



COMMONWEALTH of VIRGINIA

Karen Shelton, MD
State Health Commissioner

Department of Health
P O BOX 2448
RICHMOND, VA 23218

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

August 15, 2024

Ashley Kelly
Vice President
Outpatient Services
5875 Bremo Road
MOB South, Suite 603
Richmond, Virginia 23226

RE: **COPN No. VA-04899**
Bon Secours – St. Mary’s Hospital of Richmond, LLC, Richmond, Virginia
Add one CT simulator

Dear Ms. Kelly:

In accordance with Chapter 4, Article 1.1 of Title 32.1 of the Code of Virginia of 1950 (the Code), as amended, I reviewed the application and all supporting documents submitted by Bon Secours – St. Mary’s Hospital of Richmond LLC to one CT simulator

As required by Section 32.1-102.3B of the Code, I have considered all factors that must be taken into account in a determination of public need, and I have concluded that **conditional approval** of the request is warranted based on the following findings:

1. The proposed project is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The proposed project is more advantageous than the status quo.
3. There is no known opposition to the project.
4. The capital costs are reasonable for the type of project.

Ashley Kelly
COPN No. VA-04899
August 15, 2024
Page 2

This certificate is valid for the period August 15, 2024 through August 14, 2025.
The total authorized capital cost of the project is \$1,847,400.

Please file two copies of the application for a certificate extension with the Department no later than 30 days before the expiration date of the certificate. Part VIII of the Virginia Medical Care Facilities Certificate of Public Need Rules and Regulations identifies the filing requirements and review procedure for certificate extension requests.

Sincerely,



Karen Shelton, MD
State Health Commissioner

Enclosure

cc: Allyson Tysinger, Senior Assistant Attorney General, Commonwealth of Virginia
Erik Bodin, Director, Division of Certificate of Public Need
Deborah K. Waite, Chief Operating Officer, Virginia Health Information
Elaine Perry, MD, MS District Director, District Director, Richmond City Health District

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HEALTH

MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

THIS CERTIFIES THAT Bon Secours – St. Mary’s Hospital of Richmond LLC is authorized to initiate the proposal as described below.

NAME OF FACILITY: Bon Secours – St. Mary’s Hospital – Radiation Oncology Department

LOCATION: 5875 Breomo Road, Richmond, Virginia 23226

OWNERSHIP AND CONTROL: Bon Secours – St. Mary’s Hospital of Richmond LLC

SCOPE OF PROJECT: Add one CT simulator at Bon Secours Saint Mary’s Hospital. Capital costs authorized for this project total \$1,847,400. The project is expected to be completed by January 6, 2026. This certificate is issued with the condition that appears on its reverse.



Pursuant to Chapter 4, Article 1:1 of Title 32.1, Sections 32.1-102.1 through 32.1-102.12 of the Code of Virginia (1950), as amended and the policies and procedures promulgated thereunder, this Medical Care Facilities Certificate of Public Need is issued contingent upon substantial and continuing progress towards implementation of the proposal within twelve (12) months from the date of issuance. A progress report shall be submitted to the State Health Commissioner within twelve (12) months from the date of issuance along with adequate assurance of completion within a reasonable time period. The Commissioner reserves the right not to renew this Certificate in the event the applicant fails to fulfill these conditions. This Certificate is non-transferable and is limited to the location, ownership, control and scope of the project shown herein.

Certificate Number: VA-04899

Date of Issuance: August 15, 2024

Expiration Date: August 14, 2025

A handwritten signature in black ink, appearing to read "Karen Shelton".

Karen Shelton, MD, State Health Commissioner

Bon Secours St. Mary's Hospital of Richmond LLC will provide CT simulation 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 0.9% of Bon Secours St. Mary's Hospital of Richmond LLC's total patient services revenue derived from CT simulation 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. Bon Secours St. Mary's Hospital of Richmond 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.

Bon Secours St. Mary's Hospital of Richmond LLC will provide CT simulation 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 Bon Secours St. Mary's Hospital of Richmond 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.

Kelly, Mycal (VDH)

From: Kelly, Ashley W. <Ashley_Kelly@bshsi.org>
Sent: Friday, July 19, 2024 1:40 PM
To: Cheatham, Valerie (VDH)
Cc: Breen, Elizabeth (ebreen@hunton.com); MacLeod, Vanessa (VDH); COPN (VDH)
Subject: RE: Staff Report for COPN Request No. VA-8760

Thank you, Valerie.

Bon Secours St. Mary's Hospital accepts the recommended charity care condition as outlined in the Staff Report.

Please let me know if you need any additional information.

Best,

Ashley

Ashley Kelly

Vice President, Outpatient Services

Ashley_Kelly@bshsi.org

Bon Secours Health System

5875 Bremono Road, MOB South, Suite 603 | Richmond, VA | 23226

w: 804-281-8174 | c: 757-544-2675



From: Cheatham, Valerie (VDH) <Valerie.Cheatham@vdh.virginia.gov>
Sent: Friday, July 19, 2024 9:32 AM
To: Kelly, Ashley W. <Ashley_Kelly@bshsi.org>
Cc: Breen, Elizabeth (ebreen@hunton.com) <ebreen@hunton.com>; MacLeod, Vanessa (VDH) <Vanessa.Macleod@vdh.virginia.gov>; COPN (VDH) <COPN@vdh.virginia.gov>
Subject: Staff Report for COPN Request No. VA-8760

WARNING: The sender of this email could not be validated and may not match the person in the "From" field.

CAUTION: This email originated from outside of the Bon Secours Mercy Health organization. **DO NOT CLICK** on any links or attachments unless you recognize the sender and you know that the content is safe.

Ms. Kelly:

I have attached the Staff Report for COPN Request No. VA-8760.

Thank you,

Valerie

Valerie Cheatham

Certificate of Public Need Analyst
Office of Licensure and Certification

Phone: (804) 367-2370

<https://www.vdh.virginia.gov/licensure-and-certification/>

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Virginia Department of Health
9960 Mayland Drive, Suite #401
Henrico, Virginia 23233

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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-8760

Bon Secours St. Mary's Hospital of Richmond LLC

Richmond, Virginia

Add one CT simulator

Applicant

Bon Secours – St. Mary's Hospital of Richmond LLC (BSSM) is a Virginia Limited Liability Company. Bon Secours Mercy Health, Inc. is the sole member of Bon Secours Richmond LLC. Bon Secours Richmond LLC is the sole member of Bon Secours – Richmond Health System, LLC d/b/a Bon Secours Virginia Health System (Bon Secours Richmond). Bon Secours Richmond is the sole member of BSSM. BSSM is in Health Planning Region (HPR) IV, Planning District (PD) 15.

Background

Division of Certificate of Public Need (DCOPN) records show that there are currently 54 COPN authorized fixed-site computed tomography (CT) scanners in PD 15 (**Table 1**). Additionally, there are six CT simulators in PD 15 (**Table 2**).

Table 1. PD 15 COPN Authorized Fixed CT Units

Facility Name	Authorized Diagnostic Scanners	Operational Diagnostic Scanners
Acute Hospitals		
Bon Secours Memorial Regional Medical Center	3	3
Bon Secours Richmond Community Hospital	1	1
Bon Secours St. Francis Medical Center	2	2
Bon Secours St. Mary's Hospital	3	3
Chippenham Hospital	3	3
Henrico Doctor's Hospital - Parham Doctors' Hospital	1	1
Henrico Doctor's Hospital - Retreat	1	1
Henrico Doctors' Hospital - Forest	2	2
Johnston-Willis Hospital	3	3
VCU Health System	8	7
Vibra Hospital of Richmond, LLC	1	1

Facility Name	Authorized Diagnostic Scanners	Operational Diagnostic Scanners
West Creek Medical Center ¹	0	0
Acute Hospitals Total	28	27
Freestanding		
Bon Secours Ashland Emergency and Imaging Center ²	1	0
Bon Secours Chester Emergency and Imaging Center	1	1
Bon Secours Imaging Center at Reynolds Crossing	1	1
Bon Secours Short Pump Emergency/Imaging Center	1	1
Bon Secours Westchester Imaging Center	1	1
Buford Road Imaging ³	1	1
Chester Imaging Center ⁴	1	0
Chesterfield ER ⁵	1	0
Chesterfield Imaging	1	1
Hanover Emergency Center	1	1
OrthoVirginia, Inc. ⁶	1	0
Virginia Cardiovascular Specialists	1	1
Richmond Ear, Nose & Throat	1	1
Richmond Eye & Ear Healthcare Alliance d/b/a Medarva Healthcare	1	1
Richmond Radiation Oncology Center	0	0
Scott's Addition ER ⁷	1	0
Short Pump, LLC	1	1
Swift Creek ER ⁸	1	1
VCU Health Neuroscience, Orthopedic and Wellness Center	1	1
VCU Massey Cancer Center at Hanover Medical Park	0	0
VCU Medical Center Adult Outpatient Pavilion ⁹	0	0
VCU Medical Center at Stony Point Radiology	1	1
VCU Health Emergency Center at New Kent	1	1
Virginia Cancer Institute - Harbourside	1	1
Virginia Cancer Institute - Dominion Drive	1	1
Virginia Ear Nose & Throat - Chesterfield	1	1
Virginia Ear Nose & Throat - Henrico	1	1
Virginia Urology	2	2
Freestanding Total	26	21
Total CT Scanners in PD 15 Inventory	54	48

Source: DCOPN Records

¹ COPN No. VA-04179; relocating to Scott's Addition ER.

² COPN No. VA-04864; additional CT Scanner not yet operational.

³ Did not report data to VHI in 2022.

⁴ COPN No. VA-04655 not yet operational.

⁵ COPN No. VA-04840; not yet operational.

⁶ COPN No. VA-04876; CT scanner expected to be operational by July 2025.

⁷ COPN No. VA-04811; to relocate CT Scanner from West Creek Medical Center, not yet operational.

⁸ COPN No. VA-04862 authorized the relocation of Swift Creek ER to a new site, Magnolia ER, not yet operational.

⁹ COPN No. VA-04717; not yet operational.

Table 2. PD 15 COPN Authorized CT Simulators

Facility Name	Authorized CT Simulators
Bon Secours Cancer Institute – St. Francis Hospital	1
Henrico Doctors' Hospital - Forest	1
Johnston-Willis Hospital	1
Richmond Radiation Oncology Center/Bon Secours Cancer Institute at Reynolds Crossing	1
VCU Massey Cancer Center at Hanover Medical Park	1
VCU Health System	1
Total	6

Source: DCOPN Records

Proposed Project

The applicant proposes to add one CT simulator (GE Discovery RT Gen 3 EX) to complement its existing radiation therapy services at BSSM. The proposed CT simulator will be located in the space on the BSSM campus within MOB South, to which the hospital’s Radiation Oncology Department is currently being relocated. The applicant has provided assurances that the CT simulator will be used solely for simulation with radiation therapy treatment. The CT simulator’s software is used to create a 3D image of the patient that accounts for different densities of tissue, organs, and bones within the body. This allows for more accurate visualization of body parts for radiosurgery planning. For this reason, CT simulation has become the standard of practice for planning radiation therapy treatment. The applicant explains that “[a]ll new courses of radiation treatment have at least one CT simulation and some patients require an additional CT simulation...”

The projected capital costs for the proposed project total \$1,847,400, approximately 53% of which represent direct construction costs (**Table 3**). The applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 3. Capital and Financing Costs

Direct Construction Costs	\$972,400
Equipment Not Included in Construction Contract	\$775,000
Architectural and Engineering Fees	\$100,000
Total	\$1,847,400

Source: COPN Request No. VA-8760

Project Definition

Section 32.1-102.1:3 of the Code of Virginia defines a project, in part as, “The addition by an existing medical care facility described in subsection A of any new medical equipment for the provision of... computed tomographic (CT) scanning...” A medical care facility includes “...any facility licensed as a hospital...”

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

In determining whether a public need exists for a proposed project, the following factors shall be taken into account when applicable:

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

Geographically, BSSM is located at 5801 Bremono Road, Richmond, Virginia. The applicant plans to relocate the St. Mary’s Hospital Radiation Oncology Department from the main hospital to an existing medical office building on the hospital campus known as MOB South. The requested CT simulator will be located in MOB South. MOB South’s address is 5875 Bremono Road, Richmond, Virginia. MOB South is physically attached to BSSM’s main building via an elevated walkway. BSSM is located at the intersection of Monument Avenue, Libbie Avenue and Bremono Road. The campus is accessible via the Greater Richmond Transit Company bus line. Interstate 64 exit at Staples Mill Road is approximately three miles from the hospital campus.

PD 15 had a population just over 1.1 million in 2020 and is projected to add nearly 100,000 to its population by 2030. PD 15’s projected growth of 8.9% by the end of the decade 2020-2030 higher than Virginia’s growth rate of 5.8%. (**Table 4**). Henrico County, where the proposed project is located, is projected to grow by over 22,000 people between 2020 and 2030. Henrico County has a higher rate of growth (6.7%) than projected for Virginia overall (5.8%).

Table 4. Population by Locality, PD 15

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+
Charles City	6,773	6,200	-573	-8.46%	1,776	2,184	408	22.97%
Chesterfield	364,548	406,942	42,394	11.63%	58,200	78,858	20,658	35.49%
Goochland	24,727	27,339	2,612	10.56%	5,721	7,865	2,144	37.48%
Hanover	109,979	118,374	8,395	7.63%	20,688	28,681	7,993	38.64%
Henrico	334,389	356,656	22,267	6.66%	55,596	71,680	16,084	28.93%
New Kent	22,945	27,067	4,122	17.96%	4,405	6,216	1,811	41.11%
Powhatan	30,333	32,152	1,819	6.00%	5,848	8,085	2,237	38.25%
Richmond	226,610	245,437	18,827	8.31%	29,874	36,307	6,433	21.53%
PD 15	1,120,304	1,220,167	99,863	8.91%	182,108	239,876	57,768	31.72%
Virginia	8,631,393	9,129,002	497,609	5.77%	1,395,291	1,762,641	367,350	26.33%

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

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 IV facilities was 0.9% of all reported total gross patient revenues (Table 5). For that same year, BSSM provided 1.1% of charity care. 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 State Health Commissioner (Commissioner) approve the proposed project, DCOPN recommends a charity care condition of no less than the 0.9% HPR IV average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 5. HPR IV Charity Care Contributions: 2022

2022 Charity Care Contributions at or below 200% of Federal Poverty Level			
HPR IV	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue
Encompass Health Rehab Hosp of Petersburg	\$29,926,632	\$1,262,680	4.2%
Bon Secours Southern Virginia Regional Medical Center	\$226,835,907	\$4,487,576	2.0%
Sheltering Arms Institute	\$151,399,824	\$2,530,945	1.7%
Sentara Halifax Regional Hospital	\$309,122,102	\$4,945,782	1.6%
Bon Secours St. Francis Medical Center	\$1,238,984,979	\$19,560,168	1.6%
Bon Secours St. Mary's Hospital	\$2,475,071,483	\$27,800,876	1.1%
Bon Secours Southside Regional Medical Center	\$2,238,925,486	\$23,176,465	1.0%
CJW Medical Center HCA	\$9,414,749,474	\$92,280,367	1.0%
TriCities Hospital HCA	\$1,291,681,768	\$12,190,500	0.9%
Bon Secours Richmond Community Hospital	\$1,099,525,303	\$9,999,109	0.9%
Henrico Doctors' Hospital HCA	\$6,125,759,528	\$50,390,024	0.8%
Bon Secours Memorial Regional Medical Center	\$1,648,605,572	\$10,986,041	0.7%
VCU Health System	\$7,574,785,954	\$45,509,855	0.6%
Poplar Springs Hospital UHS	\$84,621,465	\$328,036	0.4%
Centra Southside Community Hospital	\$357,467,950	\$1,261,207	0.4%
VCU Community Memorial Hospital	\$428,496,287	\$664,258	0.2%
Encompass Health Rehab Hosp of Virginia	\$28,839,933	\$35,972	0.1%
Select Specialty Hospital - Richmond	\$119,460,229	-	0.0%
Cumberland Hospital for Children and Adolescents UHS	\$32,427,799	-	0.0%
Total Inpatient Hospitals:			19
HPR IV Inpatient Hospital Median			0.9%
HPR IV Total Inpatient \$ & Mean %	\$34,876,687,675	\$307,409,861	0.9%

Source: VHI (2021)

DCOPN is not aware of any other geographic, socioeconomic, cultural, or transportation barriers to access to care.

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

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

DCOPN received three letters of support for the proposed project from the Bon Secours medical community. Collectively, these letters articulate several benefits of the project, including:

- Within oncology, it is standard practice to provide imaging services via a CT simulator alongside radiation therapy for treatment planning purposes.
- While St. Mary's Hospital currently provides radiation therapy services, it is *not* equipped with a CT simulator alongside its existing linear accelerator.
- By developing a CT simulator at its hospital campus, St. Mary's Hospital will be able to appropriately provide the proper standard of care for its oncology patients.
- This will ensure patients can maintain continuity of care with their existing providers, rather than have to travel off-site to receive essential imaging services. This is especially critical for patients battling cancer, many of whom may have mobility issues or be restricted with regards to the travel they can undertake.
- Additionally, the proposed CT simulator will be "restricted use," meaning it will be used only to aid in the delivery of radiation therapy services and will not be used for diagnostic CT purposes. As a referring physician, this is critical, as it allows patients to receive the appropriate type of care on a machine that will be utilized only for that care.

Public Hearing

Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed or a contiguous county or city in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8760 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

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

Neither DCOPN nor the applicant identified a reasonable alternative to the proposed project that would meet the needs of the population in a less costly, more efficient, or more effective manner. Approval of the proposed project will allow BSSM to co-locate the CT simulator in the same MOB as the planned replacement linear accelerator and will give patients immediate access to radiation therapy planning. Furthermore, the requested CT simulator will be exclusively

dedicated to radiation therapy planning, and thus, the lengthy radiation therapy planning procedures required will have no impact on the hospital's existing CT scanners. Additionally, because CT simulators are the standard of practice in planning radiation therapy treatments, adding a CT simulator at BSSM will provide a better quality of care to patients. Finally, the large bore will ensure that accurate treatment planning can be provided with ease to all patients, including larger patients or claustrophobic patients. For these reasons, DCOPN concludes that the proposed project is more advantageous than the status quo.

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

Currently there is no organization in HPR IV designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 15. Therefore, this consideration is not applicable to the review of the proposed projects.

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

As demonstrated by **Table 3**, the projected capital costs of the proposed project are \$1,847,400, approximately 53% of which represent direct construction costs. The entirety of the capital costs will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04643 issued to Chesapeake Regional, Riverside & University of Virginia Radiosurgery Center, LLC to add one CT simulator is anticipated to cost approximately \$1,536,740.

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

- The CT simulator will ensure St. Mary's Hospital's delivery of standard-of-care radiation therapy services to its patients and will improve access and convenience by making CT simulation services available on the hospital campus within the Radiation Oncology Department.
- Overall, the proposed project will be one part of the larger enhancement of oncology care at St. Mary's Hospital, and will result in increased patient access, continuity of care, and quality of care.
- CT simulation significantly improves the quality and efficiency of a patient's radiation therapy treatment.
- CT simulators have a larger bore size that allows for greater flexibility in patient positioning and enables a greater level of access, particularly for bariatric patients or patients who may experience anxiety when in an enclosed space. The larger bore size also accommodates patient stabilization devices; such devices are custom molds, headrests, or casts that are to be used in the provision of radiation therapy to ensure the patient remains in the correct position over the treatment courses.

- Accuracy is especially critical for patients receiving radiation therapy; by providing this essential feature, CT simulators improve the quality of care able to be provided to those battling cancer.
- Dedicated CT simulators are capable of 4-D imaging, which allows tumors to be evaluated at multiple points in the respiratory cycle; physicians can use this information to choose the most beneficial respiratory phase for treatment planning and delivery. These benefits ultimately allow for more accurate location of a tumor by a diagnosing radiologist, thereby ensuring more effective and efficient treatment.

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

The Pro Forma Income Statement provided by the applicant includes the provision of charity care in the amount of 1% (**Table 6**). As previously discussed, recent changes to § 32.1-102.4B of the Code of Virginia now require DCOPN to place a charity care condition on every applicant seeking a COPN. DCOPN notes that, if approved, the proposed project should be subject to a charity care condition no less than the 0.9% HPR IV average, in addition to any new requirements as found in the revised § 32.1-102.4B of the Code of Virginia.

Table 6. BSSM Pro Forma Income Statement

	Year 1	Year 2
Total Gross Revenue	\$23,577,239	\$24,934,871
Contractual Adjustments	(\$17,704,425)	(\$18,941,497)
Bad Debt	(\$235,772)	(\$249,349)
Charity Care	(\$235,772)	(\$249,349)
Net Revenue	\$5,401,269	\$5,494,676
Total Operating Expenses	\$3,354,117	\$3,441,531
Operating Income	\$2,047,152	\$2,053,144

Source: COPN Request No. VA-8760

(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 project.

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, these regulations provide the best available criteria and DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (SMFP).

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

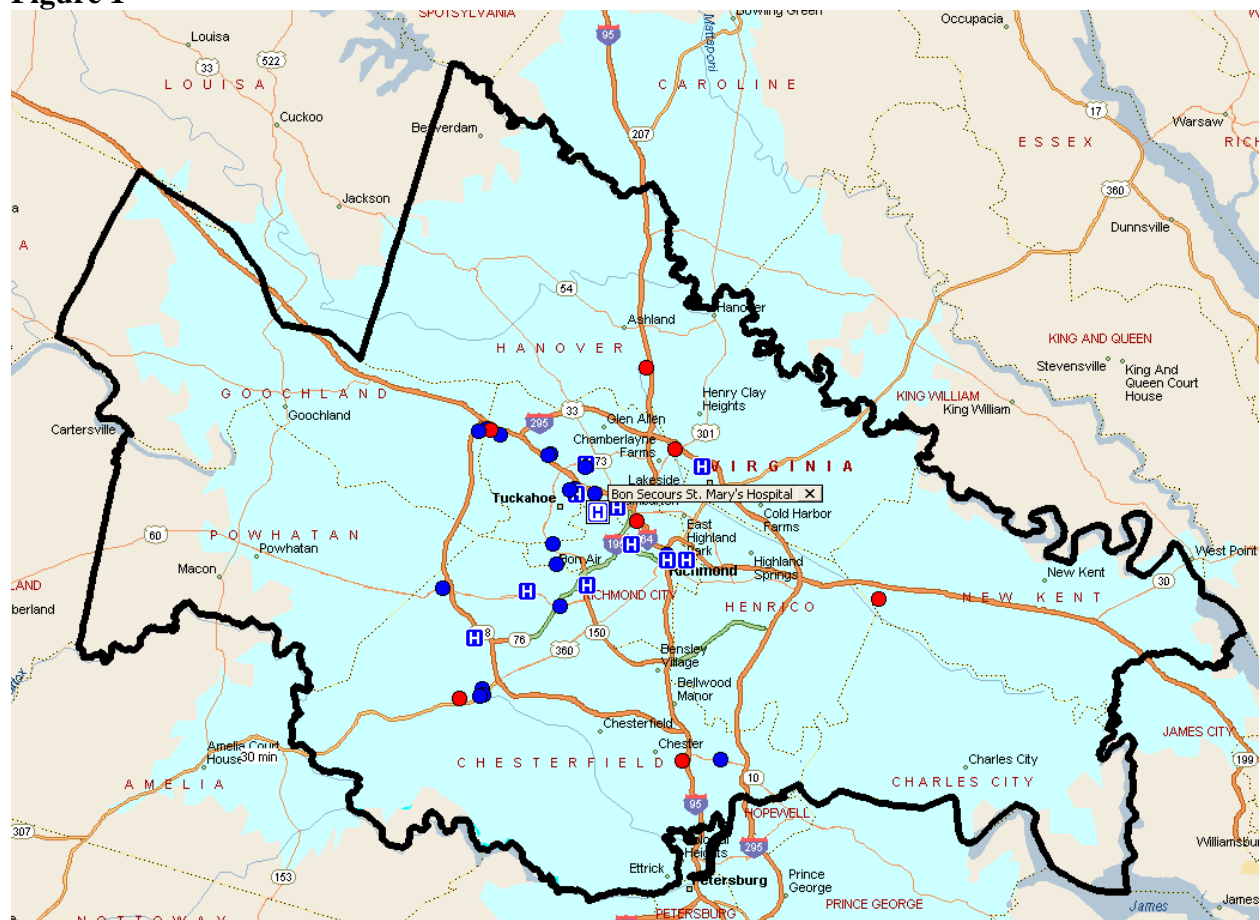
Part II
Diagnostic Imaging Services
Article 1
Criteria and Standards for Computed Tomography

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 light blue shaded area in **Figure 1** illustrates the areas in PD 15 that have CT services available within 30 minutes driving distance. The blue “H” symbol with the white background is the location of the proposed project, while “H” symbols with blue backgrounds are hospital-based CT scanners. Blue dots are freestanding CT sites and red dots are those in Freestanding Emergency Departments. As shown in **Figure 1**, CT services are already within a 30-minute drive under normal conditions of 95% of the residents of PD 8. However, DCOPN notes that the proposed project does not include diagnostic CT services and will not improve access to diagnostic CT services.

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.**

Not applicable. The proposed CT simulator will be used solely for simulation with radiation therapy treatment, and is, therefore, exempt from the utilization criteria of this section.

DCOPN notes that the applicant projects it will perform 281 CT simulations in the first full year of operations and 283 simulations in the second year of operations.

- 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.**

Not applicable. The proposed CT simulator will be used solely for simulation with radiation therapy treatment, and is, therefore, exempt from the utilization criteria of this section.

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.

BSSM's three CT scanners performed 42,680 procedures and had an average utilization rate of 192% in 2022. However, the applicant is not seeking to expand its fixed site diagnostic CT services; rather it is seeking the addition of a fixed CT simulator to be used solely for simulation with radiation therapy treatment.

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.

Not applicable. The applicant is not seeking 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.

CT simulation services at the Radiation Oncology Department of BSSM will be under the supervision of Dr. Christopher Chipko, the current Medical Director of Radiation Oncology Services at BSSM.

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;

BSSM is a current provider of cancer services, including radiation therapy. They are one of several providers serving cancer patients in PD 15. This proposal would not introduce a new competitor but will add a CT simulator on the hospital campus that is dedicated to radiation therapy treatment planning.

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;

BSSM is one of several acute care service providers in PD 15. The applicant has made assurances that, if approved, the proposed CT simulator will be used exclusively for radiation therapy planning. If the Commissioner approves the proposed project, due to the scanner's limited use, it is unlikely to 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;

As already discussed, DCOPN concludes that when compared to similar projects, these costs are reasonable. For example, COPN No. VA-04643 issued to Chesapeake Regional, Riverside & University of Virginia Radiosurgery Center, LLC to add one CT simulator is anticipated to cost approximately \$1,536,740. The entirety of the capital costs will be funded using the internal resources of the applicant. Accordingly, there are no financing costs associated with this project. The Pro Forma Income Statement provided by the applicant projects income of \$2,047,152 from in the first year of operation, and income of \$2,053,144 in the second year of operation (**Table 6**).

With regard to staffing, the applicant states that no additional staff are needed for the proposed project. The proposed project will be staffed with existing BSSM Radiation Oncology Department personnel.

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

The proposal would introduce no new technology that would promote quality in the delivery of radiation therapy services. However, CT simulation has become the standard of practice for planning radiation therapy treatment. No cooperative efforts to meet regional health care needs were addressed by the applicant. DCOPN did not identify any other relevant factors to bring to the Commissioner's attention.

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

The applicant is not a teaching hospital or affiliated with a public institution of higher education or medical school in the area to be served. Approval of the proposed project would not contribute to the unique research, training or clinical mission of a teaching hospital or medical school.

DCOPN Staff Findings and Conclusion

DCOPN finds that the proposed project to add one CT scanner to be used solely for simulation with radiation therapy treatment is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. DCOPN finds that the proposed project is more beneficial than the status quo because it will ensure that the full complement of radiation oncology services is available at BSSM and will enhance continuity of care for BSSM patients.

Furthermore, there is no known opposition to the proposed project. Finally, DCOPN finds that the total capital and financing costs for the project of \$\$1,847,400 (**Table 3**) are reasonable when compared to projects that are similar in scope.

Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Bon Secours St. Mary's Hospital of Richmond LLC's request to add one CT scanner used for simulation with radiation therapy treatment for the following reasons:

1. The proposed project is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. The proposed project is more advantageous than the status quo.
3. There is no known opposition to the project.
4. The capital costs are reasonable for the type of project.

DCOPN's recommendation is contingent upon Bon Secours St. Mary's Hospital of Richmond LLC's agreement to the following charity care condition:

Bon Secours St. Mary's Hospital of Richmond LLC will provide CT simulation 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 0.9% of Bon Secours St. Mary's Hospital of Richmond LLC's total patient services revenue derived from CT simulation 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. Bon Secours St. Mary's Hospital of Richmond 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.

Bon Secours St. Mary's Hospital of Richmond LLC will provide CT simulation 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 Bon Secours St. Mary's Hospital of Richmond 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.