

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-8757

IFRC, LLC

Woodbridge, Virginia

Establish a medical care facility with one fixed CT scanner

COPN Request No. VA-8761

Northern Virginia Community Hospital, LLC

Chantilly, Virginia

Establish a medical care facility with one fixed CT scanner

Applicants

COPN Request No. VA-8757: 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 CT scanner in Woodbridge, Virginia, which is in Planning District (PD) 8, Health Planning Region (HPR) II.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

Northern Virginia Community Hospital, LLC (NVCH) is a limited liability company formed in 2002. HTI Hospital Holdings, Inc. is the sole member of NVCH. HCA, Inc. is the ultimate corporate parent of Northern Virginia Community Hospital, LLC. NVCH does business as StoneSprings Hospital Center (SSHC). NVCH proposes to establish a medical care facility with one CT scanner, Chantilly ER, in Chantilly, Virginia, PD 8, HPR II.

Background

DCOPN records show that there are currently 76 COPN Authorized Computed Tomography (CT) scanners in PD 8 (**Table 1**).

Table 1. PD 8 COPN Authorized Fixed CT Units

Facility	# of Scanners
Centreville-Clifton Imaging Center - Fairfax Radiology	1
Fair Oaks Imaging Center	1
Fairfax Diagnostic Imaging Center	1
Fairfax ENT & Plastic Surgery Center	1
Fairfax MRI and Imaging Center at Tysons	1
Fairfax Radiology Center at Prosperity	2
Fairfax Radiology Center of Reston-Herndon	1
Fairfax Radiology Center of Springfield ¹	1
Fairfax Radiology Center at Woodburn	2
Inova Alexandria Hospital ²	4
Inova Ashburn Healthplex	1
Inova Emergency Room of Fairfax City	1
Inova Fair Oaks Hospital	3
Inova Fairfax Hospital	7
Inova HealthPlex - Franconia/Springfield	1
Inova Imaging Center – Leesburg	1
Inova Imaging Center-Mark Center	1
Inova Lorton HealthPlex	1
Inova Loudoun Hospital	3
Inova Mount Vernon Hospital	2
Inova Oakville Ambulatory Center in the City of Alexandria	1
Inova Springfield Hospital ³	1
Kaiser Permanente - Reston Medical Center	1
Kaiser Permanente - Tysons Corner Imaging Center	2
Kaiser Permanente - Woodbridge Imaging Center	1
Leesburg Emergency and Imaging Center ⁴	1
Loudoun Medical Group, P.C.	1
Metropolitan ENT & Facial Plastic Surgery	1
Orthopaedic Foot and Ankle Center	1
Radiology Imaging Associates at Lansdowne	1
Radiology Imaging Associates at Sterling	1
Rayus Radiology - Arlington (formerly known as Insight Imaging - Arlington)	1
Rayus Radiology - Fairfax (formerly known as Insight Imaging - Fairfax / Medical Imaging Center of Fairfax)	1
Rayus Radiology - Woodbridge ⁵	1
Reston Hospital Center	4
Sentara Advanced Imaging Center - Alexandria	1

¹ COPN No. VA-04878 authorized IFRC, LLC to establish CT services with one CT unit at Fairfax Radiology Center of Springfield. The project is expected to be completed by October 1, 2024.

² COPN No. VA-04793, issued July 7, 2022, authorized the addition of one fixed CT scanner at the relocated Inova Alexandria Hospital (Landmark).

³ COPN No. VA-04832 authorized the relocation and replacement of Inova Alexandria, including the addition of one CT scanner.

⁴ COPN No. VA-04863 authorized Reston Hospital Center, LLC to establish a specialized center for CT imaging, Leesburg Emergency and Imaging Center. The project is expected to be completed by November 30, 2025.

⁵ COPN No. VA-04879 authorized Insight Health Corporation to establish CT services with one CT unit at Rayus Radiology – Woodbridge. The project is expected to be completed by October 31, 2024.

Facility	# of Scanners
Sentara Lake Ridge Ambulatory Care Center	1
Sentara Northern Virginia Medical Center	2
Sentara Northern Virginia Medical Center - Century Medical Office Building	1
StoneSprings Hospital Center	2
Tysons Corner Emergency Center	1
Tysons Corner Diagnostic Imaging	1
UVA Outpatient Imaging - Centreville (formerly known as Novant Health UVA Health System Imaging – Centreville)	1
UVA Health Haymarket Medical Center (formerly known as UVA Prince William Medical Center d/b/a UVA Health Haymarket Medical Center)	1
UVA Health Prince William Medical Center (formerly known as UVA Prince William Medical Center d/b/a UVA Health Prince William Medical Center)	2
VHC Emergency & Imaging Center ⁶	1
VHC Health Outpatient Imaging Center ⁷	1
Virginia Hospital Center	4
Washington Radiology Associates	1
Woodburn Nuclear Medicine/Metro Region PET	1
Total	76

Source: DCOPN records

Proposed Projects

COPN Request No. VA-8757: IFRC, LLC (IFRC)

The applicant proposes to establish CT services at a new imaging facility to be located at 14349 Gideon Drive, Suite 101, Woodbridge, Virginia. If approved, the CT unit will be co-located in the same building as the future Inova Health Center – Woodbridge. IFRC also submitted COPN Request No. VA-8756 seeking to provide MRI services at the same location.

The total capital costs of the proposed project are \$1,564,576 of which approximately 28% represents direct construction costs (**Table 2**). The applicant states that the construction/buildout costs associated with the project will be funded from operations. The CT equipment will be leased from the vendor pursuant to a capital lease whereby IFRC will own the equipment at the end of the lease term.

⁶ COPN No. VA-04775 authorized VHC to establish a specialized center for CT imaging at VHC Emergency and Imaging Center with one CT scanner. VHC Emergency and Imaging Center is expected to open in the fourth quarter of 2024.

⁷ 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 with one CT unit and one MRI unit. The project is expected to be completed by June 16, 2025.

Table 2. IFRC Capital Costs

Direct Construction Costs	\$439,643
Equipment Not Included in Construction Contract	\$706,674
Site Acquisition Cost	\$406,259
Site Preparation Costs	\$0
Off Site Costs	\$0
Architectural and Engineering Fees	\$12,000
Total	\$1,564,576

Source: COPN Request No. VA-8757

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.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)
NVCH proposes to establish a specialized center for CT imaging with one CT scanner within a freestanding emergency department, Chantilly ER. The proposed location of Chantilly ER is approximately seven miles from SSHC. DCOPN notes that the establishment of a freestanding emergency department does not require a Certificate of Public Need (COPN). This COPN request and analysis is for the CT service. Pursuant to COPN No. VA-04778, issued February 7, 2022, NVCH was authorized to add one CT scanner at SSHC to address an institutional need. This CT scanner has not yet been installed. The applicant explains “after further consideration of how to best address SSHC’s existing patients’ needs, SSHC proposed to relocate that CT scanner to Chantilly ER to improve access to SSHC’s existing patients.”

The total capital costs for the COPN reviewable portion of the proposed project are \$1,191,477, of which approximately 28% represents direct construction costs (**Table 3**). The applicant states that the construction portion of the proposed project will be funded using the internal resources of HCA Healthcare, Inc. Accordingly, there are no financing costs.

Table 3. NVCH Capital Costs

Direct Construction Costs	\$332,000
Equipment Not Included in Construction Contract	\$560,000
Site Acquisition Cost	\$216,477
Site Preparation Costs	\$51,000
Off Site Costs	\$12,000
Architectural and Engineering Fees	\$20,000
Total	\$1,191,477

Source: COPN Request No. VA-8761

Construction for the proposed project is expected to begin 36 months after COPN approval, and to be completed 48 months after COPN approval. The applicant anticipates an opening date 49 months after COPN approval.

Project Definitions

COPN Request No. VA-8757: 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 ...computed tomographic (CT) scanning...”

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part as, “The establishment of a medical care facility.” A medical care facility includes “...Specialized centers or clinics or that portion of a physician's office developed for the provision of...computed tomographic (CT) scanning...” and “any facility licensed as a hospital...”

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-8757 and 8761, are requests for CT services in PD 8, and, thus, are considered to be 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%

Table 4. HPR II Charity Care Contributions: 2022

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-8757: IFRC, LLC (IFRC)

Geographically, the proposed facility will be located at 14349 Gideon Drive, Suite 101, Woodbridge, Virginia, near Interstate 95 in Prince William County. The nearest cross street is Telegraph Road. An Omniride bus stop is a four-minute walk from the facility. Virginia Railway also offers a stop in Woodbridge.

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-8761: Northern Virginia Community Hospital, LLC (NVCH)
Geographically, Chantilly ER will be located at 3980 Corsair Court, Chantilly, Virginia. The proposed site is located at the intersection of route 50 and Route 28, which, according to the applicant, sees a combined 213,000 drivers a day. The proposed site is also accessible via public transportation, including by the Washington Metro Silver Line Extensions and by multiple bus stops.

Regarding socioeconomic barriers to access to the applicant's services, 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, NVCH should be subject to a charity care condition no less than the 2% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

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-8757: IFRC, LLC (IFRC)

DCOPN received four letters of support for the proposed project, which addressed:

- The establishment of an outpatient diagnostic imaging center with one fixed CT scanner will result in an enhancement in quality and service for patients.
- Routine high quality CT imaging is paramount in the treatment of oncological patients.
- Having access for these patients to have a multidisciplinary evaluation to include CT scanning will offer a more convenient and comprehensive treatment plan.
- CT scanning is a first line imaging tool in the majority of pulmonary diseases including, but not limited to, emphysema, pulmonary fibrosis, pulmonary embolism and other causes of pulmonary hypertension. It is also recommended for lung cancer screening in patients who are current or prior smokers.

- With continued growth of the area's aging population, easier access via community outpatient setting is more important than ever.
- The need for more advanced imaging options outside of the acute care setting is increasing given the growth of the aging population in [PD 8].
- Optimizing outpatient imaging options decreases the street on local acute care settings which can be overpopulated with long wait times.

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:

- The approval of COPN Request No. VA-8757 is premature in the Woodbridge, Virginia portion of PD 8.
- Insight Health Corporation's (Insight) newly approved CT scanner at their Rayus Radiology – Woodbridge location, situated approximately 4.4 miles, or 11 minutes driving distance 2 from Sentara Northern Virginia Medical Center (SNVMC), was authorized on February 21, 2024, via Certificate of Public Need (COPN) VA-04879. Insight's Woodbridge CT scanner is expected to be operational by October 2024.
- Another IFRC location was recently approved for a CT scanner within PD 8 which is located relatively close to the proposed IFRC location in Woodbridge. The proposed location is only approximately 14.5 miles, or 28 minutes driving distance from Fairfax Radiology Center - Springfield (FRC – Springfield). The FRC – Springfield location was authorized a CT scanner on February 21, 2024, via COPN VA – 04878 and is also expected to be operational by October 1, 2024.
- Without understanding how the approved assets that are not yet operational will affect utilization in the Woodbridge area, continued approval of Inova and/or FRC assets will result in a duplication of services in and around Woodbridge, irrespective of the calculated deficit of CT scanners in PD 8.
- Approval of COPN Request No. VA-8757 would not address increasing patient access, but would rather exacerbate Inova's overwhelming market share at the detriment of both SNVMC and Rayus Radiology. Rather than increasing access for patients as IFRC claims, the project will be more likely to siphon patients from SNVMC, Sentara Lake Ridge AIC, and Rayus Radiology – Woodbridge.
- The location of both COPN Request Nos. VA-8756 and VA-8757 would foster harmful competition in the Woodbridge portion of PD 8.

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.
- 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’s claims that it has advanced imaging patients because of taking over part of AAR’s former x-ray, dexta, 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:

- Rayus and Sentara are incorrect when they claim "there is no need for new CT units in PD 8" and that "approval of COPN Request NO. VA-8757 is premature."
- As reflected in the HSANV staff report on COPN Request Nos. VA-8757 and 8761, taking into consideration additional CT capacity approved between 2022 and 2024 (including the Rayus Woodbridge CT unit approved pursuant to COPN No. VA-04879), the most recent available VHI utilization data (2022) reflects a need for up to 9 additional CT units in PD 8.
- Rayus' reliance on a January 2024 DCOPN staff report to "confirm there is no need for new CT units" is misplaced because that DCOPN staff report evaluated 2022 VHI utilization data, not the more recent 2022 VHI utilization data.
- While Rayus and Sentara both argue approval of IFRC's COPN Request No. VA-8757 would be premature because Rayus' recently approved CT unit (COPN No. VA-04879) is not yet operational, such argument belies the fact that the SMFP calculation identifying substantial need for additional CT capacity in PD 8 takes into consideration the approved but not yet operational Rayus unit.
- Existing CT services in the Woodbridge area are heavily utilized. In 2022, Kaiser and Sentara's Woodbridge area CT service locations operated substantially in excess of the SMFP utilization standard of 7,400 procedures per unit.

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.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)
DCOPN received seven letters of support for the proposed project, which addressed:

- The traffic congestion that plagues Northern Virginia frequently creates a major barrier to timely access to emergency medical care and related services, such as CT imaging.
- The size and population of Fairfax County presents many challenges, including Northern Virginia's notorious traffic to transport patients in need of emergency medical attention to an emergency room as quickly as possible.
- It is critical that medical facilities be appropriately located at multiple locations around the region so that patients can rapidly access those facilities in a medical emergency, even when traffic is at its worst.
- SSHC has already been approved to add a second CT scanner at the hospital and now seeks permission to place the already-approved second CT scanner at Chantilly ER instead. The hospital is roughly seven miles from Chantilly, a trip that can take an hour or longer during the worst traffic.
- Patients do not simply go to the closest facility, even in a medical emergency. Instead, patients go to their preferred provider, particularly when the stakes are highest.
- The COPN program should support commonsense proposals like Chantilly ER that reallocate approved resources to locations that will best improve access to care.
- Chantilly ER will significantly shorten the drive times required to access SSHC emergency and CT services for the many patients who live closer to Chantilly ER than to the hospital.
- Adding a second CT scanner at SSHC would not offer the same critically important patient care benefits [as Chantilly ER.]
- Because Chantilly ER will serve patients who already made the decision to be treated at SSHC, this project will not meaningfully impact any other provider.
- Chantilly ER will help ensure that each individual receives the medical services they need and deserve in a timely manner at a location accessible to them. And this will translate into better patient outcomes, improved quality of life and lower overall cost of care.
- HCA, Reston Hospital Center and SSHC have long been valued partners to Cornerstones, a community-based nonprofit organization providing support, advocacy, and community building to those in need of food, shelter, affordable housing, quality childcare, and other human services. Making HCA's services available at Chantilly ER will greatly improve

Cornerstone's clients' access to the care they need as transportation is a major obstacle for Cornerstone's clients.

- When needed healthcare services are not readily available, patients with limited transportation options often forgo or defer seeking 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. NVCH's project was presented by Tammy Razmic, CEO SSHC. 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-8757: 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. As will be discussed in greater detail later in this staff analysis report, DCOPN has calculated a need for six CT scanners in PD 8. 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. Furthermore, the applicant reports that in 2023, IFRC performed 62,079 CT procedures at its existing CT sites for patients who reside in the proposed project's primary service 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.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

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, DCOPN has calculated a need for six CT scanners in PD 8. DCOPN notes that the proposed project is an inventory-neutral relocation of a previously COPN – authorized but not yet installed unit and would not add any additional CT units to the PD 8 CT inventory. The applicant explains “after further consideration of how to best address SSHC's existing patients' needs, SSHC proposed to relocate that CT scanner to Chantilly ER to improve access to SSHC's existing patients. Since SSHC has already been approved for a second CT scanner, this project represents an inventory neutral proposal to improve access to emergency and CT imaging services for patients SSHC already serves.” According to the applicant, in 2023, SSHC performed 1,987 emergency department and outpatient CT scans on patients residing closer to the Chantilly ER than SSHC. The applicant projects performing 2,544 CT scans in the first year of operation.

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. Moreover, 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;

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

COPN Request No. VA-8757: 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 public hearing, and on several findings and conclusions, including:

1. There is a public need for additional CT scanning capacity in the planning region. The project is consistent with the public need determination provisions of the Virginia SMFP as they have applied in assessing similar COPN CT proposals.
2. IFRC CT services have high use. Arguably, the applicant needs additional capacity to meet current and projected demand within its patient population.
3. The capital cost of the project is reasonable, within the range reported for similar projects locally and elsewhere in Virginia.
4. There is no indication that the project would affect any local imaging service negatively.
5. The project appears to be generally consistent with applicable provisions of the Virginia State Medical Facilities Plan, specifically the public need provision of the plan.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

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. The project entails the relocation of a CT scanner previously authorized for use at SSHC to a satellite emergency department the hospital is developing in Centreville, Virginia.
2. As an equipment relocation proposal, the project is inventory neutral.

3. The project is consistent with the public need provisions of the Virginia SMFP as they have been applied in assessing similar satellite emergency department proposals.
4. The capital cost of the reviewable CT element of the project is reasonable, within the range reported for similar projects locally and elsewhere in Virginia.
5. There is substantial community support for the project, largely because it is essential to develop a satellite emergency service in southwest Fairfax Hospital.

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

COPN Request No. VA-8757: IFRC, LLC (IFRC)

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$1,564,576, approximately 28% of which represent direct construction costs. The applicant states that the construction/buildout costs associated with the project will be funded from operations. The CT equipment will be leased from the vendor pursuant to a capital lease whereby IFRC will own the equipment at the end of the lease term. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04777 issued to Inova Health Care services to add one CT scanner at Inova Fairfax Hospital is anticipated to cost approximately \$1,412,403.

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

- IFRC proposes to establish CT services at the proposed Woodbridge imaging facility to address high and growing demand for CT services at its existing CT sites and to improve access to CT services for its patient population that resides in and near Woodbridge. In 2023, IFRC performed 62,079 CT procedures, including 13,774 noncoronary CTA CT procedures, at its existing CT sites for patients who reside in the proposed Woodbridge facility's primary service area ("PSA"). Placement of a CT unit at the Woodbridge facility is expected to address capacity constraints at IFRC's other CT sites by establishing an additional access point at a location near where many of its CT patients reside.
- The establishment of CT services at the new Woodbridge imaging facility is also intended to serve patients who will receive care at the future Inova Health Center—Woodbridge and improve patient access to advanced imaging services in an area where traffic congestion is significant and can be a barrier to efficient travel, allowing IFRC's and Inova Health Center--Woodbridge's patients to receive care closer to home.
- Importantly, in addition to IFRC's need for additional CT capacity, there is also a computational need for additional CT capacity in PD 8.
- The applicant does not anticipate any impact on other facilities in the service area due to the limited nature of the staffing needs.
- Physicians refer to IFRC 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, IFRC's current CT locations have become increasingly busy, resulting in the need for additional capacity in order for IFRC patients to have their CT studies performed in a timely manner.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

As demonstrated by **Table 3**, the projected capital costs of the proposed project are \$1,191,477, approximately 28% of which represent direct construction costs. The applicant states that the construction portion of the proposed project will be funded using the internal resources of HCA Healthcare, Inc. Accordingly, there are no financing costs. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04879 issued to Insight Health Corporation to establish a medical care facility with one CT unit is anticipated to cost approximately \$1,152,050.

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

- Chantilly ER will continue SSHC's tradition of providing high-quality imaging services and will serve existing SSHC patients at a location closer to their homes in an area where traffic congestions is an impediment to timely access to care.
- Since SSHC has already been approved for a second CT scanner, this project represents an inventory neutral proposal to improve access to emergency and CT imaging services for patients SSHC already serves.
- SSHC has seen increased demand for emergency and outpatient imaging services, and the development of Chantilly ER will provide improved access to emergency and outpatient imaging services, including CT imaging.
- Chantilly ER will also benefit patients who continue to seek care at SSHC by decompressing the busy emergency department and outpatient imaging services at the hospital.
- The proposed site is located favorably to improve access to healthcare services for resident of both Loudoun and Fairfax Counties.

(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-8757: IFRC, LLC (IFRC)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 1% of IFRC's gross revenues from CT services (**Table 6**), 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 6. IFRC Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Revenue	\$5,694,000	\$6,226,000
Charity Care	(\$64,000)	(\$64,000)
Contractuals/Other Discounts	(\$3,766,000)	(\$4,139,000)
Net Operating Revenue	\$1,863,000	\$2,023,000
Total Operating Expenses	\$1,006,000	\$1,068,000
Net Income	\$857,000	\$955,000

Source: COPN Request No. VA-8757

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 1.4% of its gross revenue from CT services (**Table 7**). As previously discussed, 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, NVCH should be subject to a charity care condition no less than the 2% HPR II average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 7. NVCH Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Revenue	\$9,991,280	\$11,030,197
Contractual Adjustments	(\$8,069,074)	(\$8,901,809)
Charity Care	(\$139,878)	(\$154,423)
Bad Debt	(\$54,952)	(\$60,666)
Net Operating Revenue	\$1,727,376	\$1,913,299
Total Operating Expenses	\$1,095,032	\$1,220,750
Net Income	\$632,344	\$692,549

Source: COPN Request No. VA-8761

(vi) at the discretion of the Commissioner, any other factors as may be relevant to the determination of public need for a proposed 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 CT services. They are as follows:

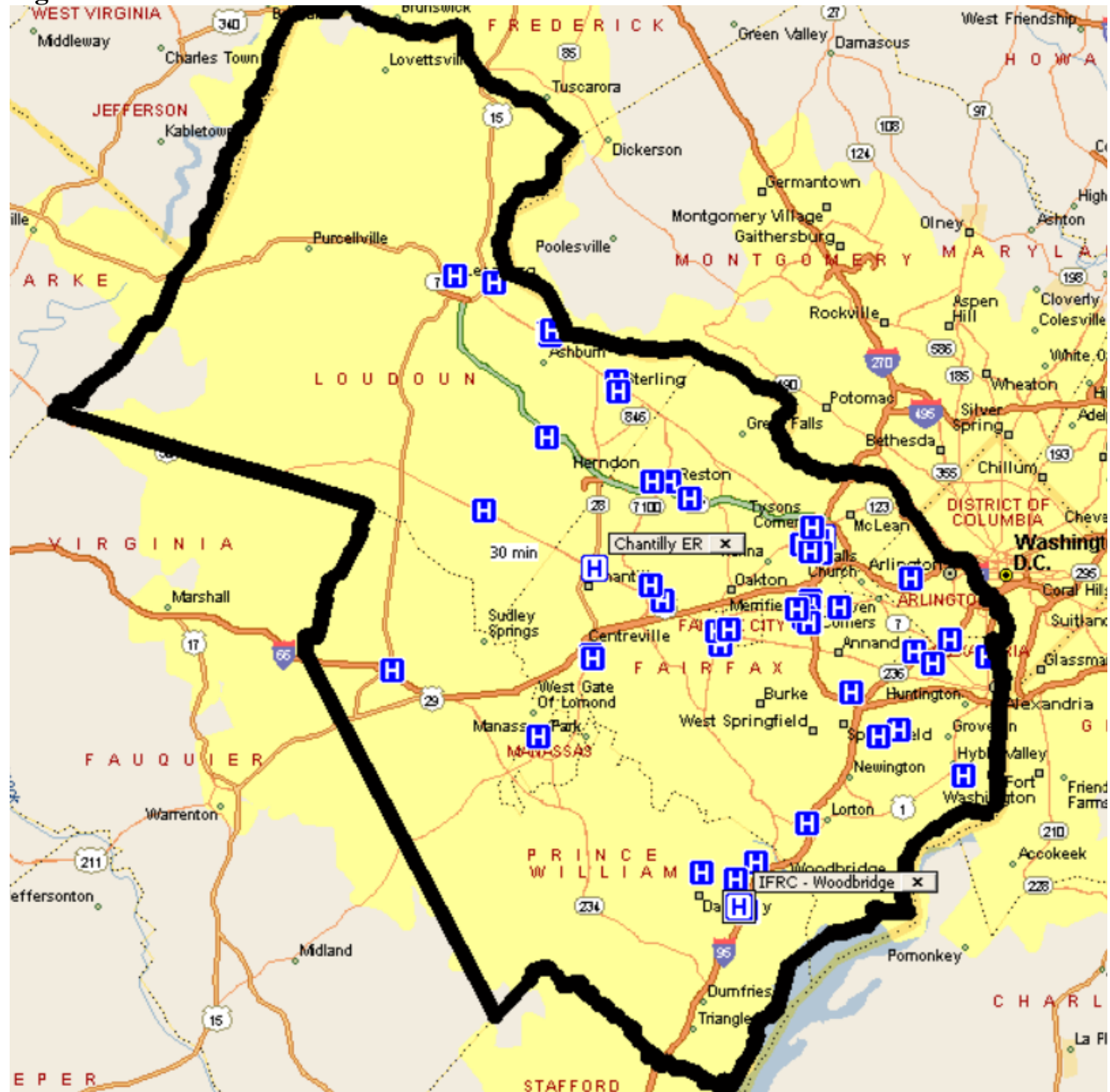
Part II Article 1
Diagnostic Imaging Services
Criteria and Standards for Computed Tomography

12VAC5-230-90. Travel time.

CT services should be available 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 CT 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 CT services in PD 8. **Figure 1** clearly illustrates that CT services are already well within a 30-minute drive under normal conditions of 95% of the residents of PD 8.

Figure 1



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

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

DCOPN notes that several CT scanners 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 CT scanners in PD 8.

As noted in **Table 8** below, in 2022, the utilization of existing CT scanners in the planning district was 129.5% of the 7,400 procedures per scanner necessary to introduce CT scanning services to a new location under this section of the SMFP. Moreover, DCOPN calculates a need for six fixed CT scanners in the planning district.

Calculated Needed Fixed CT Scanners in PD 8

Calculated Needed CT scanners = 603,733 scans in the PD in 2022 / 7,400 scans = 81.59 (82) scanners needed

PD 8 Calculated Need = 82 CT scanners based on 2022 utilization data

2024 COPN authorized CT scanners = 76

PD 8 Calculated Need = 6 CT scanners

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

Facility	# of Scanners	# of Scans	Procedures / Unit	Utilization Rate
Centreville / Clifton Imaging Center	1	8,445	8,445	114.12%
Fair Oaks Imaging Center	1	2,864	2,864	38.70%
Fairfax Diagnostic Imaging Center	1	6,237	6,237	84.28%
Fairfax ENT & Facial Plastic Surgery	1	622	622	8.41%
Fairfax MRI and Imaging Center at Tysons	1	4,224	4,224	57.08%
Fairfax Radiology Center of Reston-Herndon	1	7,096	7,096	95.89%
Fairfax Radiology Center of Sterling	1	5,808	5,808	78.49%
Inova Alexandria Hospital	3	45,955	15,318	207.00%
Inova Ashburn Healthplex	1	8,267	8,267	111.72%
Inova Fair Oaks Hospital	3	40,468	13,489	182.29%
Inova Fairfax Hospital	7	120,057	17,151	231.77%
Inova Emergency Room of Fairfax City	1	4,629	4,629	62.55%
Inova Franconia Springfield HealthPlex	1	16,498	16,498	222.95%
Inova Emergency Room - Leesburg	1	10,402	10,402	140.57%
Inova Lorton HealthPlex	1	8,725	8,725	117.91%
Inova Imaging Center-Mark Center	1	4,953	4,953	66.93%
Inova Loudoun Hospital	2	49,444	24,722	334.08%
Inova Mount Vernon Hospital	2	24,116	12,058	162.95%
Rayus Radiology - Arlington (formerly known as Insight Imaging - Arlington)	1	1,978	1,978	26.73%
Rayus Radiology - Fairfax (formerly known as Insight Imaging - Fairfax / Medical Imaging Center of Fairfax)	1	3,491	3,491	47.18%
Kaiser Permanente - Reston Medical Center	1	6,399	6,399	86.47%

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

Facility	# of Scanners	# of Scans	Procedures / Unit	Utilization Rate
Kaiser Permanente - Woodbridge Imaging Center (AKA Caton Hill Center) ⁸	1	3,738	3,738	50.51%
Kaiser Permanente - Woodbridge Medical Center	-	8,259	8,259	111.61%
Kaiser Permanente Tysons Corner ⁹	2	19,394	9,697	131.04%
Lakeside @ Loudoun Tech Center 1	1	3,522	3,522	47.59%
Metro Region Pet Center	1	2,763	2,763	37.34%
Orthopaedic Foot and Ankle Center of Washington	1	136	136	1.84%
Prosperity Imaging Center	1	9,151	9,151	123.66%
Radiology Imaging Associates at Lansdowne	1	8,234	8,234	111.27%
Reston Hospital Center	4	33,224	8,306	112.24%
Sentara Advanced Imaging Center - Lake Ridge	1	9,232	9,232	124.76%
Sentara Advanced Imaging Center - Springfield	1	0	0	0.00%
Sentara Northern Virginia Medical Center	3	25,673	8,558	115.64%
Stone Springs Hospital Center	1	8,936	8,936	120.76%
Tysons Corner Diagnostic Imaging	1	911	911	12.31%
Tysons Corner Emergency Room	1	1,160	1,160	15.68%
UVA Health Haymarket Medical Center	1	8,298	8,298	112.14%
UVA Health Prince William Medical Center	2	12,720	6,360	85.95%
UVA Outpatient Imaging Centreville	1	1,306	1,306	17.65%
Virginia Cancer Specialists	1	731	731	9.88%
Virginia Hospital Center	3	52,263	17,421	235.42%
Woodburn Diagnostic Center	2	13,404	6,702	90.57%
Total/Average	63	603,733	9,583	129.5%

Source: VHI (2022) and DCOPN records.

COPN Request No. VA-8757: IFRC, LLC (IFRC)

As shown above in **Table 8**, in 2022, the most recent year for which data is available, the 63 then-operational CT scanners performed an average of 9,583 scans per unit. Furthermore, as shown above, DCOPN has calculated a need for six CT scanners in PD 8. The proposed project would add one CT scanner to the PD 8 inventory and partially address this computational need.

Regarding the effect that the proposed location would have on other facilities in the area, as shown in **Table 9** below, all of the existing scanners within 10 miles of the location operated above 100% utilization in 2022. DCOPN notes that the CT scanner at Rayus Radiology – Woodbridge is not yet operational, so utilization data was not available.

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.

⁹ 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.

As previously discussed, DCOPN has received opposition to the proposed project from existing providers. Both the Rayus Letter and the Sentara Letter discuss that there is an approved but not yet operational unit, Rayus Radiology – Woodbridge, in close proximity to the proposed project. However, as shown in **Table 9** below, the six existing and operational CT units in close proximity to the proposed site operated at a collective utilization of 122.7% in 2022. Even accounting for the recently-approved unit at Rayus Radiology – Woodbridge, using 2022 CT procedures, the collective utilization of seven CT units in close proximity to the proposed project would be 96.6%. Additionally, the CT unit at Kaiser Permanente - Woodbridge Medical Center is only available to Kaiser patients and the three hospital-based units at Sentara Northern Virginia Medical Center may not be appropriate for patients who do not need a CT scan in a hospital setting or for whom insurance carriers will not pay hospital rates.

Furthermore, the applicant reports that in 2023, IFRC performed 62,079 CT procedures at its existing CT sites for patients who reside in the proposed project’s primary service area.

For the reasons discussed above, 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.

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

Facility	Distance	2022 Procedures	2022 Utilization
Sentara Northern Virginia Medical Center (3 units)	0.9 miles/4 minutes	25,673	115.64%
Kaiser Permanente - Woodbridge Medical Center (1 unit)	2 miles/6 minutes	6,399	111.61%
Rayus Radiology – Woodbridge <i>not yet operational</i> ¹⁰ (1 unit)	4.1 miles/10 minutes	-	-
Sentara Advanced Imaging Center - Lake Ridge (1 unit)	3.1 miles/9 minutes	9,232	124.76%
Inova Lorton HealthPlex (1 unit)	8.2 miles/13 minutes	8,725	117.91%

Source: DCOPN Records and Google Maps

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

As previously discussed, DCOPN notes that the proposed project is a relocation of a previously COPN – authorized but not yet installed unit and would not add any additional CT units to the PD 8 CT inventory. The applicant explains “after further consideration of how to best address SSHC’s existing patients’ needs, SSHC proposed to relocate that CT scanner to Chantilly ER to improve access to SSHC’s existing patients. Since SSHC has already been approved for a second CT scanner, this project represents an inventory neutral proposal to improve access to emergency and CT imaging services for patients SSHC already serves.” According to the applicant, in 2023, SSHC performed 1,987 emergency department and outpatient CT scans on patients residing closer to the

¹⁰ COPN No. VA-04879 authorized Insight Health Corporation to establish CT services with one CT unit at Rayus Radiology – Woodbridge. The project is expected to be completed by October 31, 2024.

Chantilly ER than SSHC. The applicant projects performing 2,544 CT scans in the first year of operation.

Regarding the effect that the proposed location would have on other facilities in the area, as shown in **Table 10** below, the majority of the existing scanners within 10 miles of the location of the proposed project are well utilized, with the exception of Fair Oaks Imaging Center and UVA Outpatient Imaging Centreville. Additionally, the applicant has provided patient data indicating an existing patient base in the area. As such, DCOPN concludes that the proposed project would not significantly reduce the utilization of existing providers.

Table 10. Closest Existing CT Services and Proximity to Proposed Site

Facility	Distance	2022 Utilization
Inova Fair Oak Hospital	3.8 miles/13 minutes	182.29%
Fair Oaks Imaging Center	4.3 miles/12 minutes	38.7%
UVA Outpatient Imaging Centreville	6.2 miles/13 minutes	17.65%
Centreville / Clifton Imaging Center	6.2 miles/13 minutes	114.12%
Rayus Radiology (Insight Imaging - Fairfax)/ Medical Imaging Center of Fairfax	7.5 miles/20 minutes	47.18%
Fairfax Diagnostic Imaging Center	9.2 miles/20 minutes	84.28%
Kaiser Permanente - Reston Medical Center	10.2 miles/15 minutes	86.47%

Source: DCOPN Records and Google Maps

Finally, there is no opposition to the proposed project from existing providers. Therefore, 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.

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

DCOPN has excluded existing CT scanners used solely for simulation prior to the initiation of radiation therapy from its inventory and average utilization of diagnostic CT scanners in PD 8 with respect to the proposed projects.

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

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

COPN Request No. VA-8757: IFRC, LLC (IFRC) and COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

Not applicable. Neither applicant is seeking to expand CT services.

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

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

COPN Request No. VA-8757: IFRC, LLC (IFRC) and COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

Not applicable. The applicants do not propose to add or expand mobile CT services or to convert authorized mobile CT scanners to fixed site scanners.

12VAC5-230-130. Staffing.

CT services should be under the direction or supervision of one or more qualified physicians.

COPN Request No. VA-8757: IFRC, LLC (IFRC) and COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

Both applicants confirmed that CT services would be under the direct supervision of certified and trained radiologists.

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

**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-8757: 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 \$1,564,576. 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-8761: Northern Virginia Community Hospital, LLC (NVCH)

Based on an analysis of previous COPN projects, NVCH 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 \$1,191,477. The applicant has an established history of complying with state licensure and federal certification regulations. Should the Commissioner approve the proposed project, the applicant should be subject to a charity care condition no less than the 2% HPR II average.

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.

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;**

COPN Request No. VA-8757: IFRC, LLC (IFRC)

IFRC is part of the Inova Health System, the health system that operates the vast majority of imaging services in PD 8. As such, the proposed project will not foster institutional competition that will benefit the area to be served.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

NVCH is part of the HCA Health System, which is one of three hospital systems that operate the majority of imaging services in PD 8 (the other two are Inova Health System and Sentara Health System) and the applicant intends to serve its existing patients. As such, 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-8757: IFRC, LLC (IFRC)

As discussed above, DCOPN concluded that approval of the proposed project is unlikely to significantly affect the utilization and efficacy of existing providers in the area.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

As discussed above, DCOPN concluded that 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;

COPN Request No. VA-8757: IFRC, LLC (IFRC)

As already discussed, DCOPN contends that the projected costs of \$1,564,576 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04777 issued to Inova Health Care services to add one CT scanner at Inova Fairfax Hospital is anticipated to cost approximately \$1,412,403. The applicant states that the construction/buildout costs associated with the project will be funded from operations. The CT equipment will be leased from the vendor pursuant to a capital lease whereby IFRC will own the equipment at the end of the lease term. The Pro Forma Income Statement provided by the applicant (**Table 6**) projects a net profit of \$857,000 from in the first year of operation, and a net profit of \$955,000 in the second year of operation.

With regard to staffing, the applicant anticipates the need to 3.0 five Full Time Equivalent (FTE) employees to staff the proposed project – 1 Administration – Business Office FTE and 2 radiologic technologists. The applicant is an established provider of CT 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.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

As already discussed, DCOPN contends that the projected costs of \$1,191,477 are reasonable when compared to previously authorized projects similar in scope. For example, COPN No. VA-04879 issued to Insight Health Corporation to establish a medical care facility with one CT unit is anticipated to cost approximately \$1,152,050. The applicant states that the construction portion of the proposed project will be funded using the internal resources of HCA Healthcare, Inc. Accordingly, there are no financing costs. The Pro Forma Income Statement provided by the applicant (**Table 7**) projects a net profit of \$632,344 from in the first year of operation, and a net profit of \$692,549 in the second year of operation.

With regard to staffing, the applicant anticipates the need to 4.2 five Full Time Equivalent (FTE) employees to staff the proposed project – 4.2 radiologic technologists. The applicant is an established provider of CT 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**

COPN Request No. VA-8757: IFRC, LLC (IFRC)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. The proposed project would, however, 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.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

The proposed project would not introduce new technology that would promote quality or cost effectiveness in the delivery of inpatient acute care. The proposed project would, however, 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.**

COPN Request No. VA-8757: IFRC, LLC (IFRC) and COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

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-8757: IFRC, LLC (IFRC)

DCOPN finds that IFRC, LLC's COPN request to establish a specialized center for CT services with one CT scanner is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. DCOPN has calculated a need for six CT scanners in PD 8. Additionally, the applicant has identified an existing patient base in the area of the proposed project and the existing CT scanners in the area are highly utilized. 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.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)
DCOPN finds that Northern Virginia Community Hospital's COPN request to establish a specialized center for CT services with one relocated CT scanner 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. Additionally, the move is within the applicant's primary service area and will serve NVCH's existing patients. 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. Finally, there is no known opposition to the proposed project.

Staff Recommendations

COPN Request No. VA-8757: IFRC, LLC (IFRC)

The Division of Certificate of Public Need recommends **conditional approval** of IFRC, LLC's COPN request to establish a medical care facility with one fixed CT scanner 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.

COPN Request No. VA-8761: Northern Virginia Community Hospital, LLC (NVCH)

The Division of Certificate of Public Need recommends **conditional approval** of Northern Virginia Community Hospital, LLC's COPN request to establish a medical care facility with one fixed CT scanner 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.
6. There is no known opposition to the proposed project.

Recommended Condition

Northern Virginia Community Hospital, LLC will provide CT 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 facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 2% of Northern Virginia Community Hospital, LLC's total patient services revenue derived from CT services 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. 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. Northern Virginia Community Hospital, LLC 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 to 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.

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