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AMANDEEP S. SIDHU
Partner
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October 2, 2023

ELECTRONIC SUBMISSION VIA EMAIL (COPN@VDH.VIRGINIA.GOV)

Virginia Department of Health
Division of Certificate of Public Need
9960 Mayland Drive, Suite 401
Henrico, Virginia 23233

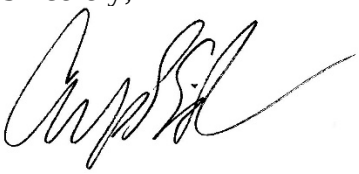
Re: District Hospital Partners, L.P.
Certificate of Public Need to Establish an Outpatient Facility to Include Diagnostic Imaging Services (1 CT and 1 MRI) in Planning District 8 (COPN Request No. VA-8734)

Dear DCOPN Staff:

On behalf of my client, District Hospital Partners, L.P. ("DHP"), enclosed please find an electronic copy of an application for a Certificate of Public Need ("COPN") to establish an outpatient facility with diagnostic imaging services (1 CT and 1 MRI) in Planning District 8. We will separately send via FedEx a check for the COPN application fee, totaling $20,000.00. If approved, the addition of a diagnostic imaging facility at the new Wellness Center at West Falls will provide residents with access to critical imaging technology for the early detection and management of a variety of health conditions.

Thank you for your consideration of this request. Should you have any questions, please feel free to contact me at 202-282-5828 or asidhu@winston.com.

Sincerely,



Amandeep S. Sidhu

Enclosures

cc: Dean Montgomery, Executive Director, Health Systems Agency of Northern Virginia
Kimberly Russo, CEO, GWU Hospital

District Health Partners, L.P.

COPN Request No. VA-8734

Application for Certificate of Public Need to Establish CT and MRI Services at The West Falls Church Regional Health Center

COMMONWEALTH OF VIRGINIA

APPLICATION FOR A

MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

(CHAPTER 4, ARTICLE 1:1 OF TITLE 32.1,

SECTIONS 32.1 – 102.1 THROUGH 32.1 – 102.12 OF

THE CODE OF VIRGINIA OF 1950, AS AMENDED)

OUTPATIENT FACILITIES

SECTION I **FACILITY ORGANIZATION AND IDENTIFICATION**

A. __The West Falls Church Regional Health Center_____
Official Name of Facility

_7171 Cardinal Lane_____
Address

_Falls Church_____VA_____22043_____
City State Zip

_Not yet assigned_____
Telephone

B. _District Health Partners, L.P._____
Legal Name of Applicant

_900 23rd Street NW_____
Address

_Washington_____DC_____20037_____
City State Zip

C. Chief Administrative Officer

__Kimberly Russo_____
Name

__900 23rd Street NW_____
Address

_Washington_____DC_____20037_____
City State Zip

__202-715-4016_____
Telephone

D. Person(s) to whom questions regarding application should be directed:

_Kimberly Russo_____
Name

__900 23rd Street NW_____
Address

_Washington_____D.C._____20037_____
City State Zip

_202-715-4016_____N/A_____
Telephone Facsimile

E. Type of Control and Ownership (Complete appropriate section for both owner and operator.)
Will the facility be operated by the owner? Yes__X___ No_____

Owner of the Facility (Check one)	Proprietary	Operator of Facility (Check one)
(1) _____	(1) Individual	(1) _____
(2) _____X_____	(2) Partnership-attach copy of Partnership Agreement and receipt showing that agreement has been recorded	(2) ____X_____
(3) _____	(3) Corporate-attach copy of Articles of Incorporation and Certificate of Incorporation	(3) _____
(4) _____	(4) Other_____Identify	(4) _____
	Non-Profit	
(5) _____	(5) Corporation-attach copy of Articles of Incorporation and Certificate of Incorporation	(5) _____
(6) _____	(6) Other_____Identify	(6) _____
	Governmental	
(7) _____	(6) State	(7) _____
(8) _____	(8) County	(8) _____
(9) _____	(9) City	(9) _____

(10) _____	(10) City/County	(10) _____
(11) _____	(11) Hospital Authority or Commission	(11) _____

***See* Attachment I.E.2-1 (DHP Articles of Formation). *See also* Attachments I.E.2-2 (DHP Certificate of Good Standing) and I.E.2-3 (DHP Certificate of Clean Hands).**

F. Ownership of the Site (Check one and attach copy of document)

(1) _____ Fee simple title held by the applicant
(2) _____ Option to purchase held by the applicant
(3) _____ leasehold interest for not less than _____ years
(4) _____X_____ Renewable lease, renewable every _*See below*_____ years
(5) _____ Other _____Identify

***See* Attachment I.F.4 (Letter of Intent between Trammell Crow and DHP, reflecting the terms of the property lease that includes a 16-year initial term followed by the option to extend the lease for three consecutive 10-year periods).**

Note: DHP considers Attachment I.F.4 to be a highly confidential and propriety business document and, therefore, respectfully requests that it be excluded from the public record and/or exempted from disclosure in response to a public records request.

G. Attach a list of names and addresses of all owners or persons having a financial interest of five percent (5%) or more in the medical care facility.

(a) In the case of proprietary corporation also attach:

(1) A list of the names and addresses of the board of directors of the corporation.
(2) A list of the officers of the corporation.
(3) The name and address of the registered agent for the corporation.

(b) In the case of a non-profit corporation also attach:

(1) A list of the names and addresses of the board of directors of the corporation
(2) A list of the officers of the corporation
(3) The name and address of the registered agent for the corporation

(c) In the case of a partnership also attach:

(1) A list of the names and addresses of all partners.
(2) The name and address of the general or managing partner.

***See* Attachment I.G.c. (DHP Partnership Structure).**

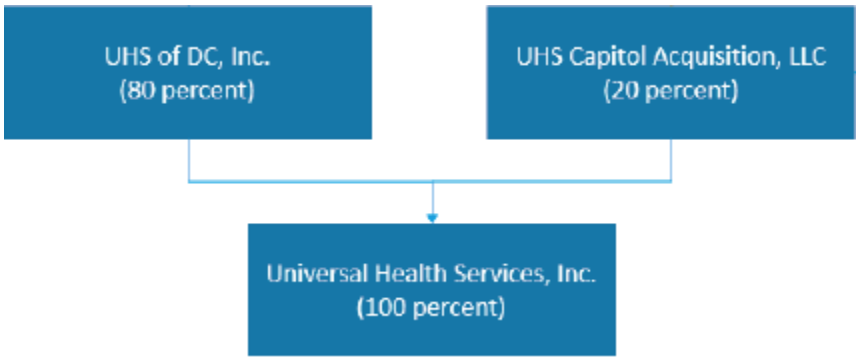
(d) In the case of other types of ownership, also attach such documents as will clearly identify the owner.

H. List all subsidiaries wholly or partially owned by the applicant.

***See* Attachment I.H. (List of DHP subsidiaries).**

I. List all organizations of which the applicant is wholly or partially owned subsidiary.

DHP is a wholly owned subsidiary of Universal Health Services, Inc ("UHS"). The graphic below reflects DHP's ownership structure.



J. If the operator is other than the owner, attach a list of the names(s) and addresses of the operator(s) of the medical care facility project. In the case of a corporate operator, specify the name and address of the Registered Agent. In the case of the partnership operator, specify the name and address of the general or managing partner.

Not applicable.

K. If the operator is other than the owner, attach an executed copy of the contract or agreement between the owner and the operator of the medical care facility.

Not applicable.

SECTION II **ARCHITECTURE AND DESIGN**

A. Location of the Proposed Project

1. Size of site: __0.47_____ acres

2. Located in _City of Falls Church_____ City/County/Planning District

3. Address or directions _7171 Cardinal Lane, Falls Church, VA 22043_____
_____

4. Has site been zoned for type of use proposed:

___X___ Yes (attach copy of zoning or use permit)

_____ No

If no, explain status _____

_____

The project site is located in a B-2 zone, which permits medical office uses by right. *See* Falls Church Code, Ch. 48, Art. IV, Sec. 48-486(a)(3).

B. Type of project for which Certificate of Public Need is requested. (Check one)

(1) _____X_____ New construction

(2) _____ Remodeling/modernization of an existing facility

(3) _____ No construction or remodeling/modernization

(4) _____ Other _____ (Identify)

C. Design of the facility

(1) Does the facility have a long range plan? If yes, attach a copy.

District Hospital Partners, L.P. ("DHP"), a wholly-owned subsidiary of Universal Health Services, Inc. ("UHS"), owns and operates The George Washington University Hospital ("GWU Hospital") and several outpatient facilities in Washington, DC. DHP has entered into various agreements with The George Washington University ("GWU") and GW Medical Faculty Associates, Inc. ("MFA") to facilitate the provision of high-quality, academic medicine to patients throughout the Washington, DC metropolitan region. DHP aims for GWU Hospital to be the destination site in the region for highly complex and routine coordinated care in the right clinical setting that is patient centered, leveraging academic medicine and innovative technology specifically in cardiac, transplantation, neurosciences, orthopedics, and cancer.

As part of DHP's vision for GWU Hospital to continue its position as a destination for academic medicine in the region, it plans to develop a comprehensive and integrated delivery system of care with an academic foundation that expands into Northern Virginia. DHP's plan to expand beyond the District is driven, in part, by the fact that a growing number of GWU Hospital patients live and work in Northern Virginia and, therefore, will benefit greatly from having access to the high-quality, academic medicine that they experience in Washington, DC in a more convenient outpatient setting. As reflected in this application, approximately 10,000 of GWU Hospital's existing patients live in zip codes in the primary service area for the proposed project. *See* Attachment II.C.1 (Zip Code Analysis).

Establishment of the West Falls Church Regional Health Center ("the Center") is an integral part of DHP's vision for the future of health care delivery to its existing and future patients. The Center will include a full-service outpatient facility that will include diagnostic imaging (one CT scanner and one MRI scanner), an ambulatory surgery center (subject to separate COPN review), and medical office space for multiple primary and specialty care practices.

(2) Briefly describe the proposed project with respect to location, style and major design features, and the relationship of the current proposal to the long range plan.

The Center, including the proposed diagnostic imaging services included in this COPN application (addition of one CT scanner and one MRI scanner), will be located at West Falls, a vibrant new mixed-use, transit-oriented development in Falls Church, Virginia. West Falls will include housing (apartment and condominiums), senior living, a hotel (Home2 Suites by Hilton), a grocery store, restaurants, shops, The Commons (a central outdoor common area), and The Wellness Center.

The Wellness Center at West Falls is designed as a speculative multi-tenant medical office building that will serve as an outpatient medical hub for the West Falls Church community (a dedicated building for medical offices and outpatient services). The six-story building includes a public-facing ground level with suites for retail and urgent care tenants and a gracious lobby with various seating areas, kitchenette, and a feature stair to encourage use of the staircase. The typical façade features large-punched windows inset in white and gray precast panels with terracotta colored accent panels. Considering the building's relationship to the neighboring high school and middle school, along with the future multi-family and senior housing in the West Falls development, this project will provide increased access to medical services for the growing community.

DHP was selected by Trammell Crow Company to be the anchor tenant for The Wellness Center at West Falls following a competitive bidding process that included several prominent health systems in the region. DHP is excited about the prospect of developing the Center on this site because it aligns directly with the long-range plan of expanding the GWU Hospital brand of academic medicine to Northern Virginia on a site that is ideally situated near major vehicular transportation arteries in the region and public transportation.

(3) Describe the relationship of the facility to public transportation and highway access.

Public transportation is provided by municipal bus service along the Route 7 Corridor and by the West Falls Metro Train Station adjacent to the West Falls Development.

(4) Relate the size, shape, contour and location of the site to such problems as future expansion, parking, zoning and the provision of water, sewer and solid waste services.

No future expansion is within the plan.

(5) If this proposal is to replace an existing facility, specify what use will be made of the existing facility after the new facility is completed.

Not applicable.

(6) Describe any design features which will make the proposed project more efficient in terms of construction costs, operating costs, or energy conservation.

Trammell Crow Company designed typical floors in the Wellness Center to appeal to both small and full-floor tenants, with a slightly offset core and largely column-free suites. This building is on track to receive LEED Gold certification. Key features that will improve the building's performance are the facades having less than 40 percent glazing, low-flow plumbing fixtures, LED lighting on timers, and an efficient HVAC system. The cast-in-place concrete used slag in the mix to reduce the carbon footprint of the building. Through the use of precast panels with multiple punched windows, the precast sizes were maximized and erection cost was minimized.

D. Describe and document in detail how the facility will be provided with water, sewer and solid waste services. Also describe power source to be used for heating and cooling purposes. Documentation should include, but is not limited to:

(1) Letters from appropriate governmental agencies verifying the availability and adequacy of utilities,

***See* Attachments II.D.1-1 (letter from Fairfax Water re availability and adequacy of water) and II.D.1-2 (letter from City of Falls Church re availability and adequacy of sanitary sewer conveyance service).**

(2) National Pollution Discharge Elimination System permits,

(3) Septic tank permits, or

(4) Receipts for water and sewer connection and sewer connection fees.

The base building HVAC system is provided by air cooled chillers and DOAH units with natural gas for heating. The building is designed as LEED Gold and includes energy efficient equipment and fixtures.

E. Space tabulation – (show in tabular form)

1. If Item #1 was checked in II-B, specify:

   a. The total number of square feet (both gross and net) in the proposed facility.
   b. The total number of square feet (both gross and net) by department and each type of patient room (the sum of the square footage in this part should equal the sum of the square footage in (a) above and should be consistent with any preliminary drawings, if available).

Space	Square Footage
CT Suite	886 Sq. Ft.
MRI Suite	886 Sq. Ft.
Supporting Space	2,937 Sq. Ft.
TOTAL	**4,685 Sq. Ft.**

***See* Attachment II.G.1. (Site Plan).**

2. If Item #2 was checked in II-B, specify:

   a. The total number of square feet (both gross and net) by department and each type of patient room in the existing facility.
   b. The total number of square feet (both gross and net) to be added to the facility.
   c. The total number square feet (both gross and net) to be remodeled, modernized, or converted to another use.
   d. The total number of square feet (both gross and net) by department and each type of patient room in the facility upon completion. (The sum of square footage in this part should equal the sum of the square footages in

parts (a) and (b) above and should be consistent with any preliminary drawings, if available. (The department breakdown should be the same as in (a) above.)

3. Specify design criteria used or rationale for determining the size of the total facility and each department within the facility.

Programming and design work sessions were conducted between DHP and the architect, which resulted in a room-by-room space allocation program to meet DHP's operational needs.

F. Attach a plot plan of the site which includes at least the following:

1. The courses and distances of the property line.

2. Dimensions and location of any buildings, structures, roads, parking areas, walkways, easements, right-of-way or encroachments on the site.

***See* Attachment II.F (Plot Plan).**

G. Attach a preliminary design drawing drawn to a scale of not less than 1/16"-1'0" showing the functional layout of the proposed project which indicates at least the following:

1. The layout of each typical functional unit.

2. The spatial relationship of separate functional components to each other.

3. Circulatory spaces (halls, stairwells, elevators, etc.) and mechanical spaces.

***See* Attachments II.G-1 (Site Plan) and II.G-2 (The Wellness Center at West Falls Brochure).**

H. Construction Time Estimates

1. Date of Drawings: Preliminary _09/2023___ Final _12/2023____

2. Date of Construction: Begin __09-10/2024__ Completion _05-06/2025_

3. Target Date of Opening: ___05-06/2025_____

***See* Attachment II.H. (Construction Timeline).**

SECTION III **SERVICE DATA**

A. In brief narrative form describe the kind of services now provided and and/or the kind of services to be available after completion of the proposed construction or equipment installation.

DHP seeks certificate of public need ("COPN") approval to establish a new diagnostic imaging service that will include the addition of one CT scanner and one MRI scanner in Planning District 8 ("PD 8"). The proposed diagnostic imaging services will be located at The Wellness Center at West Falls, 7171 Cardinal Lane, Falls Church, VA 22043 and will be part of DHP's West Falls Church Regional Health Center ("the Center"), a full-service outpatient facility that will include diagnostic imaging (one CT scanner and one MRI scanner), an ambulatory surgery center (subject to separate COPN review), and medical office space for multiple primary and specialty care practices.

Currently, Northern Virginia residents must travel into Washington, DC to receive care at GWU Hospital, DHP's flagship academic medical center and one of the top destinations for health care in the National Capital Region. To further improve patient access and better serve its existing patients and meet current and future needs of PD 8 residents, DHP is developing the Center to provide an access point in Northern Virginia that is convenient and accessible – including ease of access to much-needed diagnostic imaging services with the addition of one CT scanner and one MRI scanner.

B. Describe measures used or steps taken to assure continuity of care.

DHP, a wholly-owned subsidiary of UHS, owns and operates GWU Hospital, a regional medical center that offers primary, secondary, and tertiary level care to patients. These services include emergency, special diagnostic, medical-surgical inpatient care, social services, home care, holistic care, and other support services. As a regional academic medical center, it has appropriate facilities and resources to ensure continuity of care and coordination of services with area hospitals and other service providers in order to provide a full array of services necessary to give the most appropriate level and scope of health care service for the patient. Additionally, written policies and procedures for internal communication and service coordination, as well as for referral of patients for different or additional services, including procedures for carrying out referrals, is a standard practice that will be emulated at the Center. The Center will maintain patient records to ensure that continuity of care is facilitated. Patient records will include, at minimum, written summaries of the care rendered and their current care data and status. The medical records and information systems will enable staff and personnel to transfer health information easily, either physically or electronically, from one service provider to another.

In emergency situations, or when inpatient care is required, patients at the Center will be transported to GWU Hospital or another area hospital. GWU Hospital has an agreement with LifeStar Response for the transport of patients to the Emergency Department, which will be extended as necessary to include the Center. *See* Attachment III.B-1 (Lifestar Response Service Agreement) and Attachment III.B-2 (LifeStar Response Amended Agreement).

C. What procedures are utilized in quality care assessment?

DHP follows the principles outlined by the Joint Commission for Continuous Quality Improvement ("Joint Commission") at GWU Hospital and will do the same at the Center. The Joint Commission prescribes a management approach that includes the continuous study and improvement of the processes of providing healthcare services to meet the needs of individuals. The Performance Improvement Plan, which includes monitoring and evaluation activities that address patients served by GWU Hospital, will be further extended to the Center as part of the DHP network of services in the National Capital Region.

The plan includes both clinical and non-clinical areas of operations. Responsibility and accountability for the success of the plan is placed on the hospital leaders, individual staff members and physicians. It is designed to measure the level of excellence of care and service; identify areas for improvement and provide a methodology for planning and implementing change; and assist in the achievement of organization-wide goals. Issues addressed include customer service, quality of care, utilization of resources, regulatory issues, and financial performance.

Leadership at GWU Hospital, including the Board of Trustees, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Medical Director, Chief Nursing Officer, other executive administrators, department directors and managers, and leaders of the medical departments and divisions are responsible for ensuring hospital-wide performance improvement which will be further extended to the Center. GWU Hospital leadership regularly assesses its involvement and effectiveness in achieving this goal by evaluating objective data and allocating resources as needed to improve performance – principles that will be extended to the Center.

The performance improvement process is integrated into the daily functions of GWU Hospital and will be extended to the Center. Integration and education begins at employee orientation and continues on an ongoing basis through staff and management meetings. The Hospital Quality Council ("HQC") is the vehicle through which the GWU Hospital CEO performs oversight of the Performance Improvement Program for the Board of Trustees. The HQC is the central authority for directing the implementation and management of the Performance Improvement Plan. The HQC reports to the Board, through the CEO and/or the Medical Director. The Chief Operating Officer is the CEO's designee on the HQC. The Center – including the

diagnostic imaging component for CT and MRI – would become a component of review through the quality council governance structure.

All medical care that is provided to patients at the Center – including diagnostic imaging – will be overseen and coordinated by a Medical Director assigned to the facility in order to assure the quality of the care. Individualized care plans will be developed to serve all patients throughout the continuum with referrals outside of the services in the event it is necessary to achieve the best outcome for the patient.

D. Describe the plan for obtaining additional medical, nursing and paramedical personnel required to staff the project following completion and identify the sources from which such personnel are expected to be obtained.

An organizational website for the Center, with a career section, will be launched approximately six months prior to the pre-determined start date for staff. This will include "pre-start" time for training and orientation. This career site will mirror the UHS template, including, but not limited to:

1) **Key facets of business and employee groups needed (*i.e.*, RNs, Physical Therapists, etc.);**
2) **Benefits offered;**
3) **Organizational culture; and**
4) **Location benefits.**

A recruitment marketing plan for the Center will be developed approximately three months prior to the launch of the career site. This plan will drive prospective candidates to the career site to apply. The plan will include social media, in-person hiring events, virtual hiring events, and optimization of positions on the Internet. In addition, community groups and schools will be contacted, and existing scholarship programs from GWU Hospital (for RNs and Techs, to name a few) will be launched. All employees at the Center, including the staffing support for the CT and MRI units, will be drawn from the local community in Northern Virginia and nearby communities in the region.

Moreover, with GWU Hospital as the primary teaching hospital for the GWU School of Medicine and other health professional graduate programs, DHP will leverage its position as one of the preeminent academic medical health systems in the region to enhance recruitment of top talent. DHP will include professional development programs for its employees at the Center as an extension of the programs that are offered to its employees at GWU Hospital and other facilities in the District.

E. Facilities and Services to be Provided (Check)

	This Project	This Project to to be

		Existing	To be Added	Discontinued
1.	Outpatient Surgery	_____	_____	_____
2.	Post Operative Recovery Room	_____	_____	_____
3.	Pharmacy with			
	full-time pharmacists	_____	_____	_____
	part-time pharmacists	_____	_____	_____
4.	Diagnostic Radio-logical Services			
	x-ray	_____	_____	_____
	radioisotope	_____	_____	_____
	CT scanning	_____	____X_____	_____
	Project will include both CT and MRI scanning.			
5.	Therapeutic Radio-logical Services	_____	_____	_____
	Specify Source(s) or Type(s) or Equipment Used			
	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____
6.	Clinical Pathology Laboratory	_____	_____	_____
7.	Blood Bank	_____	_____	_____
8.	Electroencephalo-graphy	_____	_____	_____
9.	Electrocardiography	_____	_____	_____
10.	Ultrasonography	_____	_____	_____
11.	Respiratory Therapy	_____	_____	_____

12.	Renal Dialysis			
	chronic outpatient	_____	_____	_____
	home dialysis training	_____	_____	_____
13.	Alcoholism Service	_____	_____	_____
14.	Drug Addiction Service	_____	_____	_____
15.	Physical Therapy Department	_____	_____	_____
16.	Occupational Therapy Department	_____	_____	_____
17.	Medical Rehabilitation			
	outpatient	_____	_____	_____
18.	Psychiatric Service	_____	_____	_____
	outpatient	_____	_____	_____
	emergency service	_____	_____	_____
19.	Clinical Psychology	_____	_____	_____
20.	Outpatient Emergency Service	_____	_____	_____
21.	Social Service	_____	_____	_____
22.	Family Planning Service	_____	_____	_____
23.	Genetic Counseling Service	_____	_____	_____
24.	Abortion Service	_____	_____	_____
25.	Pediatric Service	_____	_____	_____
26.	Obstetric Service	_____	_____	_____
27.	Gynecological Service	_____	_____	_____
28.	Home Care Service	_____	_____	_____

29.	Speech Pathology Service	_____	_____	_____
30.	Audiology Service	_____	_____	_____
31.	Paramedical Training Program	_____	_____	_____
32.	Dental Service	_____	_____	_____
33.	Podiatric Service	_____	_____	_____
34.	Pre-Admission Testing	_____	_____	_____
35.	Pre-Discharge Planning	_____	_____	_____
36.	Multiphasic Screening	_____	_____	_____
37.	Other (Identify)	_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____

F. Program

1. Is (will) this outpatient facility (be) a department, unit or satellite of a hospital?

___X_____ Yes (Give name of hospital) _GWU Hospital_____

_____ No

2. Is this outpatient facility affiliated with or does it have a transfer agreement with a hospital?

___X_____ Yes (Give name of hospital) _GWU Hospital_____

_____ No

3. Is (will) there (be) an arrangement whereby medical records can readily be transferred between this outpatient facility and an inpatient facility (ies)?

___X_____ Yes (give name of facility)___GWU Hospital_____

_____ No

This outpatient location will be integrated within the GWU Hospital Electronic Medical Record so records can be readily transferred between the outpatient and inpatient facilities within the GWU Hospital health system.

4. Outpatient services are (will be) available from _8_ a.m. to _5_ p.m. ____5_____ days of week (Monday – Friday).

Extended or nontraditional hours will be considered based on demand and patient needs.

5. Does (will) the facility operate scheduled clinics?

____X___ Yes (Attach clinic schedule list)

_____ No

DHP's proposed diagnostic imaging service will initially have a daily schedule for both CT and MRI patients with standard operating hours of 8:00 am to 5:00 pm and emergency slots at 5:00 pm to be utilized, as necessary, to meet patient needs. The table below provides a mock-up of this schedule reflecting appointment times that will be approximately 20 minutes apart for CT and 45 minutes apart for MRI. Accordingly, DHP's initial schedule will accommodate 27-30 patients per day for CT scanning and 12-13 patients per day for MRI scanning following the initial start-up period.

	Monday	Tuesday	Wednesday	Thursday	Friday
8:00-9:00					
9:00-10:00					
10:00-11:00					
11:00-12:00					
12:00-1:00					
1:00-2:00					
2:00-3:00					
3:00-4:00					
4:00-5:00					
5:00-6:00	Emergency Slot	Emergency Slot	Emergency Slot	Emergency Slot	Emergency Slot

6. Are there other organized outpatient services in your primary service area?

___X___ Yes _____ No

7. The outpatient facility is (will be) staffed:

(a) Only by physicians on call: _____ Yes ___X___ No

(b) By full time physicians: ___X___ Yes _____ No

(c) By physicians who limit their practice to this outpatient service? _____ Yes ___X___ No

8. State specifically any limitations or restrictions for participation in the services of the facility.

The Center will not have any limitations or restrictions for participation. Treatment will be provided consistent with our overall non-discrimination policy, to include low-income and indigent patients.

G. Please provide historical and/or project utilization statistics for the facility including number of patients, number of patient visits and number of patient services.

This application seeks COPN approval for new CT and MRI services at a new outpatient facility. Accordingly, there is no historical and/or project utilization statistics. However, it may be informative to examine DHP's existing patients at GWU Hospital. DHPs' current outpatient imaging facilities in the District currently experience multi-hour wait times for both CT and MRI. For CT, wait time is an average of 4.6 hours and for MRI, patients wait 22.1 hours, on average. Current YTD (Jan. 1, 2023 to Sept. 1, 2023), GWU Hospital patients have received 11,157 CT scans and 2,197 MR scans. *See* Attachment III.G (Alvarez & Marsal Expert Report in Support of Project Justification and Identification of Community Need) (hereinafter "A&M Report"), at 7.

Imaging Exam Turnaround Times for GWUH Inpatients
Jan. 1 – Sept. 1, 2023

Exam Type	Average Turnaround Time[1] (Hrs.)	Count of Exams
X-ray	6.6	22,539
CT	4.6	11,157
Ultrasound	20.2	8,001
MRI	22.1	2,197
Nuclear Medicine	18.2	231
PET/CT - Nuclear Medicine	58.6	63
PET - Nuclear Medicine	52.7	9
Total	**9.5**	**44,197**

[1]Turnaround time measured as time between ordering of exam and completion of exam

As a result of the combined scanning volumes and the unpredictable needs of inpatients and emergent patients, next available outpatient

exams are typically 20-28 days out for MRI and 70+ days out for certain other imaging modalities (*e.g.*, mammography screening). *Id.* at 7.

Next Available Imaging Exam for GWUH Outpatients
As of Sept. 18, 2023

Exam Type	Days until Next Available Appointment
MRI	20
CT	1
Mammography Screening	72
Diagnostic Mammography	21
Diagnostic Mammography & Ultrasound	21 (for urgent needs)
Non-breast Ultrasound	77
DEXA	84

In addition, actual appointments for imaging procedures are often delayed one to one and a half hours from appointment time due to more urgent scanning needs. The delays in performing inpatient exams potentially extend the patient's diagnosis and treatments, resulting in higher costs of inpatient care and may negatively impact outcomes.

Looking at DHP's existing MRI volumes, an estimated 86% utilization of GWU Hospital MRI capacity indicates very limited opportunity to accommodate additional demand on existing equipment. Due in part to the large volume of complex inpatient cases and more time-consuming imaging protocols for these patients.

GWUH MRI Procedure Capacity
900 23rd St. Only | Excludes Intraoperative MRI Unit

	Daily Slots			Weekly Slots
MRI Unit	Weekdays	Sat.	Sun.	Total
GWUH 3T	9	7	5	57
GWUH 1.5T	5	8	2	35
Total	14	15	7	92

GWUH Typical Week's Outpatient Scheduled MRI Cases
900 23rd St. Only | Excludes Intraoperative MRI Unit | Reflects Week of 9/18

	Scheduled Cases							
MRI Unit	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Total
GWUH 3T	8	3	8	6	9	closed	2	36
GWUH 1.5T	7	6	6	9	6	8	1	43
Total	15	9	14	15	15	8	3	79

$$\frac{79 \text{ cases}}{92 \text{ slots}} = 86\% \text{ utilized}$$

Note: Cases shown here reflect scheduled appointments only and do not include emergent cases or inpatient add-ons

Accordingly, DHP's existing and future patients who live and work in PD 8 would greatly benefit from having access to CT and MRI services within the GWU Hospital network of care – with all of the benefits that come from an integrated care delivery model, including seamlessness of consults and referrals with specialists and other providers that support the patient.

H. Staffing of Existing and/or Proposed Facility

DHP will hire and/or pull from existing faculty at GWU Hospital a board-certified radiologist to serve as the Medical Director for the Diagnostic Imaging Center, along with four radiology technicians for CT and MRI and three administrators to support the service.

In the following categories, indicate the number of full time equivalent personnel (at least 35 hours per week).

	Current Full Time	Additional Vacant Positions	Additional Full Time	Needed TOTAL
Total number of Full-time staff	_____	_____	8 (Y1) 14.1 (Y5)	8 (Y1) 14.1 (Y5)
Administration-Business Office	_____	_____	1 (Y1)	1 (Y5)
Registered Nurses	_____	_____	_____	_____
			_____	_____
Licensed Practical Nurses, Nurses Aides, Orderlies/Attendants	_____	_____	_____	_____
	_____	_____	_____	_____
Registered Medical Records Librarian	_____	_____	0	0
Registered Pharmacists	_____	_____	0	0
Laboratory Medical Technologists	_____	_____	0	0
ADA Dieticians	_____	_____	0	0
Radiologic Technologists	_____	_____	4 (Y1)	4 (Y1)

			7.1 (Y5)	7.1 (Y5)
Occupational Therapists			0 0	0 0
Physical Therapists			0 0	0 0
Psychologists			0	0
Psychiatric Social Workers			0	0
Recreational Therapists			0	0
Inhalation Therapists			0	0
Medical Social Workers			0	0
Other Health Professionals, Identify				
Front Desk			1 (Y1) 2 (Y5)	1 (Y1) 2 (Y5)
Scheduling			1 (Y1) 2 (Y5)	1 (Y1) 2 (Y5)
Authorizations			1 (Y1) 2 (Y5)	1 (Y1) 2 (Y5)
All Other Personnel (Exclude Physicians and Dentists)				

I. Present a plan for obtaining all additional personnel required to staff the project following completion and identify the sources from which such personnel are expected to be obtained.

The plan for all additional personnel to staff the project will mirror the previously identified plan for medical personnel.

J. Describe the anticipated impact that the project will have on the staffing of other facilities in the service area.

No impact is expected to occur relative to other facilities.

K. Attach the following information or documents:

1. Copy of most recent licensing report from State Agency (existing facilities, excluding public health centers).

***See* Attachment III.K.1. (DHP Hospital License).**

2. Current accreditation status and copy of latest accreditation report from Joint Commission on Accreditation of Hospitals (existing facilities excluding public health centers.

***See* Attachment III.K.2. (Letter from Joint Commission renewing accreditation for services under the Comprehensive Accreditation Manual for Hospitals).**

3. Roster of medical staff (existing facilities). Indicate their specialty, Board Certification, Board eligibility and staff privileges (active, associate, etc.).

***See* Attachment III.K.3 (Medical staff roster, including all providers, the status of their privileges, and their specialties).**

4. Copies of letters of commitment or statement of intent from physicians indicating they will staff the proposed new facility or service upon completion (existing and proposed facilities).

Consistent with the operating and academic affiliation agreements between DHP (d/b/a GWU Hospital) and GW Medical Faculty Associates ("MFA"), MFA intends to provide staffing of physicians and other health care providers at the West Falls Church Regional Health Center ("the Center").

***See* Attachment III.K.4. (Letter from Dean B. Bass, CEO MFA to K. Russo, CEO GWU Hospital).**

Note: DHP considers Attachment III.K.4. to be a highly confidential and propriety business document and, therefore, respectfully requests that it be excluded from the public record and/or exempted from disclosure in response to a public records request.

SECTION IV **PROJECT JUSTIFICATION AND IDENTIFICATION OF COMMUNITY NEED**

A. Please provide a comprehensive narrative description of the proposed project.

District Hospital Partners, L.P. ("DHP") seeks certificate of public need ("COPN") approval to establish diagnostic imaging services – including the addition of one CT scanner and one MRI scanner – as part of its future West Falls Church Regional Health Center ("the Center"). DHP, a wholly-owned subsidiary of Universal Health Services, Inc. ("UHS"), owns and operates The George Washington University Hospital ("GWU Hospital"), a 395-bed tertiary care academic medical center located in downtown Washington, DC. Featuring a Level I Trauma Center and a Level III NICU, GWU Hospital offers clinical expertise in a variety of areas including cardiac, cancer, neurosciences, women's health, and advanced surgery, including robotic and minimally invasive surgery.

The Center will be a comprehensive ambulatory care facility located at The Wellness Center at West Falls, 7171 Cardinal Lane, Falls Church, VA 22043, in Planning District 8 ("PD 8"). The Center will offer an extensive array of primary and specialty care services, an ambulatory surgery center (subject to separate COPN review), and diagnostic imaging services. CT and MRI imaging services are a critical part of DHP's goal of providing full-service access to care at the Center – clinically integrated with GWU Hospital, DHP's flagship academic medical center in Washington, DC.

The proposed CT and MRI suite will be located on the sixth floor of The Wellness Center at West Falls. It will occupy 4,685 square feet of space comprised of 886 square feet for each of the CT and MRI suites and control rooms, respectively, and 2,937 square feet and supporting space (registration, patient waiting areas, staff and tech rooms, restrooms, etc.). DHP proposes to acquire a Siemens Magnetom Aera 1.5T MRI scanner and Siemens Somatom GO.TOP CT scanner. *See* Attachments IV.A-1 (Siemens Magnetom Aera 1.5T MRI Specifications) and IV.A-2 (Siemens Somatom GO.TOP CT Specifications).

The addition of imaging services at the Center will address a critical healthcare need for DHP's existing patients who live and work in PD 8 and meet the needs of the broader community in the coming years.

Based on DHP's expected hiring plans, imaging volume is anticipated to increase from approximately 2,800 procedures in Year 1 to approximately 30,000 in Year 5 at the Center. DHP intends to build up its clinical presence

beyond imaging at the Center with the hiring of primary care physicians and specialty physicians. This approach aligns with GWU Hospital's mission as an academic medical center to train new PCPs and specialists and embed them in communities to deliver advanced care.

Over a 5-year period, DHP intends to ramp-up to 47 PCPs and 26 specialists at the Center, which will lead to imaging utilization best suited for the outpatient location in West Falls Church. The market supports the additional PCP hiring, with research indicating the need for an additional 727 primary care physicians by 2030 based on 2020 estimates. Research also indicates that PCPs and specialists order imaging studies on 14% and 40% of annual visits, respectively, resulting in up to 30,000 total imaging orders by year 5 of the ramp-up of the Center.

The proposed diagnostic imaging services at the Center would offer patients of DHP's PCPs and specialists a highly convenient option to handle their imaging versus having to travel to the GWU Hospital campus in Washington, DC.

Physician Hiring and Expected Imaging Demand

Physician Description	Year 1	Year 2	Year 3	Year 4	Year 5
Primary Care Physicians					
# of PCPs	9	19	29	39	47
Projected Visits	11,813	40,688	75,250	110,250	142,625
Expected PCP Imaging Volume[1]	**1,654**	**5,696**	**10,535**	**15,435**	**19,968**
Specialty Care Physicians					
# of Specialists	9	12	16	21	26
Projected Visits	2,814	9,083	14,730	20,432	25,806
Expected Specialty Imaging Volume[1]	**1,126**	**3,633**	**5,892**	**8,173**	**10,322**
Total Expected Imaging Volume	**2,779**	**9,330**	**16,427**	**23,608**	**30,290**

1) Based on IPM Referral Data, PCPs and Specialists order imaging studies on 14% and 40% of annual visits, respectively

See Attachment III.G., at 9. **As reflected in Chart A, below, CT and MRI represent 24.5% and 6.9%, respectively, of GWU Hospital's total imaging exams over a ~12-month timeframe.**

Chart A

Modality Mix Analysis: 9/1/22 - 9/14/23[2]		
Modality	**Completed Exams**	**% of Total**
X-Ray	68,581	44.7%
DEXA	1,165	0.8%
CT	37,632	24.5%
Mammo	13,102	8.5%
MRI	10,595	6.9%
Nuclear Medicine	2,033	1.3%
US	20,317	13.2%
Total	**153,425**	**100.0%**

***Id.* at 10. Applying the historical modality mix for CT and MRI to the growth model in Chart B results in the following:**

- **CT grows from 682 exams in Year 1 to 7,429 in Year 5**
- **MRI grows from 192 exams in Year 1 to 2,092 in Year 5**
- **MRI and CT together are expected to grow at annual rate of 61.2%**

Chart B

Physician Hiring and Expected Imaging Demand

Physician Description	Year 1	Year 2	Year 3	Year 4	Year 5
Primary Care Physicians					
# of PCPs	9	19	29	39	47
Projected Visits	11,813	40,688	75,250	110,250	142,625
Expected PCP Imaging Volume[3]	**1,654**	**5,696**	**10,535**	**15,435**	**19,968**
Specialty Care Physicians					
# of Specialists	9	12	16	21	26
Projected Visits	2,814	9,083	14,730	20,432	25,806
Expected Specialty Imaging Volume[3]	**1,126**	**3,633**	**5,892**	**8,173**	**10,322**
Total Expected Imaging Volume	**2,779**	**9,330**	**16,427**	**23,608**	**30,290**
CT Mix - 24.5%	682	2,288	4,029	5,791	7,429
MRI Mix - 6.9%	192	644	1,134	1,630	2,092
Total MRI and CT Volume	**874**	**2,933**	**5,164**	**7,421**	**9,521**
MRI and CT Growth %		*235.7%*	*76.1%*	*43.7%*	*28.3%*

***Id.* at 10. For DHP's existing patients at GWU Hospital, the wait times for CT and MRI services indicate a shortage of imaging equipment in the area. From January to September 2023, the average inpatient wait time for a CT scan was 4.6 hours, and the average wait time for an MRI scan was 22.1 hours. And as of September 2023, the average wait time for an outpatient MRI appointment was 20 days. Although the average wait time for an outpatient CT appointment was only one day, actual appointments for imaging procedures are often delayed due to more urgent scanning needs.**

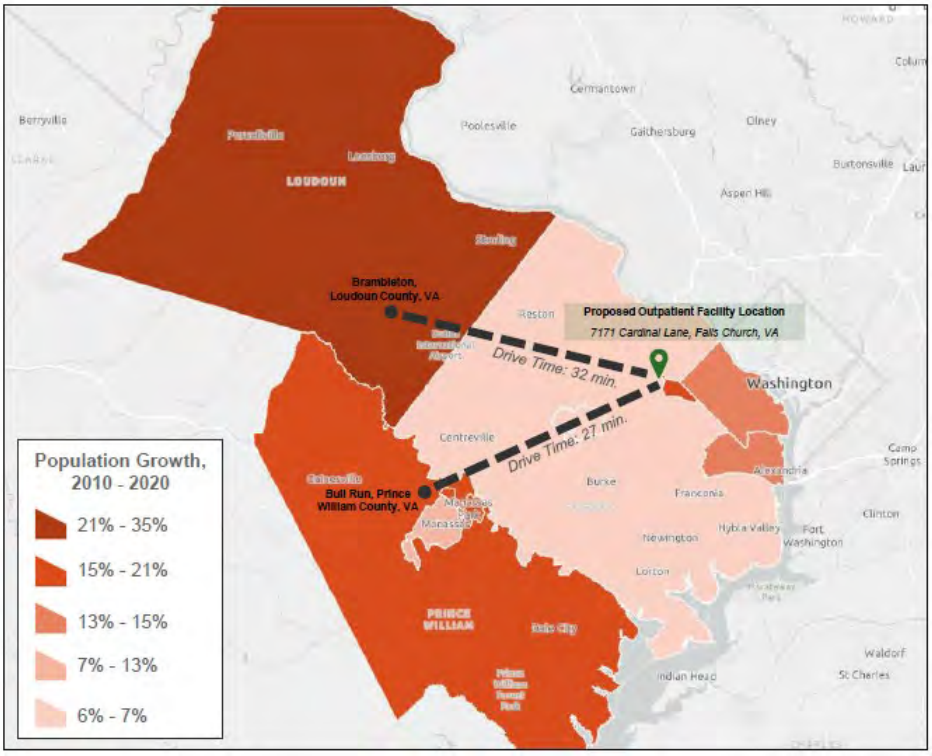
The need for imaging services in Planning District 8 is only increasing. Data shows that while the overall growth of Planning District 8 has been modest, the population of older residents has grown significantly faster.

Selected Demographics of Planning District 8
2010 & 2020 Censuses

Age Group	2010	2020	Raw Growth	Annual Growth
Total population	2,230,623	2,550,377	14%	1.3%
55 to 59 years	132,992	165,070	24%	2.2%
60 to 64 years	109,140	137,818	26%	2.4%
65 to 69 years	70,109	104,672	49%	4.1%
70 to 74 years	44,723	83,227	86%	6.4%
75 to 79 years	31,487	54,538	73%	5.6%
80 to 84 years	22,960	33,193	45%	3.8%
85 years and over	23,310	31,071	33%	2.9%

***Id.* at 4. Given that older individuals exhibit higher utilization of healthcare services, evidence suggests that that the need for imaging services in this area will continue to increase.**

Moreover, the majority of population growth in Northern Virginia is concentrated in the "outer ring suburbs" of Prince William and Loudoun Counties, as well as the cities of Manassas and Manassas Park. This growth will increase the healthcare needs of Planning District 8.



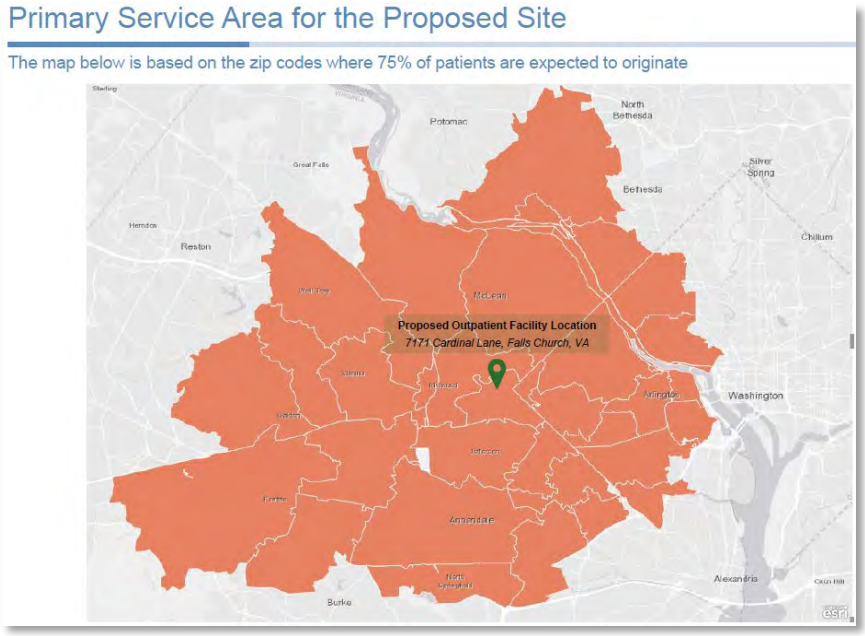
***Id.* at 5.**

The total capital expenditures associated with this project are $10,598,084.77 and will be funded entirely through the accumulated reserves of DHP and UHS.

B. Identification of Community Need

1. Describe the geographic boundaries of the facility's primary service area. (Note: Primary service area may be considered to be geographic area from which 75% of patients are expected to originate.)

The primary service area of the venture includes zip codes within a 5–7-mile radius of zip 22046.



***Id.* at 3.**

2. Provide patient origin, discharge diagnosis or utilization data appropriate for the type of project proposed.

Based on 2023 YTD data, approximately 10,000 GWU Hospital patient encounters derive from the primary service area of the proposed outpatient facility. Ninety-one percent of these encounters are outpatient, and the remaining nine percent of inpatient encounters have an estimated CMI of 1.86 with an average length of stay at 4.84 days. *See* Attachment II.C.1. (Zip Code Analysis).

C. 1. Is (are) the service(s) to be offered presently being offered by any other existing facility(ies) in the Health Planning Region?

Yes.

2. If Yes,

a. Identify the facility(ies)

***See* Attachment IV.C.2.a. (List of other area providers).**

b. Discuss the extent to which the facility(ies) satisfy(ies) the current demand for the service(s).

The primary service area exhibits the lowest CT and MRI authorization rates per capita in the state. A comparative analysis of imaging units per 100,000 population reveals a significantly lower amount of CT units and MRI units per capita as compared with each of the other Virginia HPRs. *See* Attachment III.G., at 24. CT Units per capita in HPR II is 27% less than the state average, and MRI units per capita in HPR II is 25% less than the state average. *Id*.

Health Planning Region	Population	Authorized CT Units	Authorized MRI Units	CT Units per 100,000 pop.	MRI Units per 100,000 pop.
I	1,405,850	68	48	4.8	3.4
II	2,545,650	78	57	3.1	2.2
III	1,330,048	66	45	5.0	3.4
IV	1,504,999	72	53	4.8	3.5
V	1,897,072	81	56	4.3	3.0
Virginia Total	**8,683,619**	**365**	**259**	**4.2**	**3.0**

Source: U.S. Census Bureau 2022 population estimates by county; Virginia Department of Health COPN authorized service/equipment inventory

***Id*. DHP believes that its patients in Virginia patients should not have travel into the District in order to obtain integrated diagnostic imaging services. Authorization of one additional CT unit and one additional MRI unit will enable more HPR II residents to obtain care near where they live, within the Commonwealth.**

c. Discuss the extent to which the facility(ies) will satisfy the demand for services in five years.

Within a 10-mile radius of the proposed Falls Church location, all healthcare service lines have seen growth in recent years and are projected to grow more. *Id*. at 4. While the overall growth in the past decade of the primary service area has been modest, older aged populations have grown quite rapidly. While the population of PD 8 grew at an average annual rate of 1.3% from 2010 to 2020, the population of older individuals grew significantly faster. *Id*. Growth rates of nearly all age bands above 55 years were more than double the overall growth rate. *Id*. The two highest growth age bands were 70-74 years of age (for which the population grew 6.4% per year) and75-79 years (for which the population grew 5.6% per year). *Id*. This increase in the number of older individuals in PD 8 suggests an increasing need for healthcare services – as older individuals exhibit higher utilization of healthcare services, on average – including imaging services and outpatient care. *Id*.

Based on DHP's expected hiring plans, imaging volume is anticipated to increase from approximately 2,800 procedures in

Year 1 to approximately 30,000 in Year 5 at the West Falls Church location. *Id.* As part of the proposed outpatient facility at West Falls Church, GWU Hospital intends to build up its clinical presence beyond imaging with the hiring of primary care physicians and specialty physicians. *Id.* at 9. This approach aligns with GWUH's mission as an academic medical center to train new PCPs and specialists and embed them in communities to deliver advanced care. *Id.* Over a 5-year period, GWUH intends to ramp-up to 47 PCPs and 26 specialists at the Center, which will lead to imaging utilization best suited for the West Falls Church location. *Id.* The market supports the additional PCP hiring; according to research from the Robert Graham Center, Virginia will need an additional 727 primary care physicians by 2030 based on 2020 estimates. *Id.*

Physician Hiring and Expected Imaging Demand

Physician Description	Year 1	Year 2	Year 3	Year 4	Year 5
Primary Care Physicians					
# of PCPs	9	19	29	39	47
Projected Visits	11,813	40,688	75,250	110,250	142,625
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Total Expected Imaging Volume	**2,779**	**9,330**	**16,427**	**23,608**	**30,290**

1) Based on IPM Referral Data, PCPs and Specialists order imaging studies on 14% and 40% of annual visits, respectively

Id.* According to IPM (healthcare data reporting organization), PCPs and specialists order imaging studies on 14% and 40% of annual visits, respectively, resulting in a projection that up to 30,000 total imaging orders by Year 5 of the ramp-up. *Id.* The imaging platform at the Center will offer patients of these PCPs and specialists a highly convenient option to handle their imaging as contrasted with traveling to the GWU Hospital campus. *Id.

D. Discuss how project will fill an unmet need in the delivery of health care in the service area including, where applicable, geographic barriers to access.

Currently, roughly 10,000 GWU Hospital patients reside in the primary service area for the Center and the proposed CT and MRI services. While those patients have access to other providers – including free-standing imaging centers – to obtain CT and MRI services closer to their homes, they are often choosing to travel to Washington, DC to receive their imaging care as part of the GWU Hospital integrated care delivery systems. For this reason alone, DHP respectfully submits that the proposed project will meet an unmet need

that is tied directly to geographic barriers caused by traffic congestion in Northern Virginia and Washington, DC.

Additionally, an analysis of expected imaging volumes in the primary service area and implied equipment needs suggests a need for 6.4 additional CT machines and 3.2 additional MRI machines to meet the average expected need of the PD 8 population. *Id*.

	CT	MRI
Procedures per 1000 Population per Year[1]	245	118
PD 8 Population[2]	2,550,377	
Expected Annual Procedure Volume[3]	624,842	300,944
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000
Estimated Machines Required[5]	84.4	60.2
Current PD 8 Machine Count[6]	78	57
Variance to Expected[7]	-6.4	-3.2

***Id.* at 11. As discussed in greater detail below in Section IV.E., DHP also considered various alternative methodologies to determine the numerical need for additional CT and MRI services in PD 8.**

E. Discuss the consistency of the proposed project with applicable Regional Health Plan, State Health Plan, State Medical Facilities Plan, or other plans promulgated by State agencies.

Required Considerations

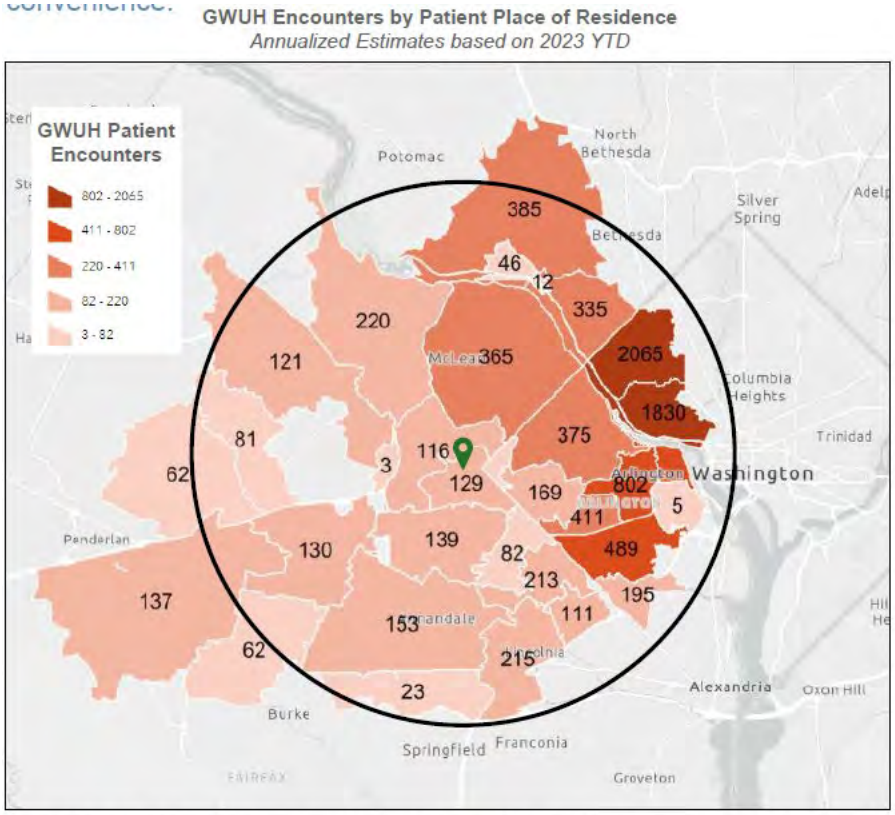
Criteria 1: The extent to which the proposed project will provide or increase access to health care services for people in the area to be served and the effects that the proposed project will have on access to health care services in areas having distinct and unique geographic, socioeconomic, cultural,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

As discussed in Sections IV.A through IV.D, DHP's proposed project will provide increased access to academic medicine to GWU Hospital's existing patients and meet the needs of the region for CT scanning services based on future population growth. Based on 2023 YTD data, GWU Hospital experiences an estimated 10,000 patient encounters per year with patients who reside in the primary service area of the proposed outpatient facility.

- **Approximately 9,100 (91%) of these encounters are outpatient encounters.**

- **Approximately 950 (9%) of these encounters are inpatient, with estimated case mix index 1.86 and estimated average length of stay 4.84 days.**
- **These patients currently travel into the heart of the District of Columbia to receive care, which often poses significant inconvenience due to factors of limited parking availability, traffic, tolls, and/or public transit limitations.**
- **For these existing GWU Hospital outpatients, the opportunity to receive imaging care and other outpatient services at a West Falls Church site away from the congestion of downtown Washington, D.C. will offer significantly improved convenience and access.**
- **For inpatients from this service area, receiving follow-up outpatient care post-discharge at a conveniently accessible location in West Falls Church similarly represents a significant improvement in convenience and access versus traveling back into downtown D.C. for every follow-up imaging visit.**

Id. **at 19. The map below includes the Primary Service Area zip codes where 75% of the patients are expected to originate.**



Note: The only ZIP codes shown are those which constitute the primary service area of the proposed outpatient facility. Data for ZIP 22180 unavailable.

Id.

Criteria 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; (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; (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; (iv) any costs and benefits of the proposed project; (v) the financial accessibility of the proposed project to the people in the area to be served, including indigent people; and (vi) at the discretion of the Commissioner, any other factors as may be relevant to the determination of public need for a proposed project.

Community Support

DHP is pleased to have the support of local government officials, other providers in the region, and existing patients who reside in PD 8. The following letters of support are enclosed with this application:

- **Mayor and Deputy Mayor of City of Falls Church, Virginia**
- **PrimeDoc (primary care provider)**
- **Existing GWU Hospital patients that reside in the proposed service area**

***See* Attachments IV.E-1 (Letter of Support from Mayor), IV.E-2 (Letter of Support from PrimeDoc), IV.E-3 (Letters of support from residents).**

For existing GWU Hospital patients who are residents of the service area of the proposed outpatient facility, improved access and convenience is important to maintaining continuity of care, especially for high-need groups. *See* Attachment III.G., at 20.

High Acuity and Complexity: Patients receiving care at GWU Hospital, whether inpatient or outpatient, are often there because of high acuity and/or complexity.

- **Improving ease of access for these high complexity patients is critical in maintaining continuity of care throughout the management of their health condition(s).**
- **The West Falls Church site will offer improved ease of access for most residents in the service area as compared with the main campus of GWU Hospital.**
- **Patients dealing many conditions such as stroke, COPD, cancer, or others may have restricted mobility and endurance.**

Medicare: 27% of GWUH encounters with patients residing in the outpatient center's service area are Medicare patients.

- **The improved ease of access and convenience are also important for older patients who often have more difficulty traveling to receive care**

Medicaid: 9% of GWUH encounters with patients residing in the outpatient center's service area are Medicaid patients.

- **The West Falls Church outpatient facility would offer these benefits of improved access and convenience to disadvantaged populations of Virginians, including low-income individuals and individuals with disabilities.**

***Id.* at 20.**

Shift from Hospital Outpatient Care to Freestanding Outpatient Diagnostic Centers

The proposed project will also address the shift from hospital outpatient care to freestanding outpatient diagnostic centers. According to Deloitte's study, Growth in Outpatient Care: The Role of Quality and Incentives, innovation and improvements have accelerated a shift to outpatient care. Both interventional and diagnostic procedures can easily be performed in an outpatient setting that provides patients with convenience and cost savings. The proposed West Falls Church location aligns with the national shift to outpatient care to better address costs, an aging population, and new payer programs. *Id.* at 30.

Healthcare Spending
According to CMS, healthcare spending in the United States grew by 2.7% in 2021 to $4.3 trillion, representing 18.3% of the country's Gross Domestic Product. Hospital care comprises 31% of this $4.3 trillion demonstrating the impact of costly, inpatient care. The shift to outpatient care has been taking shape for over a decade due to clinical innovation, patient preference and convenience, and financial incentives and benefits. Effective January 1st, 2021, hospitals began publishing cost information to provide more transparency to help patients and consumers make more informed decisions. Hospitals across the industry are realizing this shift from inpatient to outpatient: according to Kaufman Hall, in 2022, outpatient revenue increased 8% while inpatient revenue was flat. *Id.*

Changing Demographics
An aging population is further accelerating the shift from inpatient to outpatient care to accommodate the expected the demand while managing costs. According to Jones Lang LaSalle research, patients 55+ is the biggest

healthcare consumer with those over age 80 expected to grow by 50% over the next decade4. According to Dan Squiers, SVP and National Healthcare Lead at Jones Lang LaSalle, "The aging population, along with the pandemic, have accelerated the migration from acute care facilities to more local outpatient clinics." *Id.* at 30-31.

Payer Mandate and Approach

Payers are further incentivizing and driving the shift from inpatient settings to less expensive outpatient locations. According to a report by McKinsey & Company, a new segment of at-risk and value-based contracts are incentivizing providers to offer care at the lowest cost sites, which are typically outpatient locations. Deloitte conducted a study to measure if hospitals receiving a higher share of revenue from quality and value contracts are seeing more services shift to outpatient locations. The results show that hospitals with higher quality and value incentives have more outpatient visits and revenue. The impact here demonstrates that providers can offer care in convenient, outpatient locations that provide a benefit to the patient and financial incentive to the provider. *Id.* at 31.

***Id.* Additionally, the proposed service – and all services at the Center – will follow UHS' Charity Care Procedure. *See* Attachment IV.E-4 (Charity Care Procedure). The Charity Care Procedure provides guidance to all UHS facilities regarding the procedure for charity care eligibility verification for non-elective services provided to persons unable to meet financial obligations. As reflected in the Charity Care Procedure, it is the intent of UHS to provide quality care to patients regardless of their ability to pay. UHS recognizes that there are individuals in need of medical services who are unable to pay for such services separate from patients unwilling to pay for services. It is the policy of UHS o assist such patients with the settlement of their portion of the medical bill by properly screening for Charity Care, Discounted Payment if unable to pay the bill and to make services available at no cost or a reduced cost to individuals who meet the eligibility requirements.**

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

SMFP Standards for Addition of New CT Service

12VAC5-230-90. Travel time.
Article 1
Criteria and Standards for Computed Tomography
CT services should be within 30 minutes driving time one way under normal conditions of 95% of the population of the health planning district using a mapping software as determined by the commissioner.

Residents of PD 8 generally have abundant access to CT services within 30 minutes driving time under normal conditions. However, the establishment of diagnostic imaging services at the Center will reduce drive times for residents in PD 8 in need of CT services, particularly for existing GWU Hospital patients who live in the primary service area of the Center. *See* Attachment III.G. at 21. For a patient driving from Reston, the Center is 20-minute drive, compared to a 56-minute drive (including traffic congestion) to GWU Hospital. Parking at the Center is likewise more convenient. The Center parking lot is directly adjacent to the building (approximately 2-minute walk), whereas the GWU Hospital parking lot is several blocks away from the building (approximately 12-minute walk).

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.

DHP analyzed need for additional CT units in PD 8 using several methodologies. Based on U.S. nationwide average utilization rates of CT procedures (245 per 1000 population per year), the population of PD 8 would be expected to collectively utilize approximately 625,000 CT procedures per year. Based on the SMFP benchmark of 7,400 CT procedures per machine – combined with the population of PD 8 at 2.55 million people – there is a projected need for 8.4 CT machines. Based on the current inventory of 78 CT units, there is a current deficit of 6.4 CT units.

	CT	MRI
Procedures per 1000 Population per Year[1]	245	118
PD 8 Population[2]	2,550,377	
Expected Annual Procedure Volume[3]	624,842	300,944
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000
Estimated Machines Required[5]	84.4	60.2
Current PD 8 Machine Count[6]	78	57
Variance to Expected[7]	-6.4	-3.2

***Id.* at 11. Based on five-year projections of population growth, DHP projects a need for 10-11 additional CT units in the next five years.**

2020 Census Annual Growth:	1.3%									
	Baseline		Year 2		Year 3		Year 4		Year 5	
	CT	MRI	CT	MRI	CT	MRI	CT	MRI	CT	MRI
Procedures per 1000 Population per Year[1]	245	118	245	118	245	118	245	118	245	118
PD 8 Population[2]	2,550,377		2,583,532		2,617,118		2,651,140		2,685,605	
Expected Annual Procedure Volume[3]	624,842	300,944	632,965	304,857	641,194	308,820	649,529	312,836	657,973	316,901
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000
Estimated Machines Required[5]	84.4	60.2	85.5	61.0	86.6	61.8	87.8	62.6	88.9	63.4
Current PD 8 Machine Count[6]	78	57	78	57	78	57	78	57	78	57
Variance to Expected[7]	-6.4	-3.2	-7.5	-4.0	-8.6	-4.8	-9.8	-5.6	-10.9	-6.4

***Id.* at 12. The key assumptions in this analysis include: (1) 1.3% annual growth rate based on 2020 census data for PD 8; (2) current PD 8 machines remain unchanged throughout the 5-year projection; (3) based on U.S. nationwide average utilization rates of CT procedures (245 per 1000 population per year), the population of PD 8 would be expected to collectively utilize ~625,000 CT procedures in the baseline year, growing to ~658,000 CT procedures in Year 5; and (4) SMFP benchmark of 7,400 CT procedures per machine per year.**

DHP also considered the most recent publicly available procedure volumes, which are substantially lower than the projections above based on national averages and population growth. Assuming 484,346 CT procedures per year (based on 2019 VHI data), PD 8 has a *surplus* of 12.5 CT units.

	CT	MRI
Expected Annual Procedure Volume[1]	484,346	199,616
Annual Procedure Capacity per Machine[2]	7,400	5,000
Estimated Machines Required[3]	65.5	39.9
Current PD 8 Machine Count[4]	78	57
Variance to Expected[5]	**12.5**	**17.1**

***Id.* at 15. Accordingly, DHP performed a sensitivity analysis on its need projections to adjust closer to most recent data regarding actual CT procedures performed in PD 8. Applying a 10 percent sensitivity to the procedures per 1000 population per year, the data suggest that there is a current surplus of 2 CT units in PD 8.**

2020 Census Annual Growth:	1.3%									
	Baseline		Year 2		Year 3		Year 4		Year 5	
	CT	MRI	CT	MRI	CT	MRI	CT	MRI	CT	MRI
Procedures per 1000 Population per Year[1]	220.5	106.2	220.5	106.2	220.5	106.2	220.5	106.2	220.5	106.2
PD 8 Population[2]	2,560,377		2,583,532		2,617,118		2,651,140		2,685,605	
Expected Annual Procedure Volume[3]	562,358	270,860	569,669	274,371	577,074	277,938	584,576	281,551	592,176	285,211
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000
Estimated Machines Required[5]	76.0	54.2	77.0	54.9	78.0	55.6	79.0	56.3	80.0	57.0
Current PD 8 Machine Count[6]	78	57	78	57	78	57	78	57	78	57
Variance to Expected[7]	2.0	2.8	1.0	2.1	0.0	1.4	-1.0	0.7	-2.0	0.0

***Id.* at 13. Applying a 20 percent sensitivity analysis, the data would suggest that there is a current surplus of 10.4 CT units in PD 8.**

2020 Census Annual Growth:	1.3%									
	Baseline		Year 2		Year 3		Year 4		Year 5	
	CT	MRI	CT	MRI	CT	MRI	CT	MRI	CT	MRI
Procedures per 1000 Population per Year[1]	196	94.4	196	94.4	196	94.4	196	94.4	196	94.4
PD 8 Population[2]	2,560,377		2,583,532		2,617,118		2,651,140		2,685,605	
Expected Annual Procedure Volume[3]	499,874	240,756	506,372	243,885	512,955	247,056	519,624	250,268	526,379	253,521
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000
Estimated Machines Required[5]	67.6	48.2	68.4	48.8	69.3	49.4	70.2	50.1	71.1	50.7
Current PD 8 Machine Count[6]	78	57	78	57	78	57	78	57	78	57
Variance to Expected[7]	10.4	8.8	9.6	8.2	8.7	7.6	7.8	6.9	6.9	6.3

***Id.* at 14. Of course, these data do not account for institution-specific needs to have CT scanning capabilities on-site as the standard-of-care for any sophisticated health care facility in 2023.**

12VAC5-230-130. Staffing.
CT services should be under the direction or supervision of one or more qualified physicians.

DHP's proposed CT service will be operated under the direction of a board-certified radiologist serving as the Medical Director for diagnostic imaging services at the Center.

SMFP Standards for Addition of New MRI Service

12VAC5-230-140. Travel time.
Article 2
Criteria and Standards for Magnetic Resonance Imaging
MRI services should be within 30 minutes driving time one way under normal conditions of 95% of the population of the health planning district using a mapping software as determined by the commissioner.

Residents of PD 8 generally have abundant access to MRI services within 30 minutes driving time under normal conditions. However, the establishment of diagnostic imaging services at the Center will reduce drive times for residents in PD 8 in need of MRI services, particularly for existing GWU Hospital patients who live in the primary service area of the Center. *See* Attachment III.G. at 21. For a patient driving from Reston, the Center is 20-minute drive, compared to a 56-minute drive (including traffic congestion) to GWU Hospital. Parking at the Center is likewise more convenient. The Center parking lot is directly adjacent to the building (approximately 2-minute walk), whereas the GWU Hospital parking lot is several blocks away from the building (approximately 12-minute walk).

12VAC5-230-150. Need for new fixed site service.
No new fixed site MRI services should be approved unless fixed site MRI services in the health planning district performed an average of 5,000 procedures per existing and approved fixed site MRI scanner during the relevant reporting period and the proposed new service would not significantly reduce the utilization of existing fixed site MRI providers in the health planning district. The utilization of existing scanners operated by a hospital and serving an area distinct from the proposed new service site may be disregarded in computing the average utilization of MRI scanners in such health planning district.

DHP analyzed need for additional MRI units in PD 8 using several methodologies. Based on U.S. nationwide average utilization rates of CT procedures (118 per 1000 population per year), the population of PD 8 would be expected to collectively utilize approximately 300,000 MRI procedures per year. Based on the SMFP benchmark of 5,000 MRI procedures per machine – combined with the population of PD 8 at 2.55 million people – there is a projected need for 60.2 MRI machines. Based on the current inventory of 57 MRI units, there is a current deficit of 3.2 MRI units.

	CT	MRI
Procedures per 1000 Population per Year[1]	245	118
PD 8 Population[2]	2,550,377	
Expected Annual Procedure Volume[3]	624,842	300,944
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000
Estimated Machines Required[5]	84.4	60.2
Current PD 8 Machine Count[6]	78	57
Variance to Expected[7]	-6.4	-3.2

***Id.* at 11. Based on five-year projections of population growth, DHP projects a need for 6.4 additional MRI units in the next five years.**

2020 Census Annual Growth:	1.3%									
	Baseline		Year 2		Year 3		Year 4		Year 5	
	CT	MRI	CT	MRI	CT	MRI	CT	MRI	CT	MRI
Procedures per 1000 Population per Year[1]	245	118	245	118	245	118	245	118	245	118
PD 8 Population[2]	2,550,377		2,583,532		2,617,118		2,651,140		2,685,605	
Expected Annual Procedure Volume[3]	624,842	300,944	632,965	304,857	641,194	308,820	649,529	312,836	657,973	316,901
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000
Estimated Machines Required[5]	84.4	60.2	85.5	61.0	86.6	61.8	87.8	62.6	88.9	63.4
Current PD 8 Machine Count[6]	78	57	78	57	78	57	78	57	78	57
Variance to Expected[7]	-6.4	-3.2	-7.5	-4.0	-8.6	-4.8	-9.8	-5.6	-10.9	-6.4

***Id.* at 12. The key assumptions in this analysis include: (1) 1.3% annual growth rate based on 2020 census data for PD 8; (2) current PD 8 machines remain unchanged throughout the 5-year projection; (3) based on U.S. nationwide average utilization rates of MRI procedures (118 per 1,000 population per year), the population of PD 8 would be expected to collectively utilize approximately 300,000 MRI procedures in the baseline year, growing to nearly 317,000 procedures in Year 5; and (4) SMFP benchmark of 5,000 MRI procedures per machine per year.**

DHP also considered the most recent publicly available procedure volumes, which are substantially lower than the projections above based on national averages and population growth. Assuming 199,616 MRI procedures per year (based on 2020 VHI data), PD 8 has a *surplus* of 17.1 MRI units.

	CT	MRI
Expected Annual Procedure Volume[1]	484,346	199,616
Annual Procedure Capacity per Machine[2]	7,400	5,000
Estimated Machines Required[3]	65.5	39.9
Current PD 8 Machine Count[4]	78	57
Variance to Expected[5]	**12.5**	**17.1**

***Id.* at 15. Accordingly, DHP performed a sensitivity analysis on its need projections to adjust closer to most recent data regarding actual MRI procedures performed in PD 8. Applying a 10 percent sensitivity to the procedures per 1,000 population per year, the data suggest that there is a current surplus of 2.8 MRI units in PD 8.**

2020 Census Annual Growth:	1.3%									
	Baseline		Year 2		Year 3		Year 4		Year 5	
	CT	MRI	CT	MRI	CT	MRI	CT	MRI	CT	MRI
Procedures per 1000 Population per Year[1]	220.5	106.2	220.5	106.2	220.5	106.2	220.5	106.2	220.5	106.2
PD 8 Population[2]	2,550,377		2,583,532		2,617,118		2,651,140		2,685,605	
Expected Annual Procedure Volume[3]	562,358	270,860	569,669	274,371	577,074	277,938	584,576	281,551	592,176	285,211
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000
Estimated Machines Required[5]	76.0	54.2	77.0	54.9	78.0	55.6	79.0	56.3	80.0	57.0
Current PD 8 Machine Count[6]	78	57	78	57	78	57	78	57	78	57
Variance to Expected[7]	2.0	2.8	1.0	2.1	0.0	1.4	-1.0	0.7	-2.0	0.0

***Id.* at 13. Applying a 20 percent sensitivity analysis, the data would suggest that there is a current surplus of 8.8 MRI units in PD 8.**

2020 Census Annual Growth:	1.3%									
	Baseline		Year 2		Year 3		Year 4		Year 5	
	CT	MRI	CT	MRI	CT	MRI	CT	MRI	CT	MRI
Procedures per 1000 Population per Year[1]	196	94.4	196	94.4	196	94.4	196	94.4	196	94.4
PD 8 Population[2]	2,550,377		2,583,532		2,617,118		2,651,140		2,685,605	
Expected Annual Procedure Volume[3]	499,874	240,756	506,372	243,885	512,955	247,056	519,624	250,268	526,379	253,521
Estimated Annual Procedure Capacity per Machine[4]	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000	7,400	5,000
Estimated Machines Required[5]	67.6	48.2	68.4	48.8	69.3	49.4	70.2	50.1	71.1	50.7
Current PD 8 Machine Count[6]	78	57	78	57	78	57	78	57	78	57
Variance to Expected[7]	10.4	8.8	9.6	8.2	8.7	7.6	7.8	6.9	6.9	6.3

***Id.* at 14. Of course, these data do not account for institution-specific needs to have MRI scanning capabilities on-site as the standard-of-care for any sophisticated health care facility in 2023.**

12VAC5-230-180. Staffing.
MRI services should be under the direct supervision of one or more qualified physicians.

DHP's proposed MRI service will be operated under the direction of a board-certified radiologist serving as the Medical Director for diagnostic imaging services at the Center.

Criteria 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.

Based on the information contained in this application, DHP respectfully submits that the proposed project will foster institutional competition that will benefit PD 8 residents and improve access to high-quality academic medicine in Northern Virginia.

Criteria 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.

Based on the information contained in this application, DHP respectfully submits that the proposed project will meet the needs of its existing GWU Hospital patients who living in PD 8 and complement the existing array of diagnostic imaging services in the region.

Criteria 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 reflected in Section V, the proposed project entails a total capital expenditure of $10,598,084.77, funded entirely from the accumulated reserves of DHP and UHS.

Criteria 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

As described throughout this application, DHP respectfully submits that this project will result in more cost-effective and efficient care for its existing and future patients in PD 8. The entire purpose of this project is to bring the high-quality academic medicine that patients in the region have come to know and appreciate from downtown Washington, DC to their community in Northern Virginia. DHP was very excited to be selected by the developer of West Falls to be the anchor health care provider tenant for the Wellness Center and is

eager to bring the innovative and integrated model of academic medicine from GWU Hospital to the Falls Church community.

Criteria 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; and (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.

DHP's GWU Hospital as the primary teaching hospital for the GWU School of Medicine & Health Sciences and other health professional graduate programs at GWU. The proposed CT and MRI services at the Center will be part of a comprehensive suite of outpatient services that represent the future of comprehensive primary care and complex specialty care being delivered in a convenient, outpatient setting. Relatedly, the GW Medical Faculty Associates ("MFA") intends to provide staffing of physicians and other health care providers at the Center. *See* Attachment III.K.4. (Letter from Dean B. Bass, CEO MFA to K. Russo, CEO GWU Hospital).

F. Show the method and assumptions used in determining the need for additional beds, new services or deletion of service in the proposed project's service area.

See **Attachment III.G** and discussion in Section IV.E above.

G. Coordination and Affiliation with Other Facilities.

Describe any existing or proposed formal agreements or affiliations to share personnel, facilities, services or equipment. (Attach copies of any formal agreements with another health or medical care facility.)

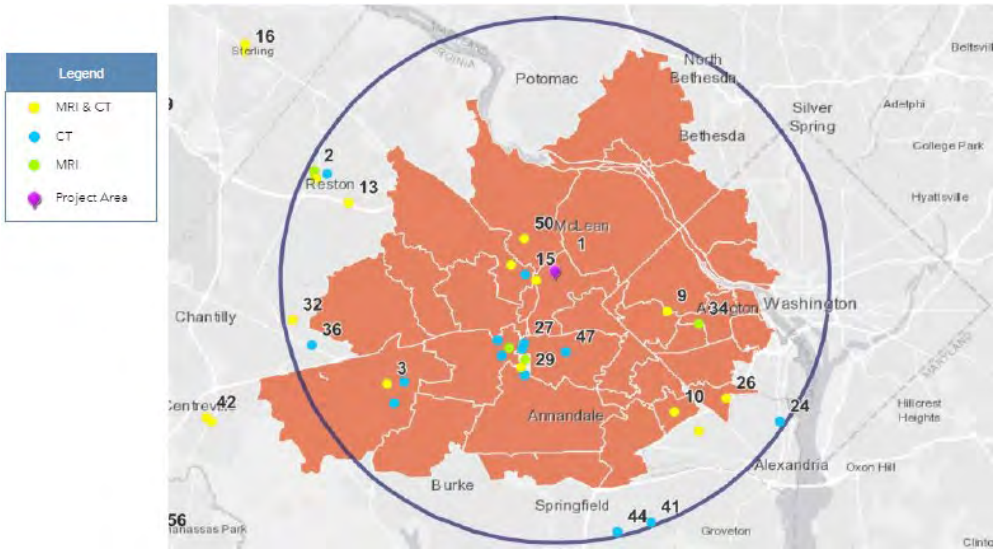
The primary affiliation for the Center will be with GWU Hospital. This affiliation will serve as the only academic medical provider in the primary service area. In the case of emergencies, patients will transfer via EMS to higher-level care. GWU Hospital has transfer agreements with other area hospitals, including Reston Hospital Center and Sentara Northern Virginia Medical Center, and will extend these transfer agreements as necessary to cover the Center. *See* Attachments IV.G-1 (Reston Hospital Center transfer agreement) and Attachment IV.G-2 (Sentara transfer agreement).

H. Attach copies of the following documents:

1. A map of the service area indicating:

a. Location of proposed project.

b. Location of other existing medical facilities (by name, type (hospital, nursing home, outpatient clinic, etc.) and number of beds in each inpatient facility).



***See* Attachment III.G. at 27-28.**

2. Any material which indicates community and professional support for this project; i.e. letter of endorsement from physicians, community organizations, local government, Chamber of Commerce, medical society, etc.

***See* Attachments IV.E-1 (Letter of Support from Mayor), IV.E-2 (Letter of Support from PrimeDoc), and IV.E-3 (Letters of Support from Residents).**

3. Letters to other area facilities advising of the scope of the proposed project.

***See* Attachment IV.H.3 (Notification Letters).**

SECTION V **FINANCIAL DATA**

It will be the responsibility of the applicant to show sufficient evidence of adequate financial resources to complete construction of the proposed project and provide sufficient working capital and operating income for a period of not less than one (1) year after the date of opening:

A. Specify the per diem rate for all existing negotiated reimbursement contracts and proposed contracts for patient care with state and federal governmental agencies, Blue Cross/Blue Shield Plans, labor organizations such as health and welfare funds and membership associations.

Estimated Rates were based on actual average Medicare reimbursement rates utilized within other UHS ambulatory assets in the surrounding markets. We do not currently have contracted rates in Virginia, however we would not expect these rates to vary significantly in what our contracted rates are at our other sites, as there is limited variation in rates amongst the UHS sites.

B. Does the facility participate in a regional program which provides a means for facilities to compare its costs and operations with similar institutions?

_____ Yes ___X___ No

If yes, specify program _____
Provide a copy of report(s) which provide(s) the basis for comparison.

C. Estimated Capital Costs

Please see "Instructions for Completing Estimated Capital Costs" Section of the Certificate of Need application for detailed instructions for completing this question (attached)

Part I – Direct Construction Costs

1.	Cost of materials	$_1,355,583.08_____
2.	Cost of labor	$_1,084,466.47_____
3.	Equipment included in construction contract	$__271,116.62_____
4.	Builder's overhead	$___222,424.67_____
5.	Builder's profit	$___77,373.91_____
6.	Allocation for contingencies	$___245,684.39_____
7.	Sub-total (add lines 1 thru 6)	$_3,256,649.14_____

Part II – Equipment Not Included in Construction Contract
(List each separately) If leasehold, lease expense for the entire term of the initial lease

8.	a. MRI	$ 1,231,802.82
	b. CT	$ 730,477.06
	c.	$
	d.	$
	e.	$
9.	Sub-total (add lines 8a thru 8e)	$ 1,962,279.88

Part III – Site Acquisition Costs

10.	Full purchase price	$ 0.00
11.	For sites with standing structures	$ 0.00
	a. purchase price allocable to structures	$ 0.00
	b. purchase price allocable to land	$ 0.00
12.	Closing costs	$ 0.00
13.	If leasehold, lease expense for the entire term of the initial lease	$ 3,803,613.00
14.	Additional expenses paid or accrued:	
	a. Operating Expense and Real Estate Taxes (Real estate taxes during estimated 8-month construction period excluded here, but included in Part VIII, Line 36)	$ 1,331,663.00
	b.	$
	c.	$
15.	Sub-total (add lines 10 thru 14c)	$ 5,135,276.00

Part IV – Site Preparation Costs

16.	Earth work	$ 0.00
17.	Site utilities	$ 0.00
18.	Roads and walks	$ 0.00
19.	Lawns and planting	$ 0.00
20.	Unusual site conditions:	
	a. _____	$ 0.00
	b. _____	$ 0.00
21.	Accessory structures	$ 0.00
22.	Demolition costs	$ 0.00
23.	Sub-total (add lines 16 thru 22)	$ 0.00

Part V – Off-site Costs (List each separately)

24.	_____	$ 0.00
25.	_____	$ 0.00
26.	_____	$ 0.00
27.	_____	$ 0.00
28.	Sub-total (add lines 24 thru 27)	$ 0.00

Part VI – Architectural and Engineering Fees

29.	Architect's design fee	$ 104,048.87
30.	Architect's supervision fee	$ 29,447.79
31.	Engineering fees	$ 31,410.98
32.	Consultant's fees	$ 31,410.98
33.	Sub-total (add lines 29 thru 32)	$ 196,318.63

Part VII – Other Consultant Fees (List each separately)

34.	a. Construction Testing	$ 17,594.83

	b. _Commissioning_____	$____15,995.30____
	c. _____	$_____
35.	Sub-total (add lines 34a thru 34c)	$____33,590.13____

Part VIII – Taxes During Construction

36.	Property taxes during construction	$____13,971.00____
37.	List other taxes:	
	a. _____	$_____0.00____
	b. _____	$_____0.00____
38.	Sub-total (add lines 36 thru 37b)	$____13,971.00____

Part IX-A – HUD Section 232 Financing

39.	Estimated construction time(in months)	_____0.00____
40.	Dollar amount of construction loan	$_____0.00____
41.	Construction loan interest rate	__0___%
42.	Estimated construction loan interest costs	$_____0.00____
43.	Term of financing (in years)	_____0.00__
44.	Interest rate on permanent loan	__0___%
45.	FHA mortgage insurance premium	$_____0.00___
46.	FHA mortgage fees	$_____0.00___
47.	Financing fees	$_____0.00___
48.	Placement fees	$_____0.00___
49.	AMPO (non-profit only)	$_____0.00___
50.	Title and recording fees	$_____0.00___
51.	Legal fees	$_____0.00___

52. Total interest expense on permanent mortgage loan $_____0.00___

53. Sub-total Part IX-A HUD Section 232 Financing (add lines 42, 45, 46, 47, 48, 49, 50 and 51) $_____0.00__

Part IX-B – Industrial Development Authority Revenue and General Obligation Bond Financing (Circle selected method of financing)

54. Method of construction financing (construction loan, proceeds of bond sales, if other, specify)

_Accumulated reserves of DHP and UHS._____

If construction is to be financed from any source other than bond sale proceeds, answer question 56 through 58. Otherwise, proceed to question 59.

55. Estimated construction time (in months) _____8_____

56. Dollar amount of construction loan $_____ 0.00___

57. Construction loan interest rate __0___%

58. Estimated construction loan interest cost $_____ 0.00___

59. Nature of bond placement (direct, underwriter, if other, specify)

_____

60. Will bonds be issued prior to the beginning of construction? _____ Yes ____X____ No

61. If the answer to question 60 is yes, how long before (in months)? _Not applicable___

62. Dollar amount of bonds expected to be sold prior to the beginning of construction $_____0.00___

63. Will principal and interest be paid during construction or only interest? _____0.00___

64. Bond interest expense prior to the beginning of construction(in dollars) $_____0.00___

65.	How many months after construction begins will last bond be sold?	_____0.00___
66.	Bond interest expense during construction	$_____0.00___
67.	What percent of total construction will be Financed from bond issue?	$_____0.00___
68.	Expected bond interest rate	__0___%
69.	Anticipated term of bond issued (in years)	_____0.00___
70.	Anticipated bond discount (in dollars)	_____0.00___
71.	Legal costs	$_____0.00___
72.	Printing costs	$_____0.00___
73.	Placement fee	$_____0.00___
74.	Feasibility study	$_____0.00___
75.	Insurance	$_____0.00___
76.	Title and recording fees	$_____0.00___
77.	Other fees (list each separately)	
	a. _____	$_____0.00___
	b. _____	$_____0.00___
	c. _____	$_____0.00___
78.	Sinking fund reserve account (Debt Service Reserve)	$_____0.00___
79.	Total bond interest expenses (in dollars)	$_____0.00___
80.	Sub-total Part IX_B (add lines 58, 64, 66, 71, 72, 73, 74, 75, 76, 77a, b, c and 78)	$_____0.00___

Part IX_C – Conventional Mortgage Loan Financing

81.	Estimated construction time (in months)	_____0.00___

82. Dollar amount of construction loan $_____0.00___

83. Construction loan interest rate __0____%

84. Estimated construction loan interest cost (in dollars) $_____0.00___

85. Term of long term financing (in years) _____0.00___

86. Interest rate on long term loan __0____%

87. Anticipated mortgage discount (in dollars) $_____0.00___

88. Feasibility study $_____0.00___

89. Finder's fee $_____0.00___

90. Legal fees $_____0.00___

91. Insurance $_____0.00___

92. Other fees (list each separately)

_____ $_____0.00___

93. _____ $_____0.00___

94. Total permanent mortgage loan interest expense (in dollars) $_____0.00___

95. Sub-total Part IX_C (add lines 84 & 88 thru 93) $_____0.00__

Financial Data Summary Sheet

96. Sub-total Part I Direct Construction Cost (line 7) $__3,256,649.14___

97. Sub-total Part II Equipment not included in construction contract (line 9) $__1,962,279.88___

98. Sub-total Part III Site Acquisition Costs (line 15) $__5,135,276.00___

99. Sub-total Part IV Site Preparation Cost (line 23) $_____0.00___

100. Sub-total Part V Off-Site Costs (line 28) $_____0.00___

101. Sub-total Part VI Architectural and Engineering

		fees (line 33)	$___196,318.63___
102.	Sub-total Part VII	Other Consultant fees (line 35)	$____33,590.13___
103.	Sub-total Part VIII	Taxes During Construction (line 38)	$____13,971.00___
104.	Sub-total Part IX-A	HUD-232 Financing (line 53)	$_____0.00____
105.	Sub-total Part IX-B	Industrial Development Authority Revenue & General Revenue Bond Financing (line 80)	$_____0.00__
106.	Sub-total Part IX-C	Conventional Loan Financing (line 95)	$_____0.00__
107.	TOTAL CAPITAL COST (lines 96 thru 106)		$_10,598,084.77__
108.	Percent of total capital costs to be financed		_____%
109.	Dollar amount of long term mortgage (line 107 x 108)		$_____
110.	Total Interest Cost on Long Term Financing		$_____
	a. HUD-232 Financing (line 53)		$_____
	b. Industrial Development Authority Revenue & General Revenue Bond Financing (line 79)		$_____
	c. Conventional Loan Financing (line 94)		$_____
111.	Anticipated Bond discount		
	a. HUD-232 Financing (line 53)		$_____
	b. Industrial Development Authority Revenue & General Revenue Bond Financing (line 70)		$_____
	c. Conventional Loan Financing (line 87)		$_____
112.	TOTAL CAPITAL AND FINANCING COST (ADD LINES 107, 110a, b or c AND 111a, b or c)		$_____
D. 1.	Estimated costs for new construction (excluding site acquisition costs)		$_____

2. Estimated costs of modernization and renovation (excluding site acquisition costs) $_____

E. Anticipated Sources of Funds for Proposed Project — Amount

1. Public Campaign $_____
2. Bond Issue (Specify Type) _____ $_____
3. Commercial Loans $_____
4. Government Loans (Specify Type)_____ $_____
5. Grants (Specify Type)_____ $_____
6. Bequests $_____
7. Private Foundations $_____
8. Endowment Income $_____
9. Accumulated Reserves $_10,598,084.77__
10. Other (Identify)_____ $_____

F. Describe in detail the proposed method of financing the proposed project, including the various alternatives considered. Attach any documents which indicate the financial feasibility of the project.

The proposed project will be funded entirely through the accumulated reserves of DHP and UHS.

G. Describe the impact the proposed capital expenditure will have on the cost of providing care in the facility. Specify total debt service cost and estimated debt service cost per patient day for the first two (2) years of operation. (Total debt service cost is defined as total interest to be paid during the life of the loan (s). Estimate debt service cost per patient day by dividing estimated total patient days for year one into amount of debt service for that year. Repeat for year two.) Please attach an amortization schedule showing how the proposed debt will be repaid.

As the project will be funded entirely through accumulated reserves and will not involve any debt obligations, the proposed capital expenditure will have no impact on the cost of providing care in the facility.

H. Attach a copy of the following information of documents.

1. The existing and/or proposed room rate schedule, by type of accommodation.

Not applicable.

1. The audited annual financial statements for the past two (2) years of the existing facility or/if a new facility without operating experience, the financial state of the owner (s). Audited financial statements are required, if available.

   ***See* Attachments V.H.2-1 (2021 UHS Annual Report) and V.H.2-2 (2022 UHS Annual Report).**

2. Copy of the proposed facility's estimated income, expense and capital budget for the first two years of operation after the proposed project is completed.

   ***See* Attachment V.H.3 (Pro Forma).**

SECTION VI **ASSURANCES**

I hereby assure and certify that:

a. The work on the proposed project will be initiated within the period of time set forth in the Certificate of Public Need; and

b. completion of the proposed project will be pursued with diligence; and

c. the proposed project will be constructed, operated and maintained in full compliance with all applicable local, State and Federal laws, rules, regulations and ordinances.

I hereby certify that the information included in this application and all attachments are correct to the best of my knowledge and belief and that it is my intent to carry out the proposed project as described.

Signature of Authorizing Officer

Kimberly Russo
Type/Print Name of Authorizing Officer

CEO, GW Hospital
Title of Authorizing Officer

202-715-4016
Telephone

The George Washington University Hospital
Address – Line1

900 23rd Street NW
Address – Line 2

Washington, DC 20037
City/State/Zip

Date

Copies of this request should be sent to:

A. Virginia Department of Health
Division of Certificate of Public Need
9960 Mayland Drive – Suite 401
Henrico, Virginia 23233

B. The Regional Health Planning Agency if one is currently designated by the Board of Health to serve the area where the project would be located.

INDEX

IV.H.3	Notification Letters
V.H.2-1	UHS 2021 Annual Report
V.H.2-2	UHS 2022 Annual Report
V.H.3	Imaging Pro-Forma Financials (5 Year)

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AMANDEEP S. SIDHU
Partner
202-282-5828
asidhu@winston.com

November 3, 2023

ELECTRONIC SUBMISSION VIA EMAIL (COPN@VDH.VIRGINIA.GOV)

Valerie Cheatham, Project Review Analyst
Virginia Department of Health
Division of Certificate of Public Need
9960 Mayland Drive, Suite 401
Henrico, Virginia 23233

Re: District Hospital Partners, L.P.
Certificate of Public Need to Establish an Outpatient Facility to Include Diagnostic Imaging Services (1 CT and 1 MRI) in Planning District 8 (COPN Request No. VA-8734)

Dear Ms. Cheatham:

On behalf of my client, District Hospital Partners, L.P. ("DHP"), enclosed please find responses to the DCOPN's October 11, 2023 completeness review questions and discussion points.

Thank you for your consideration of this additional information. Should you have any questions, please feel free to contact me at 202-282-5828 or asidhu@winston.com.

Sincerely,

Amandeep S. Sidhu

Enclosures

cc: Dean Montgomery, Executive Director, Health Systems Agency of Northern Virginia
Kimberly Russo, CEO, GWU Hospital

ATTACHMENT INDEX

Attachment	Description
A	March 2022 Emails with City of Falls Church Officials
B	7171 Cardinal Lane Building Permit
C	COPN Supplemental Information Deck: DHP Certificate of Public Need for Outpatient Facility to Include Diagnostic Imaging Services
D	Patient Origin Data
E	Updated Pro Forma Separating CT and MRI

RESPONSES TO COMPLETENESS QUESTIONS

SECTION I: FACILITY ORGANIZATION AND IDENTIFICATION

1. **The answer to question I.B includes the name "District Health Partners, L.P." All other documentation references District Hospital Partners, L.P. Please explain.**

This was a typographical error. The correct name of the applicant is District Hospital Partners, L.P. ("DHP").

SECTION II: ARCHITECTURE AND DESIGN

1. **Attachment II.D.1 references 7124 Leesburg Pike, Falls Church, Virginia and not the address of the proposed project. Please provide an updated letter or explanation of the address discrepancy.**

7124 Leesburg Pike is the address for the old George Mason High School and associated Lot, which was demolished prior to the development of the West Falls Project. The City of Falls Church established new addresses for the lots in March 2022, changing the address from 7124 Leesburg Pike to 7171 Cardinal Lane. Please see Attachment A (March 2022 Emails with City of Falls Church Officials) and Attachment B (7171 Cardinal Lane Building Permit) for confirmation of this change.

SECTION III: SERVICE DATA and SECTION IV: PROJECT JUSTIFICATION AND IDENTIFICATION OF COMMUNITY NEED

1. **Please provide information (data) showing the number of CT and MRI scanners authorized for use at GWU hospital, and the service volumes (patient visits) and patient origin data by zip code for each of the last two years.**

The George Washington University Hospital ("GWUH") operates a total of five (5) CT scanners – four (4) at the GWUH Main Hospital and one (1) at an outpatient ambulatory care facility. *See* Attachment C (COPN Supplemental Information Deck), at Slide 3. An excerpt from Attachment C is provided below with the Main Hospital units marked in red:

GWUH Authorized CT Scanners

Site	Address	Scanner Name / Type	Manufacturer	Model
GWUH Main Hospital	900 23rd Street	64-Slice CT	GE HEALTHCARE	LIGHTSPEED VCT 7X
	900 23rd Street	8-Slice CT	SIEMENS MEDICAL SYSTEMS, INC	DEFINITION FLASH
	900 23rd Street	SPECT[1]	SIEMENS MEDICAL SYSTEMS, INC	SYMBIA INTEVO BOLD
	900 23rd Street	PET / CT	GE HEALTHCARE	DISCOVERY STE PET
Ambulatory Sites	2121 K Street	16-Slice CT	GE HEALTHCARE	BRIGHTSPEED ELITE 16

GWUH also operates a total of six (6) MRI scanners – three (3) at the Main Hospital and three (3) at outpatient ambulatory care sites. *Id.* An excerpt from Attachment C is provided below with the Main Hospital units marked in red:

GWUH Authorized MRI Scanners

Site	Address	Scanner Name / Type	Manufacturer	Model
GWUH Main Hospital	900 23rd Street	MRI Twin	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM SKYRA 3T
	900 23rd Street	MRI Echo	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM SKYRA 3T
	900 23rd Street	MRI Hospital-Based Ambulatory Center	GE HEALTHCARE	DISCOVERY MR450
Ambulatory Sites	2121 K Street	MRI K St. #1	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM ESPREE
	2121 K Street	MRI K St. #2	GE HEALTHCARE	1.5 HISPEED HD 8-CH
	2300 M Street / 19th St.	MRI 19th St.	GE HEALTHCARE	1.5T HDXT ECHOSPEED

Service volume data for GWUH's Main Hospital CT and MRI units for 2021, 2022, and 2023 year-to-date (annualized) is provided in Attachment C (at Slide 4) and is excerpted below.

GWUH Main Hospital: CT and MRI Service Volumes

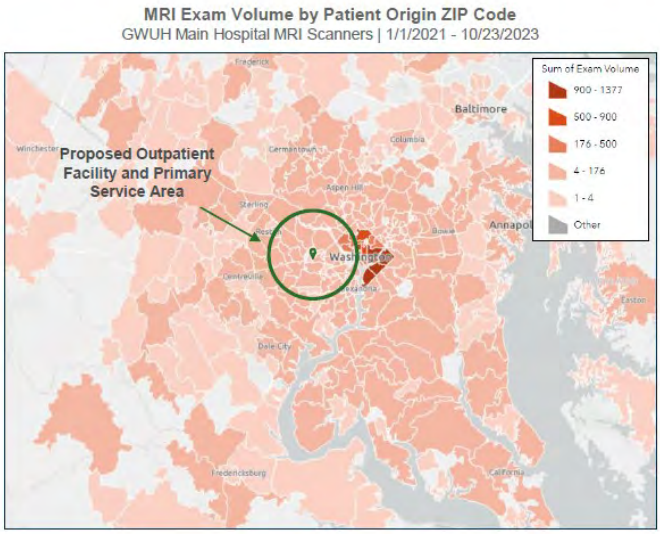
Modality	Scanner	2021	2022	YTD 2023 Annualized	Grand Total
CT	64-Slice CT (GWUH Main)	20,777	22,471	24,760	68,008
	8-Slice CT (GWUH Main)	6,921	6,291	7,560	20,772
	PET / CT (GWUH Main)	755	836	809	2,400
	SPECT (GWUH Main)[1,2]	115	345	200	660
GWUH Main Hospital CT Total		**30,589**	**31,965**	**33,328**	**91,839**
MRI	MRI Twin (GWUH Main)	3,850	3,713	4,251	11,814
	MRI Echo (GWUH Main)	1,536	1,432	1,185	4,153
	MRI Hospital Based Ambulatory Center (GWUH Main)	847	760	716	2,323
GWUH Main Hospital MRI Total		**6,233**	**5,905**	**6,152**	**18,290**
Grand Total		**36,822**	**37,870**	**39,480**	**110,129**
GWUH Main CT Growth %			*4.5%*	*4.3%*	
GWUH Main MRI Growth %			*-5.3%*	*4.2%*	
Total Growth %			*2.8%*	*4.3%*	

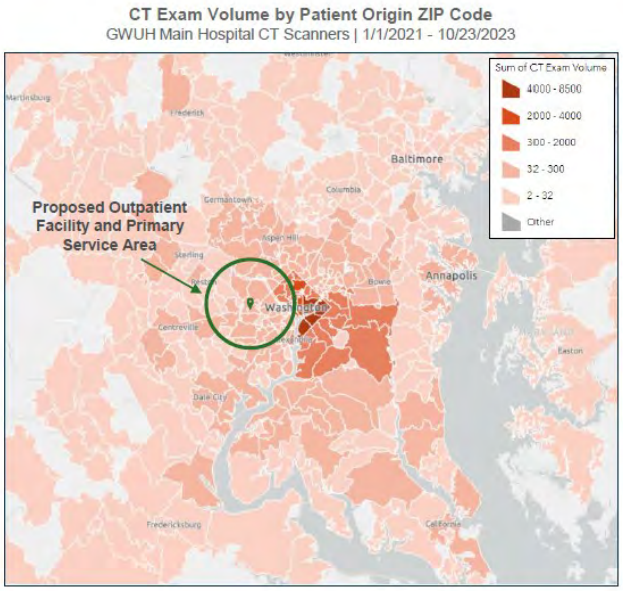
1) Includes all procedure volume including Nuclear Medicine

2) The CT component of this scanner is not fully CT capable and only used for specialized Nuclear Medicine studies

As noted in Attachment C (at Slide 4), annualized CT and MRI imaging volumes for calendar year 2023 (as of October 2023) are 4.3 percent greater and 4.2 percent greater, respectively, than 2022 results.

Additionally, please see Attachment D (Patient Origin Data), "GW Main Patient Location" Tab, which reflects the service volumes for each GWUH Main Hospital CT and MRI scanner by patient zip code. Attachment C (at Slide 5), excerpted below, maps this origin data, showing that GWUH patients receiving CT and MRI scans originate from the outer Virginia suburbs and beyond.





2. **GWU hospital has imaging center and ambulatory surgery center subsidiaries at nearby sites in the District of Columbia. Please provide information showing the number of CT and MRI scanners authorized for the imaging center and the service volumes and patient origin data by zip code for each of the last two years.**

As noted in response to Question 1 above, GWUH operates one (1) CT scanner at an outpatient ambulatory care facility located at 2121 K Street NW. *See* Attachment C (COPN Supplemental Information Deck) at Slide 3 (excerpted below with the ambulatory unit marked in red):

GWUH Authorized CT Scanners

Site	Address	Scanner Name / Type	Manufacturer	Model
GWUH Main Hospital	900 23rd Street	64-Slice CT	GE HEALTHCARE	LIGHTSPEED VCT 7X
	900 23rd Street	8-Slice CT	SIEMENS MEDICAL SYSTEMS, INC	DEFINITION FLASH
	900 23rd Street	SPECT[1]	SIEMENS MEDICAL SYSTEMS, INC	SYMBIA INTEVO BOLD
	900 23rd Street	PET / CT	GE HEALTHCARE	DISCOVERY STE PET
Ambulatory Sites	2121 K Street	16-Slice CT	GE HEALTHCARE	BRIGHTSPEED ELITE 16

GWUH also operates three (3) MRI scanners at outpatient ambulatory care sites. *Id.* An excerpt from Attachment C is provided below with the ambulatory units marked in red:

GWUH Authorized MRI Scanners

Site	Address	Scanner Name / Type	Manufacturer	Model
GWUH Main Hospital	900 23rd Street	MRI Twin	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM SKYRA 3T
	900 23rd Street	MRI Echo	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM SKYRA 3T
	900 23rd Street	MRI Hospital-Based Ambulatory Center	GE HEALTHCARE	DISCOVERY MR450
Ambulatory Sites	2121 K Street	MRI K St. #1	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM ESPREE
	2121 K Street	MRI K St. #2	GE HEALTHCARE	1.5 HISPEED HD 8-CH
	2300 M Street / 19th St.	MRI 19th St.	GE HEALTHCARE	1.5T HDXT ECHOSPEED

Service volume data for GWUH's ambulatory CT and MRI units for 2021, 2022, and 2023 year-to-date (annualized) is provided in Attachment C (at Slide 6) and is excerpted below.

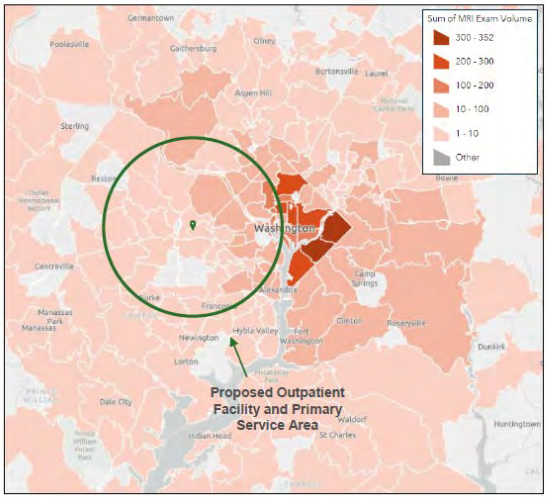
GWUH Ambulatory Sites: CT and MRI Service Volumes

Modality	Scanner	2021	2022	YTD 2023 Annualized	Grand Total
CT	16-Slice CT (K ST)	2,611	2,037	1,737	6,385
GWUH Ambulatory Sites CT Total		**2,611**	**2,037**	**1,737**	**6,385**
MRI	MRI K St. #1	1,082	982	679	2,743
	MRI K St. #2	659	671	486	1,816
	MRI 19th St.	208	28	0	236
GWUH Ambulatory Sites MRI Total		**1,949**	**1,681**	**1,165**	**4,795**
Grand Total		**4,560**	**3,718**	**2,903**	**11,181**

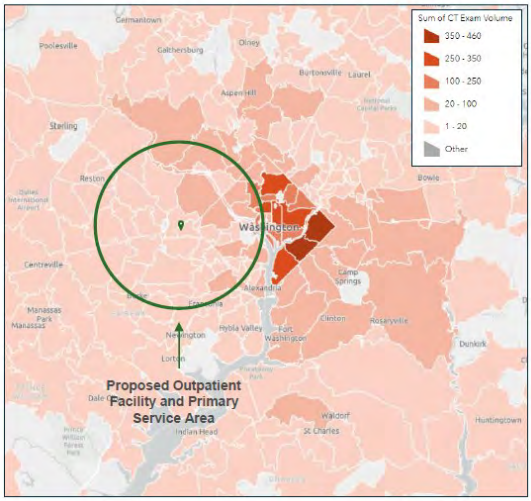
- Note: Volume decline at 19th Street MRI is due to the location closing and being relocated.

Additionally, please see Attachment D (Patient Origin Data), "GW Ambulatory Patient Location" Tab, which reflects the service volumes for each GWUH ambulatory CT and MRI scanner by patient zip code. Attachment C (at Slide 7), excerpted below, maps this origin data, showing that GWUH patients receiving CT and MRI scans originate from the outer Virginia suburbs and beyond.

MRI Exam Volume by Patient Origin ZIP Code
GWUH Ambulatory Site MRI Scanners | 1/1/2021 - 10/23/2023

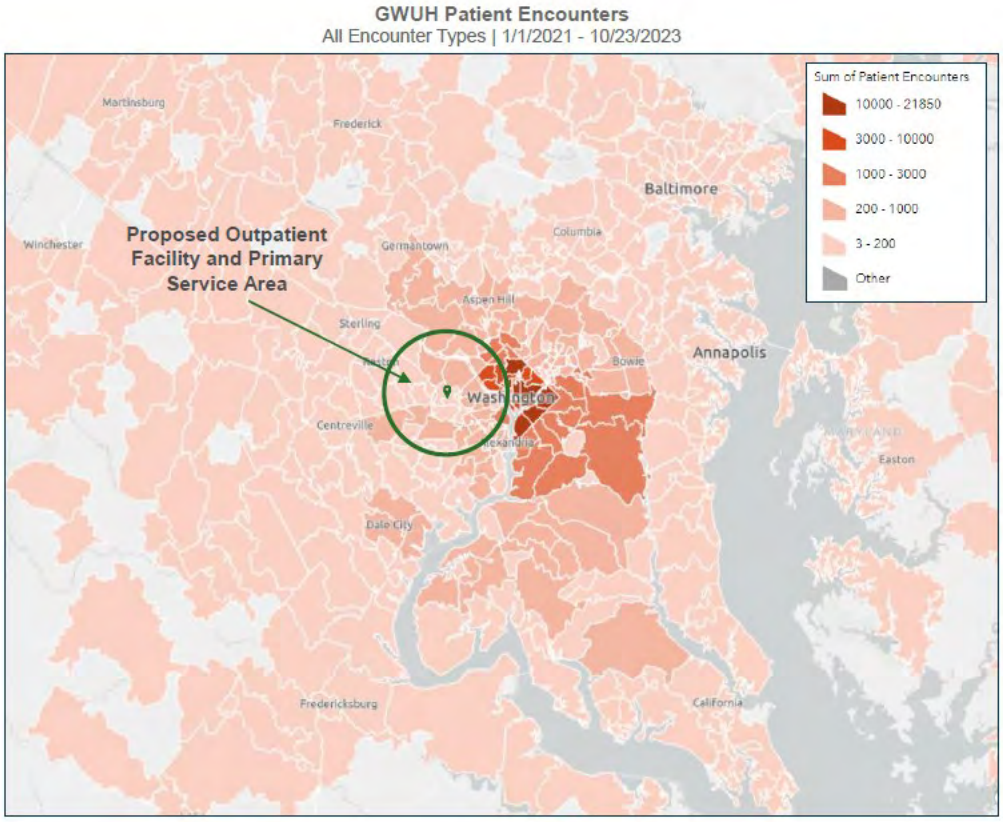


CT Exam Volume by Patient Origin ZIP Code
GWUH Ambulatory Site CT Scanners | 1/1/2021 - 10/23/2023



3. **Please provide in Excel spreadsheet (or equivalent) format patient origin data by zip code and inpatient/outpatient status for all [GWU] hospital patients for the last two years. These data are needed to place in context and assess the project primary service area postulated in Attachment II.C.I.**

Please see Attachment D (Patient Origin Data), "All Patient Encounters" Tab, which reflects the zip codes and service locations for GWUH patients from January 1, 2021 through October 23, 2023. Additionally, please see Attachment C (at Slide 8), excerpted below, for a map of this data.



4. **Attachment III.K.4 contains two redactions. The context of the letter suggests that the redactions may contain language that refers to other projects or ventures similar to the West Falls Church project. Please clarify or otherwise explain.**

The redactions in Attachment III.K.4 protect the strategic and development plans of Universal Health Services ("UHS") as it relates to developing an integrated delivery system of care that is accessible and equitable within the region. Public knowledge of such strategy would be detrimental to the success of implementing such plans.

5. **Does GWU Hospital, or other Universal Health Services entity, have or contemplate developing diagnostic imaging centers or ambulatory surgery centers in nearby Maryland?**

UHS is dedicated to continuously evaluating ways to optimize the delivery of care to its patients served within the region. That includes continued growth within the District—*e.g.*, development of Cedar Hill Regional Medical Center, urgent care, etc.—and growth in the region beyond the District. The first step in that growth strategy to meet the needs of GWUH patients and the broader community is through the development of the new outpatient facility at West Falls Church and may, in the future, include growth in Maryland. Developing a continuum of care that is comprehensive, affordable, and accessible remains a priority to serve those that seek care by an academic medical center for cutting-edge research and medical breakthroughs.

SECTION V: FINANCIAL DATA

1. **Please provide a detailed *pro forma* budget for the services subject to COPN requirements, the CT and MRI services. The *pro forma* submitted as Attachment V.H.3 is not sufficiently detailed to permit meaningful analysis and assessment of the proposal. It appears to contain an undefined mix of projected CT, MRI, and other service volumes and related (derived) revenue and expense estimates.**

   The attachment does not contain explanatory notes that clarify or otherwise explain the summary data. The *pro forma* budgets in competing applications contain such information and data.

Please see Attachment E for District Hospital Partners, L.P.'s ("DHP," used interchangeably with GWUH) updated pro forma that separates CT and MRI data and explains the methodology used to determine the projections. DHP's CT and MRI projections are excerpted below:

DHP Pro Form CT Only (in thousands)

	Year 1	Year 2	Year 3	Year 4	Year 5
Visits	636	2,064	3,382	4,713	5,965
Gross Revenue	1,394	4,975	8,967	13,745	19,136
Contractual Allowance	(1,205)	(4,345)	(7,904)	(12,218)	(17,144)
Net Revenue	**188**	**629**	**1,063**	**1,527**	**1,992**
Bad Debt	(2)	(6)	(11)	(15)	(20)
Net Patient Revenue	**186**	**623**	**1,052**	**1,511**	**1,972**
Salaries	104	108	100	137	177
Registry					
Benefits	23	24	22	30	39
Supplies	15	26	44	64	84
Physician Expenses	38	128	216	310	404
Purchased Services	4	12	21	30	39
Lease					
Maintenance					
Other	4	12	21	30	39
Allocation of Shared Expenses	136	185	208	232	238
Total Operating Costs	**324**	**495**	**631**	**833**	**1,021**

DHP Pro Forma MRI only (in thousands)

	Year 1	Year 2	Year 3	Year 4	Year 5
Visits	508	1,649	2,703	3,766	4,767
Gross Revenue	1,502	5,363	9,669	14,819	20,634
Contractual Allowance	(1,299)	(4,684)	(8,523)	(13,173)	(18,485)
Net Revenue	**203**	**679**	**1,146**	**1,647**	**2,149**
Bad Debt	(2)	(7)	(11)	(16)	(21)
Net Patient Revenue	**201**	**672**	**1,135**	**1,630**	**2,127**
Salaries	106	110	159	222	289
Registry					
Benefits	23	24	35	49	64
Supplies	12	21	35	51	67
Physician Expenses	41	138	233	334	436
Purchased Services	4	13	23	33	43
Lease					
Maintenance					
Other	4	13	23	33	43
Allocation of Shared Expenses	109	148	166	185	190
Total Operating Costs	**300**	**467**	**673**	**906**	**1,131**

As detailed in Attachment E, DHP's projected imaging volumes were derived from referrals from GWUH primary care physicians ("PCPs") and specialists based on internal physician benchmark data. Using Trilliant Health data, DHP determined the most common modality mix for the West Falls Church ("WFC") Primary Service Area ("PSA"). Payor mix was determined using an analysis of outpatient services (excluding ED visits) of like facilities in the surrounding areas. DHP then applied the Medicare fee-for-service ("FFS") schedule for outpatient imaging by modality to establish baseline rates. DHP then analyzed the reimbursement relationship of various payor groups for outpatient services at the aforementioned like facilities to establish inflator rates by payor group. Lastly, DHP assumed the annual reimbursement and inflation factors to be in-line with historical reimbursement and inflation rates from our internal benchmark data. Volume, net revenue, and expenses were broken out by what was identified as specific to the CT and MRI service lines and what were shared expenses or related to the other modalities on the subsequent tabs.

As reflected in Attachment C (at Slides 9-10), DHP's outside consultants at Alvarez & Marsal ("A&M") compared the internal DHP volume projections against their initial projections. Based on a review of the data, A&M determined that DHP's pro forma projections make appropriate assumptions about modality mix specific to the West Falls Church market, along with anticipated growth in the region. Accordingly, DHP respectfully submits that its pro forma projections for CT and MRI volume growth should be utilized in the review of this COPN application.

GWUH Pro Forma					
	Year 1	Year 2	Year 3	Year 4	Year 5
CT Volume	636	2,064	3,382	4,713	5,965
MRI Volume	508	1,649	2,703	3,766	4,767
Total CT and MRI Volume	**1,144**	**3,713**	**6,085**	**8,479**	**10,732**

2. **Will the CT and MRI services proposed be departments of GWU hospital or organized and reimbursed as IDTF?**

The proposed CT and MRI services will be organized and reimbursed as an independent diagnostic testing facility ("IDTF").

Attachment C

District Hospital Partners, L.P. Certificate of Public Need for Outpatient Facility to Include Diagnostic Imaging Services

November 2023

COPN Request No. VA-8734
Supplemental Information

THE GEORGE WASHINGTON UNIVERSITY HOSPITAL

ALVAREZ & MARSAL
LEADERSHIP. ACTION. RESULTS.℠

Contents

Supplemental Information for Section III: Service Data and Section IV: Project Justification and Identification of Community Need

Current Inventory of Equipment

There are currently 5 CT scanners and 6 MRI scanners authorized for use at GWUH, including both main hospital and ambulatory sites.

GWUH Authorized CT Scanners

Site	Address	Scanner Name / Type	Manufacturer	Model
GWUH Main Hospital	900 23rd Street	64-Slice CT	GE HEALTHCARE	LIGHTSPEED VCT 7X
	900 23rd Street	8-Slice CT	SIEMENS MEDICAL SYSTEMS, INC	DEFINITION FLASH
	900 23rd Street	SPECT[1]	SIEMENS MEDICAL SYSTEMS, INC	SYMBIA INTEVO BOLD
	900 23rd Street	PET / CT	GE HEALTHCARE	DISCOVERY STE PET
Ambulatory Sites	2121 K Street	16-Slice CT	GE HEALTHCARE	BRIGHTSPEED ELITE 16

GWUH Authorized MRI Scanners

Site	Address	Scanner Name / Type	Manufacturer	Model
GWUH Main Hospital	900 23rd Street	MRI Twin	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM SKYRA 3T
	900 23rd Street	MRI Echo	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM SKYRA 3T
	900 23rd Street	MRI Hospital-Based Ambulatory Center	GE HEALTHCARE	DISCOVERY MR450
Ambulatory Sites	2121 K Street	MRI K St. #1	SIEMENS MEDICAL SYSTEMS, INC	MAGNETOM ESPREE
	2121 K Street	MRI K St. #2	GE HEALTHCARE	1.5 HISPEED HD 8-CH
	2300 M Street / 19th St.	MRI 19th St.	GE HEALTHCARE	1.5T HDXT ECHOSPEED

[1] The CT component of this scanner is not fully CT-capable and this unit is used only for specialized nuclear medicine studies

GWUH Main Hospital: CT and MRI Inventory with Imaging Volumes

Per YTD October 2023 annualized results, CT and MRI imaging volumes at GWUH main hospital are 4.3% greater and 4.2% greater, respectively, than 2022 results.

GWUH Main Hospital: CT and MRI Service Volumes

Modality	Scanner	2021	2022	YTD 2023 Annualized	Grand Total
CT	64-Slice CT (GWUH Main)	20,777	22,471	24,760	68,008
	8-Slice CT (GWUH Main)	6,921	6,291	7,560	20,772
	PET / CT (GWUH Main)	755	836	809	2,400
	SPECT (GWUH Main)[1,2]	115	345	200	660
GWUH Main Hospital CT Total		**30,589**	**31,965**	**33,328**	**91,839**
MRI	MRI Twin (GWUH Main)	3,850	3,713	4,251	11,814
	MRI Echo (GWUH Main)	1,536	1,432	1,185	4,153
	MRI Hospital Based Ambulatory Center (GWUH Main)	847	760	716	2,323
GWUH Main Hospital MRI Total		**6,233**	**5,905**	**6,152**	**18,290**
Grand Total		**36,822**	**37,870**	**39,480**	**110,129**
GWUH Main CT Growth %			*4.5%*	*4.3%*	
GWUH Main MRI Growth %			*-5.3%*	*4.2%*	
Total Growth %			*2.8%*	*4.3%*	

1) Includes all procedure volume including Nuclear Medicine

2) The CT component of this scanner is not fully CT capable and only used for specialized Nuclear Medicine studies

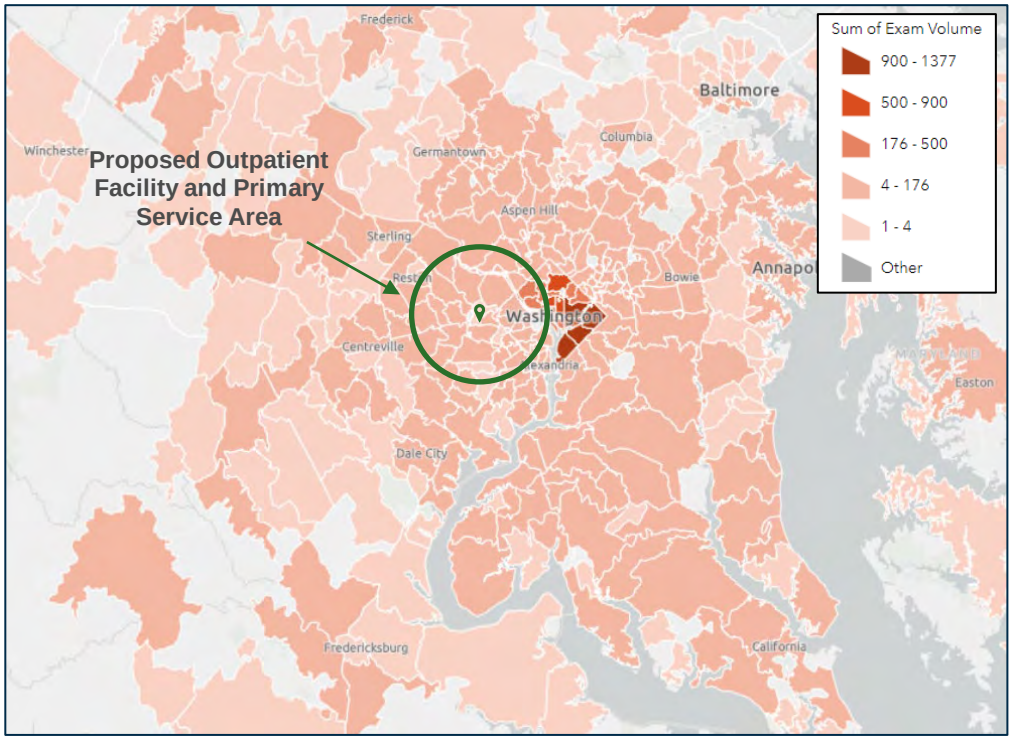
Note: Intraoperative MRI volumes not included above. There is one intraoperative MRI unit in use at GWUH in addition to the scanners shown above. The volumes for that specific scanner are not available at this time as the scanner is only used during surgical procedures and thus volume is not measured in the typical manner of imaging exams.

Source: GWUH Internal Data; Dates include 1/1/21 - 10/23/23

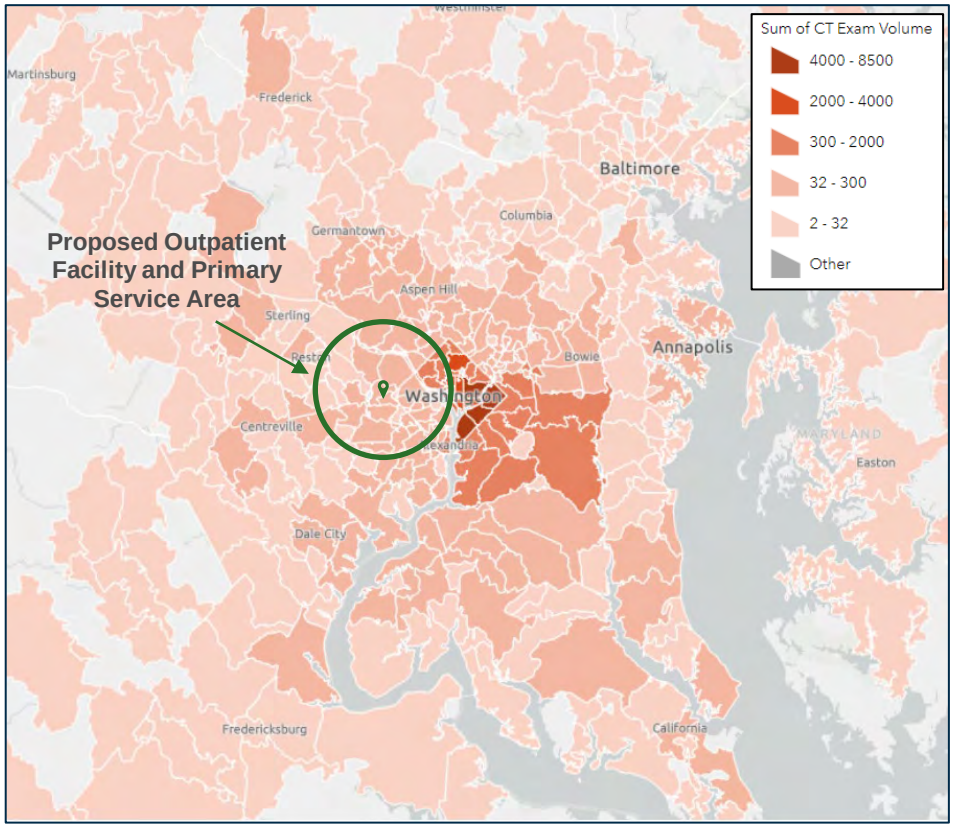
GWUH Main Hospital: CT and MRI Imaging Volumes by Patient Location

Patients receiving MRI and CT exams on scanners at the GWUH main hospital originate from the inner metro DC area but also from outer Virginia suburbs and beyond.

MRI Exam Volume by Patient Origin ZIP Code
GWUH Main Hospital MRI Scanners | 1/1/2021 - 10/23/2023



CT Exam Volume by Patient Origin ZIP Code
GWUH Main Hospital CT Scanners | 1/1/2021 - 10/23/2023



Source: GWUH Internal Data; Dates include 1/1/21 - 10/23/23

GWUH Ambulatory Sites: CT and MRI Inventory with Imaging Volumes

Per YTD October 2023 annualized results, CT and MRI imaging volumes at GWUH ambulatory sites are 1,737 and 1,165, respectively.

GWUH Ambulatory Sites: CT and MRI Service Volumes

Modality	Scanner	2021	2022	YTD 2023 Annualized	Grand Total
CT	16-Slice CT (K ST)	2,611	2,037	1,737	6,385
GWUH Ambulatory Sites CT Total		**2,611**	**2,037**	**1,737**	**6,385**
MRI	MRI K St. #1	1,082	982	679	2,743
	MRI K St. #2	659	671	486	1,816
	MRI 19th St.	208	28	0	236
GWUH Ambulatory Sites MRI Total		**1,949**	**1,681**	**1,165**	**4,795**
Grand Total		**4,560**	**3,718**	**2,903**	**11,181**

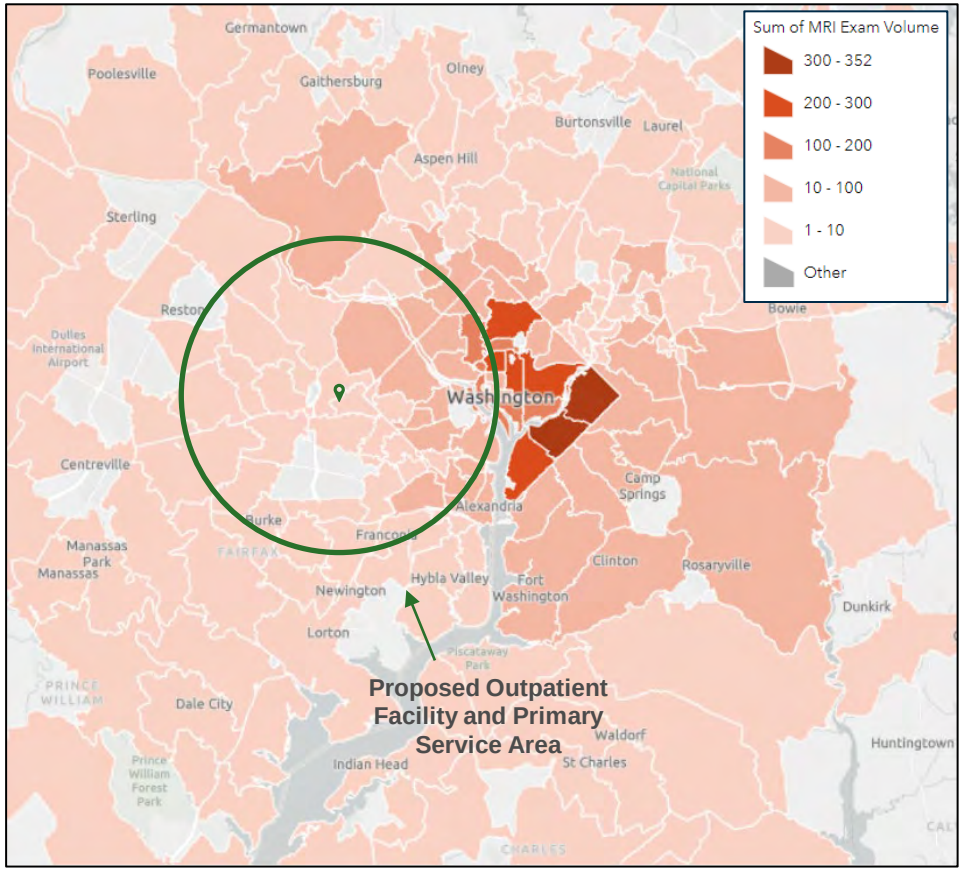
- Note: Volume decline at 19th Street MRI is due to the location closing and being relocated.
- Imaging volume at the GWUH ambulatory sites has declined over the historical period due to staffing challenges and equipment downtime for maintenance. During this historical period, patients in the ambulatory markets were often referred to main campus to accommodate staffing needs, resulting in imaging growth at GWUH Main (see slide 4).
- Please note GWUH has recently partnered with Northern Virginia Community College for radiographers and Tesla MRI Institute for MRI Technologists to address staffing challenges

Source: GWUH Internal Data; Dates include 1/1/21 - 10/23/23

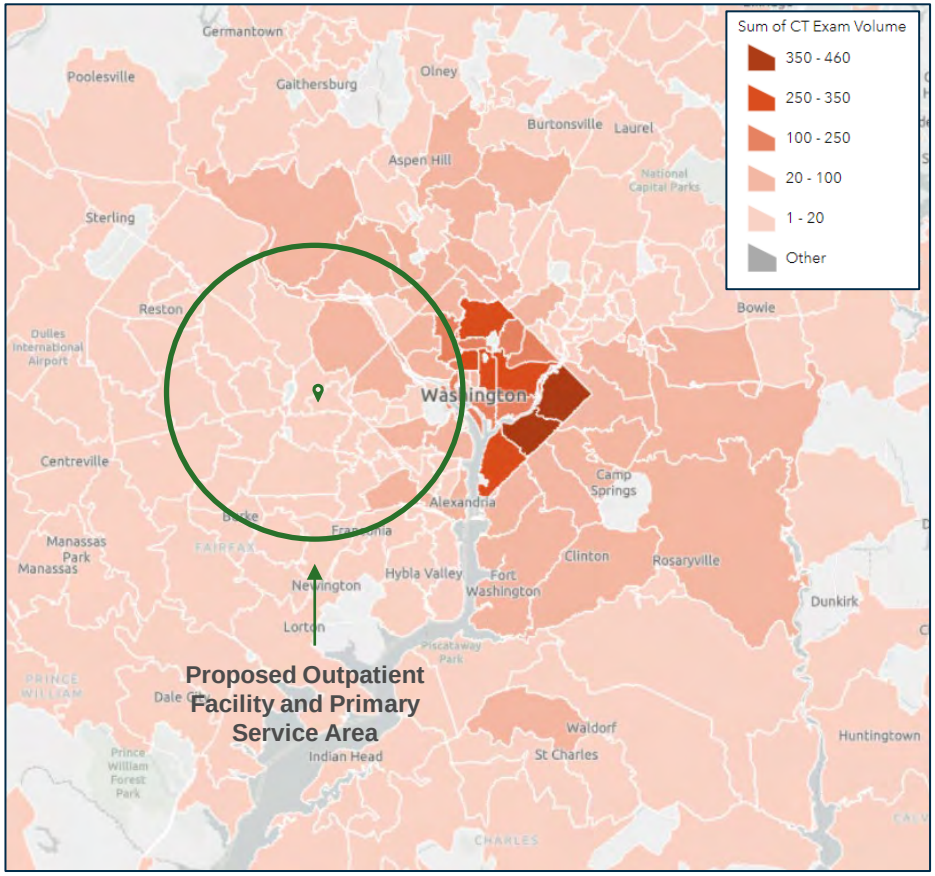
GWUH Ambulatory Sites: CT and MRI Imaging Volumes by Patient Location

Patients receiving MRI and CT exams on scanners at GWUH ambulatory sites originate from throughout Northern Virginia, among other areas.

MRI Exam Volume by Patient Origin ZIP Code
GWUH Ambulatory Site MRI Scanners | 1/1/2021 - 10/23/2023



CT Exam Volume by Patient Origin ZIP Code
GWUH Ambulatory Site CT Scanners | 1/1/2021 - 10/23/2023

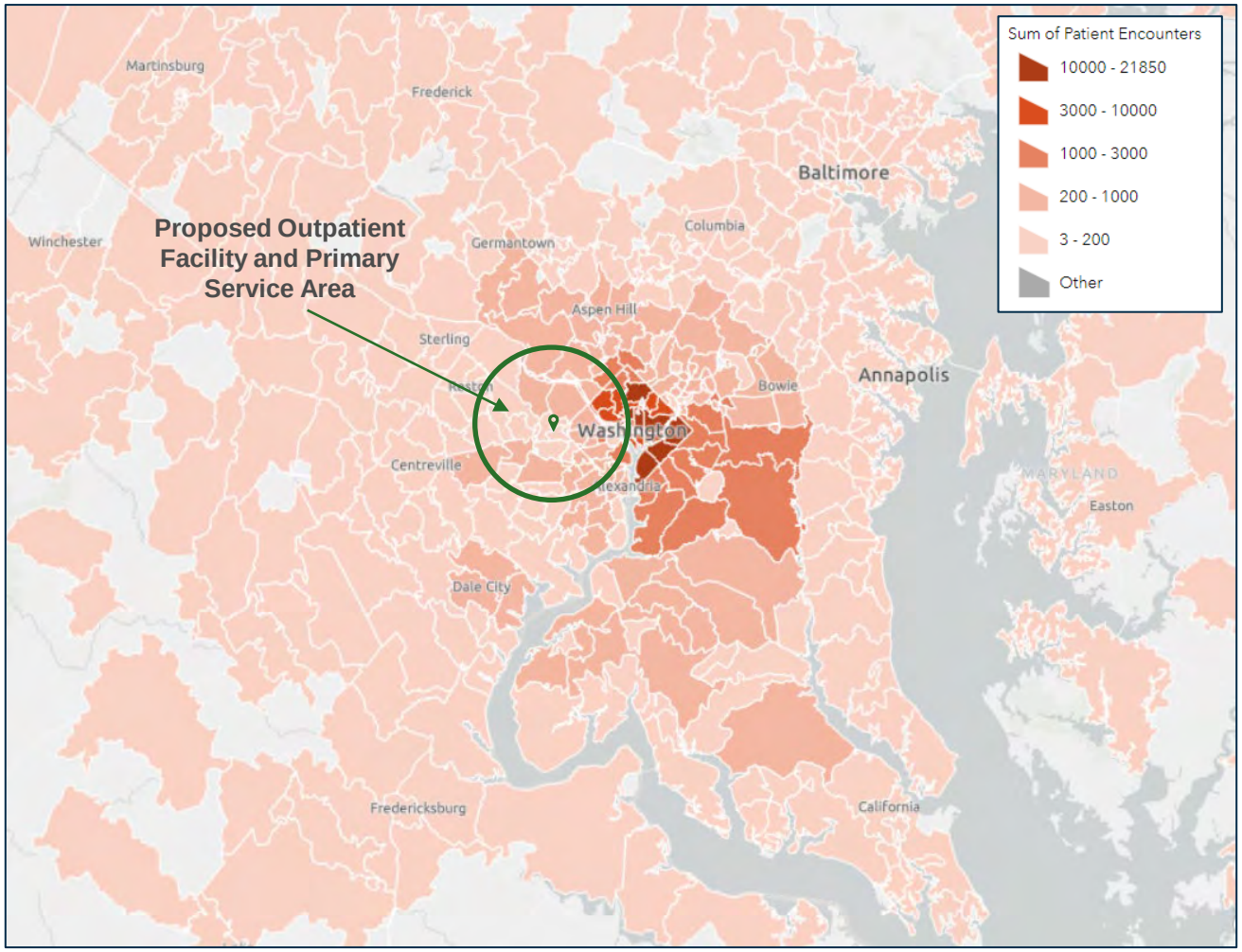


Source: GWUH Internal Data; Dates include 1/1/21 - 10/23/23

GWUH: Encounters by Patient Location

GWUH cares for patients from across the country, but the majority of patients originate from the greater D.C.-Maryland-Virginia area.

GWUH Patient Encounters
All Encounter Types | 1/1/2021 - 10/23/2023



Source: GWUH Internal Data; Dates include 1/1/21 - 10/24/23

Note on Projection Methods

Using two different methods of analysis, District Hospital Partners, L.P. ("DHP," used interchangeably with GWUH throughout) and outside advisors A&M arrived at similar projections for combined CT and MRI volumes. Slight differences in modality mix assumptions account for variance across the two methods.

GWUH Pro Forma

	Year 1	Year 2	Year 3	Year 4	Year 5
CT Volume	636	2,064	3,382	4,713	5,965
MRI Volume	508	1,649	2,703	3,766	4,767
Total CT and MRI Volume	**1,144**	**3,713**	**6,085**	**8,479**	**10,732**

Key Assumptions and Inputs

- **Volumes**: PCP and specialist referrals, based on internal GWUH physician benchmark data, drive estimated volume of imaging visits
- **Modality Mix:** Utilized most common mix for Primary Service Area of WFC outpatient facility based on Trilliant Data

A&M Analysis

Physician Hiring and Expected Imaging Demand

Physician Description	Year 1	Year 2	Year 3	Year 4	Year 5
Primary Care Physicians					
# of PCPs	9	19	29	39	47
Projected Visits	11,813	40,688	75,250	110,250	142,625
Expected PCP Imaging Volume[3]	**1,654**	**5,696**	**10,535**	**15,435**	**19,968**
Specialty Care Physicians					
# of Specialists	9	12	16	21	26
Projected Visits	2,814	9,083	14,730	20,432	25,806
Expected Specialty Imaging Volume[3]	**1,126**	**3,633**	**5,892**	**8,173**	**10,322**
Total Expected Imaging Volume	**2,779**	**9,330**	**16,427**	**23,608**	**30,290**
CT Mix - 24.5%[2]	682	2,288	4,029	5,791	7,429
MRI Mix - 6.9%[2]	192	644	1,134	1,630	2,092
Total MRI and CT Volume	**874**	**2,933**	**5,164**	**7,421**	**9,521**

Key Assumptions and Inputs

- **Physicians**: Assumed ramp up to 47 PCPs and 26 specialists at the WFC outpatient facility over 5-year timeline
  - The market supports the additional PCP hiring; according to research from the Robert Graham Center[1], Virginia will need an additional 727 primary care physicians by 2030 based on 2020 estimates
- **Imaging Volume:** Assumed PCPs and specialists order imaging studies on 14% and 40% of annual visits, respectively, according to IPM (healthcare data reporting organization)
- **Modality Mix:** Utilized average GWUH modality mix on 1-year lookback period (9/2022 – 9/2023)

GWUH Pro Forma vs. A&M Analysis

- Two different methods of analysis will almost always yield slightly (or significantly) different results; it is noteworthy that the two different methods yielded similar projections
- Both methods are estimations; it is impossible to precisely predict future outcomes
- **The differing assumptions for modality mix across the two methods account for a substantial portion of the variance** (as evidenced by the fact that the total of MRI plus CT volumes is more aligned than either of the modality volumes individually)

1. Robert Graham Center - Virginia: Projecting Primary Care Physician Workforce
2. Radiology Completed Exam data provided by GWUH; 9/1/22 - 9/14/23
3. Based on IPM Referral Data, PCPs and Specialists order imaging studies on 14% and 40% of annual visits, respectively

Pro Forma Projections

The GWUH pro forma MRI and CT projections include modality mix assumptions specific to the WFC market, along with anticipated growth in community need beyond current-state baseline needs.

GWUH Pro Forma

	Year 1	Year 2	Year 3	Year 4	Year 5
CT Volume	636	2,064	3,382	4,713	5,965
MRI Volume	508	1,649	2,703	3,766	4,767
Total CT and MRI Volume	**1,144**	**3,713**	**6,085**	**8,479**	**10,732**

- The analytical difference between the A&M analysis and the GWUH Pro Forma reflects the difference between utilizing GWUH-specific patient population versus market data for the West Falls Church (WFC) area to drive modality mix assumptions.
- The CT / MRI projection volumes prepared by GWUH and summarized above are more indicative of expected volumes at the new WFC facility, since they more closely reflect the mix of existing needs and anticipated referrals into a convenient outpatient imaging facility versus a tertiary facility in the District.
- We note that the difference in modality mix between the WFC market and GWUH is based on the types of patients GWUH serves, which include some of the most acute patients in the Washington, D.C. area. As a tertiary provider, GWUH is typically not providing a high proportion of routine imaging care – due to cost and inconvenience – as would an outpatient facility.
- The GWUH projections rely on hiring of primary care and specialty physicians based on the demonstrated need in the WFC market, which implicates increased demand for MRI and CT imaging, as well as other ancillary services in the market.
- Additionally, the GWUH projections utilized 3rd-party market analytics specific to the WFC market to determine modality mix assumptions for CT and MRI, providing a more precise and localized view of expected need by modality.
- Like the GWUH projection volumes summarized above, A&M prepared its projection scenario utilizing expected physician need in the market. A&M relied on GWUH imaging data for all patients, regardless of location or proximity to WFC, to determine the MRI and CT mix.
- The GWUH Pro Forma projections, which leverage a combination of historical and market-specific data, are more reflective of the future needs in the WFC market area.

Attachment D

Please See Native Excel File

Attachment E

Volume and Rate Assumptions

Volumes were derived from referrals from PCP's and Specialists based on internal physician benchmark data. Using Trilliant Data, we determined the most common modality mix for the WFC Primary Service Area. Payor mix was determined using an analysis of OP Services (excluding ED) of like facilities in the surrounding areas. We applied the Medicare FFS schedule for OP Imaging by Modality to establish baseline rates. We analyzed the reimbursement relationship of various payor groups for OP Services at the aforementioned like facilities to establish inflator rates by payor group. Lastly, we assumed the annual reimbursement and inflation factors to be in-line with historical reimbursement and inflation rates from our internal benchmark data.

Volume, net revenue, and expenses were broken out by what was identified as specific to the CT and MRI service lines and what were shared expenses or related to the other modalities on the subsequent tabs.

DHP Pro Forma
All Imaging Financials

	Year 1	Year 2	Year 3	Year 4	Year 5	
Visits	3,601	11,688	19,151	26,687	33,778	
Gross Revenue	4,768	17,025	30,686	47,037	65,488	
Contractual Allowance	(4,125)	(14,871)	(27,048)	(41,811)	(58,669)	
Net Revenue	**644**	**2,154**	**3,638**	**5,226**	**6,819**	
Bad Debt	(6)	(22)	(36)	(52)	(68)	
Net Patient Revenue	**637**	**2,133**	**3,602**	**5,174**	**6,751**	
Salaries	699	727	920	1,225	1,460	22%
Registry						
Benefits	154	160	202	270	321	5%
Supplies	86	146	249	360	474	7%
Physician Expenses	131	437	738	1,061	1,384	21%
Purchased Services	13	43	72	103	135	2%
Lease	417	427	438	448	459	7%
Maintenance		250	258	265	273	4%
Other	13	43	72	103	135	2%
Total Operating Costs	**1,513**	**2,233**	**2,949**	**3,836**	**4,641**	
Admin Salaries	291	303	394	491	506	
Admin Benefits	64	67	87	108	111	
Admin Salaries + Benefits	355	369	481	599	617	
Shared Expenses (Lease + Maintenance + Admin SWB	$ 773	$ 1,047	$ 1,176	$ 1,313	$ 1,349	
CT	$ 136	$ 185	$ 208	$ 232	$ 238	
MRI	$ 109	$ 148	$ 166	$ 185	$ 190	

DHP Pro Form CT Only (in thousands)

	Year 1	Year 2	Year 3	Year 4	Year 5
Visits	636	2,064	3,382	4,713	5,965
Gross Revenue	1,394	4,975	8,967	13,745	19,136
Contractual Allowance	(1,205)	(4,345)	(7,904)	(12,218)	(17,144)
Net Revenue	**188**	**629**	**1,063**	**1,527**	**1,992**
Bad Debt	(2)	(6)	(11)	(15)	(20)
Net Patient Revenue	**186**	**623**	**1,052**	**1,511**	**1,972**
Salaries	104	108	100	137	177
Registry					
Benefits	23	24	22	30	39
Supplies	15	26	44	64	84
Physician Expenses	38	128	216	310	404
Purchased Services	4	12	21	30	39
Lease					
Maintenance					
Other	4	12	21	30	39
Allocation of Shared Expenses	136	185	208	232	238
Total Operating Costs	**324**	**495**	**631**	**833**	**1,021**

DHP Pro Forma MRI only (in thousands)

	Year 1	Year 2	Year 3	Year 4	Year 5
Visits	508	1,649	2,703	3,766	4,767
Gross Revenue	1,502	5,363	9,669	14,819	20,634
Contractual Allowance	(1,299)	(4,684)	(8,523)	(13,173)	(18,485)
Net Revenue	**203**	**679**	**1,146**	**1,647**	**2,149**
Bad Debt	(2)	(7)	(11)	(16)	(21)
Net Patient Revenue	**201**	**672**	**1,135**	**1,630**	**2,127**
Salaries	106	110	159	222	289
Registry					
Benefits	23	24	35	49	64
Supplies	12	21	35	51	67
Physician Expenses	41	138	233	334	436
Purchased Services	4	13	23	33	43
Lease					
Maintenance					
Other	4	13	23	33	43
Allocation of Shared Expenses	109	148	166	185	190
Total Operating Costs	**300**	**467**	**673**	**906**	**1,131**