furthermore, as the Tysons facility site has accommodated two MRI units before, the facility already has the space available to support an additional MRI unit, providing an easy and economical path to expanding capacity at the site.

- The additional MRI unit will improve access to the IRMC patient population by reducing substantial scheduling backlogs for MRI services at the site, and improve the patient experience, providing greater efficiency and reduced wait times.
- Because the proposed project involves IRMC's existing patient population and is intended to address IRMC's MRI capacity constraints, the addition of a second MRI unit at the Tysons imaging facility is not expected to negatively impact other existing MRI providers in PD 8.
- Physicians refer to IRMC because they recognize that their patients will have the highest quality interpretation of studies performed by board-certified, fellowship-trained radiologists who are subspecialized within areas of expertise. As a result, Tysons's MRI service has become increasingly busy with procedural volume far exceeding the SMFP utilization standard, resulting in the need for additional capacity at the site in order for patients to have their studies performed in a timely manner.
- In 2023, volume on the one remaining MRI unit at the Tysons facility grew to 6,601 MRI procedures, placing utilization at 132% of SMFP standard.
- With only one MRI unit at the Tysons facility, wait times for an MRI appointment have become increasingly longer with patients having to travel farther away from their facility of choice. This is a significant dissatisfier for both patients and referring physicians with radiologists and management at the Tysons facility consuming energy and time managing the backlog and communicating with referring physicians wanting to get patients in sooner.
- Adding a second MRI unit at the Tysons facility will improve access to IRMC's patient population by reducing the backlog and improving the patient experience through greater efficiency and reduced wait times.
- As the Tysons facility site has accommodated two MRI units before, the facility already has the space available to support an additional MRI unit, providing an easy and economical path to expanding capacity at the site.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

As demonstrated by **Table 3**, the projected capital costs of the proposed project are \$4,383,690, approximately 25% of which represent direct construction costs. The applicant states that the construction/renovation costs associated with the proposed project will be funded from operations. The MRI equipment will be leased from the vendor pursuant to a capital lease whereby, at the end of the lease term, IFRC will own the MRI unit. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04571 issued to Inova Health Care Services d/b/a Mount Vernon Hospital to introduce MRI services at Inova Lorton HealthPlex with one MRI scanner which cost \$4,001,017.

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

- The proposed project is inventory-neutral and proposes the relocation and replacement of an existing MRI unit within PD 8.

- The MRI unit at the Sterling site is at the end of its useful life and must be replaced and, as the lease of the Sterling site ends in February 2027, IFRC views the relocation and replacement of the MRI unit to the new Woodbridge imaging facility as the most efficient use of IFRC’s resources.
- The Sterling MRI unit is at the end of its useful life and, as such, is limited in its capability and cannot perform state-of-the art MRI examinations, particularly in the areas of neuro, breast, and musculoskeletal imaging, and cannot be used for MR enterography or MR neurography.
- Establishment of MRI services at the new Woodbridge facility will provide an advanced imaging complement to the existing IFRC services in Woodbridge and will greatly improve patient convenience, improve efficiency and coordination of care, particularly for IFRC patients who will benefit from additional breast MRI capability.
- The proposed project will also alleviate potential travel stress for existing IFRC MRI patients in an area where traffic congestion is significant and can be a barrier to efficient travel, allowing IFRC patients to receive care closer to home instead of having to travel outside of their own community for MRI services at another IFRC site.
- This project also will improve the geographic distribution of IFRC’s existing COPN-authorized MRI resources.

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

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 0.2% in Year 1 and 0.06% in Year 2 of IRMC’s gross revenues from MRI services (**Table 6**), which is much lower than the Inova Health Care Services system-wide condition of 3.9%. As previously discussed, should the Commissioner approve the proposed project, IRMC should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

Table 6. IRMC Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Revenue	\$21,822,000	\$23,418,000
Charity Care	(\$53,000)	(\$14,000)
Contractuals/Other Discounts	(\$14,773,000)	(\$15,840,000)
Net Operating Revenue	\$6,996,000	\$7,578,000
Total Operating Expenses	\$4,367,000	\$4,598,000
Net Income	\$2,629,000	\$2,981,000

Source: COPN Request No. VA-8755

COPN Request No. VA-8756: IFRC, LLC (IFRC)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 1.3% in Year 1 and 1.2% in Year 2 of IFRC’s gross revenue from MRI services (**Table 7**), which is lower than the Inova Health Care Services system-wide condition of 3.9%. As previously discussed, should the Commissioner approve the proposed project, IFRC should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

Table 7. IFRC Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Revenue	\$5,884,000	\$6,425,000
Charity Care	(\$75,000)	(\$75,000)
Contractuals/Other Discounts	(\$3,876,000)	(\$4,253,000)
Net Operating Revenue	\$1,933,000	\$2,096,000
Total Operating Expenses	\$1,893,000	\$2,008,000
Net Income	\$39,000	\$88,000

Source: COPN Request No. VA-8756

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

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC) and COPN Request No. VA-8756: IFRC, LLC (IFRC)

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:

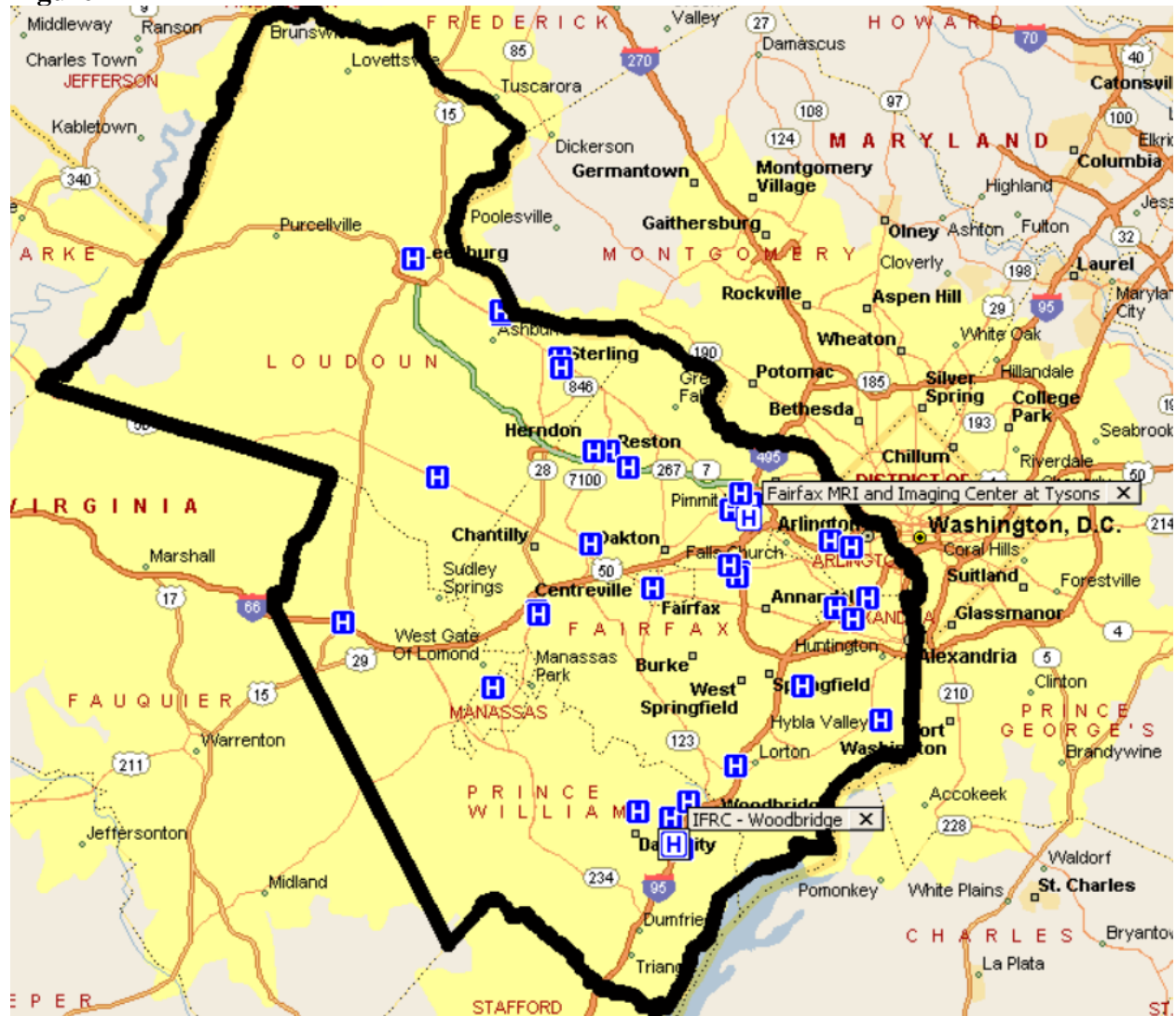
**Article 2
 Criteria and Standards for Magnetic Resonance Imaging**

12VAC5-230-140. Travel time.

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

The heavy black line in **Figure 1** is the boundary of PD 8. The blue “H” symbols mark the locations of existing MRI providers in PD 8. The white “H” symbols mark the locations of the proposed projects. The yellow shaded area includes the area that is within 30 minutes driving time one-way under normal conditions of existing MRI services in PD 8. **Figure 1** clearly illustrates that MRI services are already well within a 30-minute drive under normal conditions of 95% of the residents of PD 8.

Figure 1



12VAC5-230-150. Need for new fixed site service.

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

DCOPN notes that several MRI units have been added to the PD 8 inventory since the preparation of the VHI data as displayed in **Table 8**. **Table 1** displays the current inventory of MRI units in PD 8.

As shown in **Table 8** below, the then-existing PD 8 fixed MRI inventory performed a collective MRI volume of 255,368 MRI procedures in 2022, with an overall utilization of 92.86%. Based on this data, DCOPN has calculated a current surplus of 8 MRI units in PD 8 as follows:

Calculated Needed MRI Units in PD 8

Calculated Needed MRI Units = 255,368 (2022 MRI procedures) ÷ 5,000 = 51.07 (52) MRI units needed

PD 8 Calculated Need = 52 MRI Units based on 2022 utilization

2024 COPN authorized MRI Units = 60

PD 8 Surplus = 8 MRI Units

Table 8. PD 8 COPN Authorized Fixed MRI Units and Utilization: 2022

Facility	Fixed Unit	Procedures	Procedures /Unit	Utilization
Fairfax MRI and Imaging Center at Tysons	2	10,217	5,109	102.17%
Fairfax MRI Center at Reston	1	6,336	6,336	126.72%
Fairfax Radiology Center of Sterling	1	3,794	3,794	75.88%
Inova Alexandria Hospital	2	8,732	4,366	87.32%
Inova Arlington MRI Center	1	4,500	4,500	90.00%
Inova Fair Oaks Hospital	2	7,395	3,698	73.95%
Inova Emergency Room - Franconia Springfield HealthPlex	1	3,584	3,584	71.68%
Inova Emergency Room - Leesburg	1	2,308	2,308	46.16%
Inova Emergency Room - Lorton HealthPlex	1	3,415	3,415	68.30%
Inova Fairfax Hospital	3	17,223	5,741	114.82%
Inova Fairfax MRI Center	6	35,222	5,870	117.41%
Inova Imaging Center-Mark Center	1	3,416	3,416	68.32%
Inova Loudoun Hospital	1	5,490	5,490	109.80%
Inova Mount Vernon Hospital	1	5,233	5,233	104.66%
Rayus Radiology - Arlington (formerly known as Insight Imaging - Arlington)	2	9,938	4,969	99.38%
Rayus Radiology - Fairfax (formerly known as Insight Imaging - Fairfax / Medical Imaging Center of Fairfax)	1	4,640	4,640	92.80%
Rayus Radiology - Woodbridge (formerly known as Insight Imaging - Woodbridge/ Medical Imaging Center of Woodbridge)	2	10,436	5,218	104.36%
Kaiser Permanente - Reston Medical Center	1	5,153	5,153	103.06%
Kaiser Permanente - Woodbridge Imaging Center (AKA Caton Hill Center) ⁶	2	1,740	870	17.40%

⁶ VHI data for 2022 contains entries for Kaiser Permanente - Woodbridge Imaging Center (AKA Caton Hill Center) and Kaiser Permanente - Woodbridge Medical Center. In mid-2022, the Kaiser Woodbridge facility relocated to Caton Hill. Therefore, the Kaiser Permanente - Woodbridge Medical Center entry contains utilization for the first part of 2022 and the Kaiser Permanente - Woodbridge Imaging Center (AKA Caton Hill Center) entry contains utilization for the rest of 2022.

Facility	Fixed Unit	Procedures	Procedures /Unit	Utilization
Kaiser Permanente - Woodbridge Medical Center	1	3,812	3,812	76.24%
Kaiser Permanente Tyson's Corner ⁷	2	12,922	6,461	129.22%
MRI of Reston	4	18,408	4,602	92.04%
Radiology Imaging Associates at Lansdowne	2	11,421	5,711	114.21%
Reston Hospital Center	1	4,058	4,058	81.16%
Sentara Advanced Imaging Center - Lake Ridge	1	2,172	2,172	43.44%
Sentara Northern Virginia Medical Center	1	4,262	4,262	85.24%
Stone Springs Hospital Center	1	1,723	1,723	34.46%
Tysons Corner Diagnostic Imaging	2	14,369	7,185	143.69%
UVA Health Haymarket Medical Center	1	2,276	2,276	45.52%
UVA Health Prince William Medical Center	2	3,125	1,563	31.25%
UVA Outpatient Imaging Centreville	1	6,531	6,531	130.62%
Virginia Hospital Center	3	16,811	5,604	112.07%
Washington Radiology Associates, PC	1	4,706	4,706	94.12%
Total/Average	55	255,368	4,643	92.86%

Source: VHI Data (2022)

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

Not applicable. The applicants are not seeking to add new MRI services, but instead are seeking to expand existing MRI services based on an institutional need.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

As shown in **Table 8**, the then-existing PD 8 fixed MRI inventory performed a collective MRI volume of 246,061 MRI procedures in 2022, with an overall utilization of 92.86%. As shown above, DCOPN has calculated a current surplus of 8 MRI units in PD 8.

As previously discussed, the applicant proposes to establish a specialized center for MRI services with one MRI unit to be relocated and replaced from its IFRC of Sterling location at 4 Pidgeon Hill Drive, Sterling, Virginia to a new MRI imaging center, Inova Health Center – Woodbridge, which will be located 14349 Gideon Drive, Woodbridge, Virginia, approximately 45 miles away.

Regarding the effect that the proposed location would have on other facilities in the area, as shown in **Table 9** below, the majority of the existing scanners within 10 miles of the location were well utilized in 2022. DCOPN notes that in mid-2022, the Kaiser Woodbridge facility relocated to Caton Hill. Therefore, the Kaiser Permanente - Woodbridge Medical Center entry contains utilization for the first part of 2022 and the Kaiser Permanente - Woodbridge Imaging Center (AKA Caton Hill Center) entry contains utilization for the rest of 2022.

Additionally, the MRI unit at Kaiser Permanente - Woodbridge Medical Center is only available to Kaiser patients and the hospital-based unit at Sentara Northern Virginia Medical Center may not be appropriate for patients who do not need an MRI scan in a hospital setting or for whom insurance carriers will not pay hospital rates.

⁷ VHI data for 2022 reported that Kaiser Permanente - Tyson's Corner had two CT scanners and Kaiser Permanente Tysons Corner Surgery Center had two CT scanners. These entries are duplicative and have been corrected in **Table 8** to reflect the correct inventory of two CT scanners at Kaiser Permanente - Tyson's Corner.

According to the applicant, “IFRC does not anticipate the relocation and replacement of the Sterling MRI unit to negatively impact current IFRC patients. The same imager services modalities that are currently offered at the Sterling imaging facility...are also offered at two facilities close to Sterling – Lansdowne (owned by IFRC and Reston-Herndon (owned by IRMC)...Given the proximity of the Lansdowne and Reston-Herndon imaging facilities to the Sterling site, coupled with the recent expansion of MRI services at each of those locations, the Sterling patient population will continue to have ready access to MRI services.”

For the reasons discussed above, DCOFN’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.

Table 9. Existing Closest CT Services and Proximity to Proposed Site

Facility	Fixed Unit	2022 Procedures	Utilization	Distance to Proposed Project
Sentara Northern Virginia Medical Center	1	4,262	85.24%	0.9 miles/5 minutes
Kaiser Permanente - Woodbridge Imaging Center (AKA Caton Hill Center) ⁸	2	1,740	17.4%	2 miles/7 minutes
Kaiser Permanente - Woodbridge Medical Center	1	3,812	76.24%	N/A
Rayus Radiology - Woodbridge (formerly known as Insight Imaging - Woodbridge/ Medical Imaging Center of Woodbridge)	2	10,436	104.36%	4.1 miles/11 minutes
Sentara Advanced Imaging Center - Lake Ridge	1	2,172	43.44%	3.1 miles/9 minutes
Inova Lorton Healthplex	1	3,415	68.3%	8.2 miles/13 minutes

Source: VHI Data (2022) and Google Maps

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.

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

As previously discussed, IRMC has cited an institutional specific need to expand its current MRI services by adding one MRI unit for a total of two MRI units at its Tysons Facility (displayed as Fairfax MRI and Imaging Center at Tysons in **Table 8** above). As noted in **Table 8** above, for 2022, the most recent year for which VHI data is available, the two MRI units at the Tysons Facility operated at a utilization rate of 102.17%. As previously discussed, pursuant to COPN Request No. VA-04751, IRMC established a specialized center for MRI services at 6211 Centreville Road, Centreville, Virginia with one MRI unit relocated from the Tysons Facility.

⁸ VHI data for 2022 contains entries for Kaiser Permanente - Woodbridge Imaging Center (AKA Caton Hill Center) and Kaiser Permanente - Woodbridge Medical Center. In mid-2022, the Kaiser Woodbridge facility relocated to Caton Hill. Therefore, the Kaiser Permanente - Woodbridge Medical Center entry contains utilization for the first part of 2022 and the Kaiser Permanente - Woodbridge Imaging Center (AKA Caton Hill Center) entry contains utilization for the rest of 2022.

The applicant reports that in 2023, the relocated MRI unit performed 6,802 procedures and operated at 136% of the SMFP standard. As such, there is now one MRI unit at the Tysons Facility. The applicant reports that in 2023, the one remaining MRI unit performed 6,601 procedures and operated at 132% of the SMFP standard. The applicant satisfies this standard.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

Not applicable. The applicant is not proposing to expand an existing fixed site 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.**

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC) and COPN Request No. VA-8756: IFRC, LLC (IFRC)

Not applicable. The applicants are not proposing to add or expand mobile MRI services.

12VAC5-230-180. Staffing.

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

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC) and COPN Request No. VA-8756: IFRC, LLC (IFRC)

Both applicants have provided assurances that all MRI services will be under the direction and supervision of board-certified and trained radiologists.

**Part 1
Definitions and General Information**

12VAC5-230-30. When Competing Applications Received.

In reviewing competing applications, preference may be given to an applicant who:

- 1. Has an established performance record in completing projects on time and within the authorized operating expenses and capital costs;**
- 2. Has both lower capital costs and operating expenses than his competitors and can demonstrate that his estimates are credible;**
- 3. Can demonstrate a consistent compliance with state licensure and federal certification regulation and a consistent history of few documented complaints, where applicable; or**
- 4. Can demonstrate a commitment to serving his community or service area as evidenced by unreimbursed services to the indigent and providing needed but unprofitable services, taking into account the demand of the particular service area.**

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

Based on an analysis of previous COPN projects, Inova Reston MRI Center, LLC has a consistent history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the projected capital cost is \$2,420,196. As a freestanding imaging facility, the applicant is not bound by hospital state licensure and federal certification regulations. Should the Commissioner approve the proposed project, the applicant should be subject to the Inova System-Wide Condition 3.9% as of January 1, 2022.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

Based on an analysis of previous COPN projects, IFRC, LLC has a consistent history of completing projects on time and within the authorized capital costs. With respect to the proposed project, the projected capital cost is \$4,383,690. As a freestanding imaging facility, the applicant is not bound by hospital state licensure and federal certification regulations. Should the Commissioner approve the proposed project, the applicant should be subject to the Inova System-Wide Condition 3.9% as of January 1, 2022.

Conclusion

DCOPN does not believe that any applicant warrants preference with respect to its performance record on projects, meeting state licensure and federal certification regulations or displaying a commitment to charity care.

The SMFP also contains criteria/standards for when institutional expansion is needed. They are as follows:

12VAC5-230-80. When Institutional Expansion is Needed.

- 1. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical 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.**
- 2. 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.**
- 3. This section is not applicable to nursing facilities pursuant to §32.1-102.3:2 of the Code of Virginia.**
- 4. Applicants shall not use this section to justify a need to establish new services.**

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

As previously discussed, for 2022, the most recent year for which VHI data is available, the two MRI units at Fairfax MRI and Imaging Center at Tyson's operated at a utilization rate of 102.17%. As previously discussed, pursuant to COPN Request No. VA-04751, IRMC established a specialized center for MRI services at 6211 Centreville Road, Centreville, Virginia with one MRI unit relocated from the Tysons Facility. The applicant reports that in 2023, the

relocated MRI unit performed 6,802 procedures and operated at 136% of the SMFP standard. As such, there is now one MRI unit at the Tysons Facility. The applicant reports that in 2023, the one remaining MRI unit performed 6,601 procedures and operated at 132% of the SMFP standard. As previously discussed, while it can be argued that the applicant created, or at the very least should have anticipated, the institutional need that would result from relocating one of the MRI units from the Tysons Facility, according to available data both the relocated unit and the remaining unit are very well utilized, and the applicant has shown an institutional need to expand.

The applicant is part of the Inova Health System, which owns or is in partnership with 16 facilities operating 29 MRI units in PD 8. As shown in **Table 10** below, the majority of the Inova Health System’s MRI units are well utilized. DCOPN concludes that the Inova Health System does not have any underutilized capacity that would be appropriate for reallocation, as the majority of its MRI units are well utilized, or there is only one unit at the facility.

Table 10. Inova PD 8 COPN Authorized Fixed MRI Units and Utilization: 2022

Facility	Fixed Unit	Procedures	Utilization
Fairfax MRI and Imaging Center at Tysons	2	10,217	102.17%
Fairfax MRI Center at Reston	1	6,336	126.72%
Fairfax Radiology Center of Sterling	1	3,794	75.88%
Inova Alexandria Hospital	2	8,732	87.32%
Inova Arlington MRI Center	1	4,500	90.00%
Inova Emergency Room - Franconia Springfield HealthPlex	1	3,584	71.68%
Inova Emergency Room - Leesburg	1	2,308	46.16%
Inova Emergency Room - Lorton HealthPlex	1	3,415	68.30%
Inova Fair Oaks Hospital	2	7,395	73.95%
Inova Fairfax Hospital	3	17,223	114.82%
Inova Fairfax MRI Center	6	35,222	117.41%
Inova Imaging Center-Mark Center	1	3,416	68.32%
Inova Loudoun Hospital	1	5,490	109.80%
Inova Mount Vernon Hospital	1	5,233	104.66%
Radiology Imaging Associates at Lansdowne	2	11,421	114.21%
Total and Average	23	118,979	103.46%

Source: VHI Data (2022)

COPN Request No. VA-8756: IFRC, LLC (IFRC)

Not applicable. The applicant is not asserting an institutional need to expand.

Required Considerations Continued

- 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;**

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

The applicant has expressed an institutional need to expand. Additionally, DCOPN records indicate that of the current inventory of 60 MRI units in PD 8 (**Table 1**), 29, or 48%, are owned

by, or in partnership with, Inova Health Care Services. Therefore, the proposed project is not meant to, and will not foster institutional competition that will benefit the area to be served.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

The applicant has expressed an institutional need to expand. Additionally, DCOPN records indicate that of the current inventory of 60 MRI units in PD 8 (**Table 1**), 29, or 48%, are owned by, or in partnership with, Inova Health Care Services. Therefore, the proposed project is not meant to, and will not foster institutional competition that will benefit the area to be served.

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;

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

As already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need for an additional MRI unit. Furthermore, as already discussed, DCOPN further concludes that transferring the requested MRI unit from another Inova facility is not a reasonable alternative to the proposed project. Lastly, because the project hinges upon an institutional need, DCOPN contends that approval of the proposed project is not likely to have a significant negative impact on existing providers of MRI services in PD 8.

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The proposed project is a relocation of an existing MRI unit and would not add to the PD 8 inventory. Additionally, as discussed above, 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;

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As already discussed, DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04788 issued to First Meridian Medical, LLC t/a MRI & CT Diagnostics to add one MRI unit is anticipated to cost approximately \$2,714,525. The construction/buildout costs associated with the proposed project will be funded from operations.

The MRI equipment will be leased from the vendor pursuant to a capital lease whereby, at the end of the lease term, IRMC will own the MRI unit. The Pro Forma Income Statement provided by the applicant (**Table 6**) projects a net profit of \$2,629,000 from in the first year of operation, and a net profit of \$2,981,000 in the second year of operation.

Regarding staffing, the applicant anticipates the need to hire 6.2 full time equivalent personnel (FTE) to staff the proposed project. These FTEs include 5.2 radiologic technologists and one administration/business office FTE. With regard to recruitment, the applicant provided the following information:

Fairfax Radiology Centers (FRC, LLC) which manages/operates IRMCs imaging services, recruits for all positions internally and has two recruiters dedicated to clinical recruitment. Additionally, FRC, LLC

- Recently hired an experienced Recruitment Manager
- Has a formal in-house MRI Tech training program
- Partners with outside educational institutions
- Maintains a float pool of Technologists to cover vacancies and employee absences.

Additional components of the recruitment program include:

- Post open positions internally
- Place special advertisements strategically in Indeed and other national job search engines
- Employee referral bonus program

As shown, the applicant is an established provider of MRI services and has a well-developed and effective recruitment and employee retention program. Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on other area healthcare providers.

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As already discussed, DCOPN contends that the projected costs of \$4,383,690 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04571 issued to Inova Health Care Services d/b/a Mount Vernon Hospital to introduce MRI services at Inova Lorton HealthPlex with one MRI scanner which cost \$4,001,017. The construction/renovation costs associated with the proposed project will be funded from operations.

The MRI equipment will be leased from the vendor pursuant to a capital lease whereby, at the end of the lease term, IFRC will own the MRI unit. The Pro Forma Income Statement provided by the applicant (**Table 7**) projects a net profit of \$39,000 from in the first year of operation, and a net profit of \$88,000 in the second year of operation.

With regard to staffing, the applicant anticipates the need to hire 6.6 Full Time Equivalent (FTE) employees to staff the proposed project – 2.2 administration/business office FTE and 4.4 radiologic technologists. The applicant is an established provider of MRI services and has a well-developed and effective recruitment and employee retention program. Taken together with the limited number of employees needed for this project, DCOPN concludes that the applicant will not have difficulty filling the required position or that doing so will have a negative impact on 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**

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The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. Nor will the proposed project increase the potential for provision of services on an outpatient basis, as the applicant is already providing outpatient MRI services at this location.

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The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. However, the proposed project does increase the potential for provision of services on an outpatient basis for patients who do not need imaging services performed in a hospital setting. DCOPN did not identify any other factors that have not been discussed elsewhere in this staff analysis report to bring to the attention of the Commissioner.

- 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.**

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Not applicable. These facilities are not affiliated with a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

DCOPN Staff Findings and Conclusions

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

DCOPN finds Inova Reston MRI Center, LLC's request to expand MRI services through the addition of one MRI unit at its Tysons Facility is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The applicant has demonstrated an institutional need to expand, and the proposed project is more favorable than maintaining the status quo.

Additionally, the Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved. Moreover, DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. 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.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

DCOPN finds IFRC, LLC's COPN request to establish a specialized center for MRI services with one relocated MRI unit is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. The proposed project is an inventory-neutral relocation of an existing COPN approved CT scanner. Furthermore, the applicant has other facilities close to the existing location to provide for its patients in that area. For these reasons, DCOPN concludes that the proposed project is more favorable than maintaining the status quo.

Additionally, the Board of the Health Systems Agency of Northern Virginia voted unanimously to recommend that the application be approved. Moreover, DCOPN finds that the total capital costs of the proposed project are reasonable and consistent with previously approved projects similar in scope. Furthermore, DCOPN finds that the project appears to be economically feasible both in the immediate and long-term.

Staff Recommendations

COPN Request No. VA-8755: Inova Reston MRI Center, LLC (IRMC)

The Division of Certificate of Public Need recommends **conditional approval** of Inova Reston MRI Center, LLC's COPN request to expand MRI services with one MRI unit for the following reasons:

1. The project is 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 applicant has demonstrated an institutional need to expand its MRI services.
3. The project is more favorable than maintaining the status quo.
4. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
5. The capital costs are reasonable.
6. The proposed project appears economically viable in the immediate and the long-term.
7. There is no known opposition to the proposed project.

Recommended Condition

This project shall be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022. Provided, however, that charity care provided under the Inova System-Wide condition shall be 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.

Inova Health System 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. In addition to any right to petition the Commissioner contained in the Inova System-Wide condition, to the extent Inova Health System expects its Inova System-Wide condition as 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. or any revised percentage to materially alter the value of its charity care commitment thereunder, it may petition the Commissioner for a modification to the Inova System-Wide condition to resolve the expected discrepancy.

COPN Request No. VA-8756: IFRC, LLC (IFRC)

The Division of Certificate of Public Need recommends **conditional approval** of IFRC, LLC's COPN request to expand MRI services with one MRI unit for the following reasons:

1. The project is 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 project is more favorable than maintaining the status quo.
3. The Board of the Health Systems Agency of Northern Virginia voted to recommend that the application be approved.
4. The capital costs are reasonable.
5. The proposed project appears economically viable in the immediate and the long-term.

Recommended Condition

This project shall be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Health System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022. Provided, however, that charity care provided under the Inova System-Wide condition shall be 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.

Inova Health System 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. In addition to any right to petition the Commissioner contained in the Inova System-Wide condition, to the extent

Inova Health System expects its Inova System-Wide condition as 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. or any revised percentage to materially alter the value of its charity care commitment thereunder, it may petition the Commissioner for a modification to the Inova System-Wide condition to resolve the expected discrepancy.