

Via-Email

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

**Re: COPN Request No. VA-8734
District Hospital Partners, L.P.
Establishment of a Medical Care Facility with
One CT Unit and One MRI Unit**

Dear Mr. Bodin:

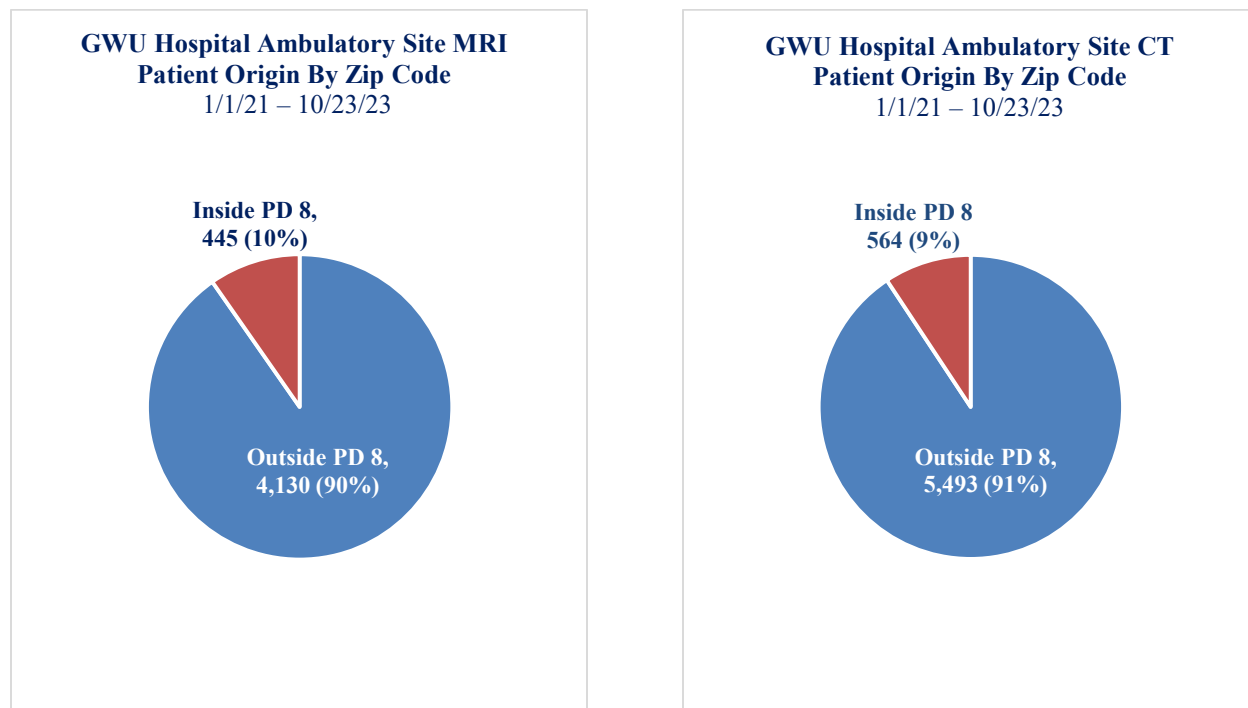
I write on behalf of the Inova Health System to oppose the above-captioned certificate of public need application submitted by District Hospital Partners, L.P. (“DHP”) to establish a diagnostic imaging facility with one CT and one MRI unit in Falls Church, Virginia, within Planning District 8 (“PD 8”). The project is a clear attempt by DHP, which owns and operates The George Washington University Hospital (“GWU Hospital”) in Washington, D.C., to expand its geographic footprint into the Commonwealth of Virginia in order to increase its patient base. DHP currently has no presence in PD 8 and it does not serve an adequate number of ambulatory CT or MRI patients at its Washington, D.C. facilities to support the volume projections for its proposed Falls Church imaging center without redirecting patients from other existing PD 8 providers. The project should be denied because there is no public need for it.

1. DHP’s Existing PD 8 CT and MRI Patient Volume is Nominal.

DHP posits its diagnostic imaging project, which it envisions as part of a larger full-service outpatient facility to include ambulatory surgery and physician offices to be known as The Wellness Center at West Falls (the “Center”), as one that will “improve patient access and better serve [DHP’s] existing patients and to meet current and future needs of PD 8 residents.” But despite these claims, DHP’s patient origin data demonstrate that the vast majority of DHP’s existing CT and MRI patients are not in fact PD 8 residents. Based on the CT and MRI patient origin data DHP supplied in response to the Division of Certificate of Public Need (“DCOPN”) and Health Systems Agency of Northern Virginia’s (“HSANV”) supplemental questions, 90% of DHP’s ambulatory MRI patients and 91% of its ambulatory CT patients originate outside of PD 8. Between January 1, 2021 and October 23, 2023, DHP performed a total of just 445 MRI procedures and 564 CT procedures on PD 8 patients at GWU Hospital’s existing ambulatory facilities in Washington, D.C.¹ On an annualized basis, the numbers are even bleaker: the run rate for MRI

¹ Attachment D to DHP’s responses to supplemental questions provided CT and MRI patient origin data by GWU Hospital site, including the “GWUH Main” site and the “GWUH Ambulatory” sites.

procedures is approximately 13 per month, or 156 per year, and for CT is approximately 16.6 per month or 199 per year. Moreover, during the same time period, less than 1% of DHP’s ambulatory MRI and ambulatory CT patients originated from the zip code (22043) where DHP proposes to establish its Center.

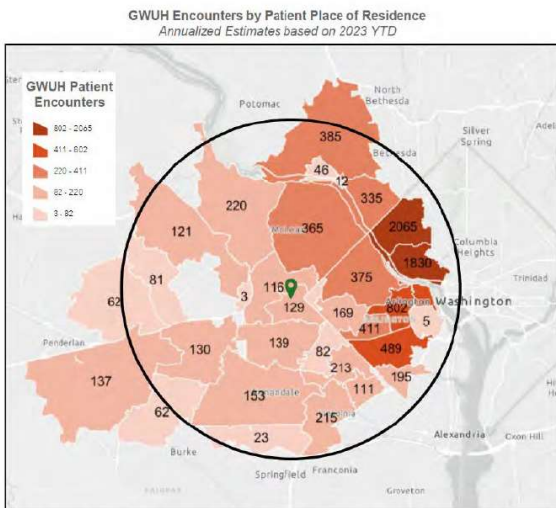


2. Nearly One-Half of the Center’s CT and MRI Volume Would Originate from Washington, D.C. and Maryland.

To buttress its claim that its proposed CT and MRI imaging project will serve existing DHP patients, DHP states in its COPN application, “[b]ased 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 facility” and “[a]pproximately 9,100 (91%) of these encounters are outpatient encounters.” The statements, however, are misleading in two respects. First, the encounters DHP references are for *all* GWU Hospital patients, irrespective of whether the patients received the COPN-regulated services at issue (i.e., CT and MRI services) or other services wholly unrelated to CT and MRI services (e.g., outpatient surgical services). As reflected above, DHP provides CT and MRI services to very few PD 8 residents at its existing ambulatory facilities. Second, substantial portions of DHP’s expansive projected primary service area (“PSA”) for the Center consist of zip codes located outside PD 8. Based on 2023 YTD data patient origin data supplied by DHP, nearly one-half (47%) of the GWU Hospital patient encounters

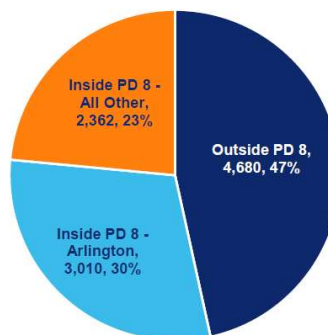
Patient origin data for the “GWUH Main” site did not distinguish between inpatient, outpatient and emergency department CT and MRI patients. Because the proposed Center’s patient population will be limited to ambulatory patients/outpatients, the patient origin analysis set forth in this opposition letter is necessarily limited to an analysis of patient origin data for CT and MRI patients who received services at the “GWUH Ambulatory” sites.

originating from proposed PSA patients originated from Washington, D.C. or Maryland. The notion that DHP is proposing to establish a CT and MRI imaging facility in Falls Church to improve access to its existing patients seems far-fetched, at best.



- 47% of the total patients in DHP's PSA for the proposed site are from outside PD 8 (DC & MD)
- Only 1% are from proposed site zip code (22043)

GWUH Encounters by Patient Place of Residence
Annualized Estimates based on 2023 YTD



3. DHP has Substantial Available CT and MRI Capacity at its Existing Ambulatory Sites.

Nor has DHP supplied any substantive evidence to support its claim that its existing ambulatory patient population does not have adequate access to CT and MRI imaging services at GWU Hospital's existing ambulatory facility in Washington, D.C. To the contrary, CT and MRI utilization data provided for GWU Hospital's existing ambulatory facility reflect substantial available capacity. This is of particular importance given that nearly one-half of GWU Hospital's patient encounter volume from the Center's projected PSA originates from Washington, D.C., where the existing GWU Hospital ambulatory imaging facilities are located, and from Maryland. Based on the utilization data DHP supplied in response to DCOPN and HSANV's supplemental questions, the 1 CT unit and 3 MRI units DHP operates at GWU Hospital's ambulatory facilities in Washington, D.C., have substantial available capacity when evaluated under the CT and MRI utilization standards contained in the Virginia State Medical Facilities Plan. As reflected in the chart below, the 1 CT unit is currently operating at 23% of the SMFP utilization standard and the 3 MRI units are operating at 8% of the SMFP utilization standard. Moreover, DHP's ambulatory CT and MRI volume appears to be declining.

Actual DHP Ambulatory MRI & CT Utilization ⁽¹⁾	CT (2022)	CT (2023 Annualized) ⁽³⁾	MRI (2022)	MRI (2023 Annualized) ⁽³⁾
Total Procedure Volume (Ambulatory Sites)	2,037	1,737	1,681	1,165
Total Machines (Ambulatory Sites)	1	1	3	3*
Annual Procedure Capacity (100% of SMFP) ⁽²⁾	7,400	7,400	5,000	5,000
Current Utilization (% of SMFP)	28%	23%	11%	8%

*Note: In COPN Request VA-8735, Attachment D – Supplemental CON Data, DHP reports utilization of 0 for YTD 2023 Annualized for 1 MRI located at the 19th St. ambulatory site. Even if DHP only has 2 operational ambulatory MRI units, utilization for 2023 Annualized is equal to 12% of the Virginia state medical facilities plan (SMFP) standard.

Sources:

- (1) COPN Request VA-8735, Attachment D – Supplemental CON Data
- (2) Virginia SMFP standard for CT is calculated as [# of CT procedures / (# of CT scanners x 7,400)]; standard for MRI is calculated as [# of MRI procedures / (# of MRI units x 5,000)].
- (3) 2023 October 23 YTD volume annualized is calculated as [(October 23 YTD volume / 296) * 365]

4. DHP Cannot Achieve its CT and MRI Volume Projections at the Center without Redirecting Volume from Existing PD 8 Providers.

Notwithstanding the fact that DHP performed just 445 MRI procedures and 564 CT procedures on PD 8 residents at its existing GWU Hospital ambulatory facilities in the ~34-month period between January 1, 2021 and October 23, 2023, DHP projects that “imaging volume is anticipated to increase from approximately 2,800 procedures in Year 1 to approximately 30,000 in Year 5 at the Center.”² These projections are based on DHP’s intent to hire 47 primary care physicians and 26 specialists at the Center, which DHP expects to drive imaging volume to the Center – “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 ramp-up of the Center.”³ None of these statements support DHP’s claim that its project is needed to serve its existing patient population. Instead, they clearly demonstrate that DHP intends to redirect volume away from existing providers.

DHP goes on to state that “MRI and CT together are expected to grow at [an] annual rate of 61.2%,” such that it expects the Center’s CT volume to grow from 682 exams in Year 1 to 7,429 in Year 5 (which would place CT utilization at 100.4% of the SMFP standard) and MRI volume to grow from 192 exams in Year 1 to 2,092 in Year 5 (which would place MRI utilization at 41.8% of the SMFP standard).⁴ To the extent DHP is able to achieve its CT and MRI volume projections at the Center, it can only do so by redirecting volume from existing PD 8 providers of the services. As reflected in Attachment 1, there are no fewer than 15 existing CT and/or MRI sites within a ~15-minute drive of DHP’s proposed site. Moreover, CT and MRI use rates in PD 8 are substantially lower than the nationwide utilization rates employed by DHP for purposes of projecting overall PD 8 volume. Whereas DHP employed an MRI national use rate of 118 per 1,000 population and a CT national use rate of 245 per 1,000 for purposes of projecting PD 8 MRI and CT volume, the actual PD 8 use rates are much lower – 95 per 1,000 for MRI

² DHP COPN application at p. 23.

³ *Id.* at p. 24.

⁴ Even if DHP’s growth projections were supportable (they are not), the existing surplus of MRI capacity in PD 8 coupled with projected MRI utilization substantially below the SMFP utilizations standard in Year 5 of the unit’s operation demonstrate the complete absence of public need for the proposed MRI service.

and 228 per 1,000 for CT. This error alone results in substantial over-projection of future MRI and CT volume in PD 8.

PD 8 MRI & CT Utilization	DHP's Estimates ⁽¹⁾	PD 8 Actuals ⁽²⁾	DHP's Variance to Actual
MRI utilization rate per 1,000 population	118	95	+23
MRI procedural volume	301,000	241,475	+59,525
CT utilization rate per 1,000 population	245	228	+17
CT procedural volume	625,000	580,752	+44,248

Sources:

- (1) COPN Request VA-8735, Attachment III.G, pg. 11.
- (2) CT & MRI actual procedures reported in 2021 Virginia Health Information (VHI) EPICs survey report; utilization calculated as [2021 procedural volume / (population / 1,000)]
Assumes same 2,550,377 population detailed in COPN Request VA-8735, Attachment III.G, pg. 11.

DHP's substantial over-projection of PD 8 CT and MRI volume, its exceptionally aggressive 61.2% annual growth projections for CT and MRI services to be performed at its proposed Center, coupled with the very low numbers of PD 8 residents currently receiving ambulatory CT and MRI services from DHP at the existing GWU Hospital ambulatory facilities (445 MRI procedures and 564 CT procedures in the ~21-month period January 1, 2021 and October 23, 2023) demonstrate that DHP will only be able to achieve its volume projections through redirection of CT and MRI volume from existing PD 8 providers.

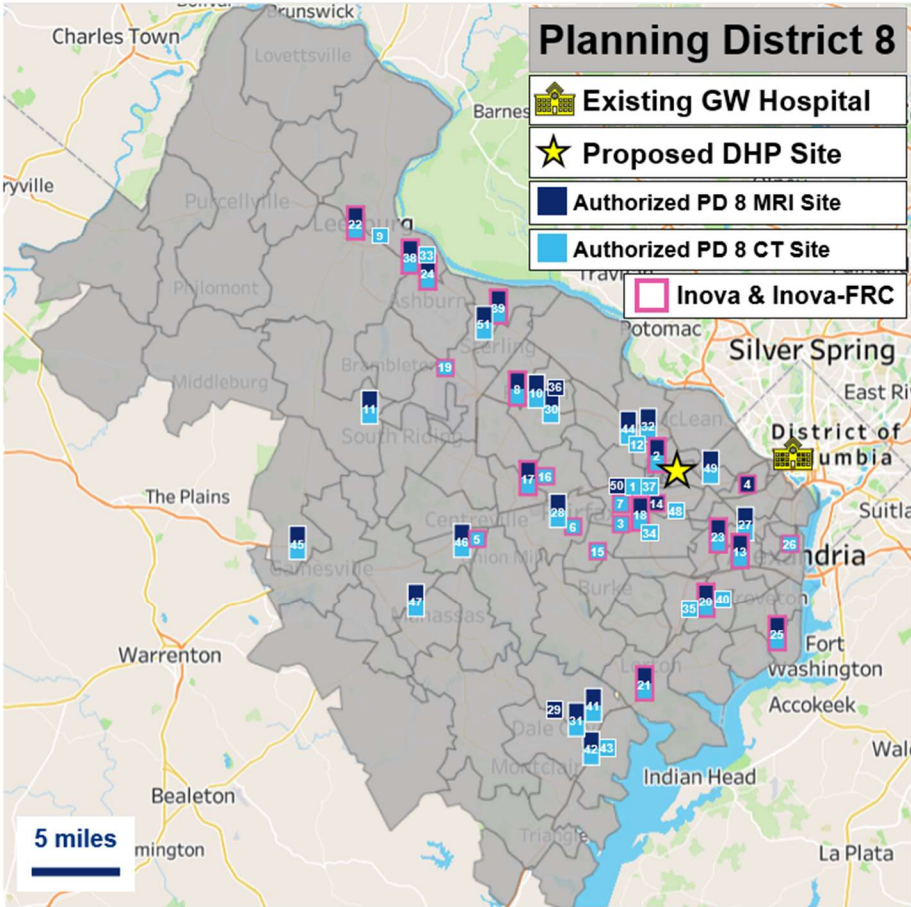
Accordingly, for the reasons set forth in this letter, DHP's COPN Request No. VA-8734 should be denied. There is no public need for it and its approval would have a substantial negative impact on existing PD 8 providers.

Sincerely,



Paul Dreyer
Senior Director, Strategy & Planning

cc: Dean Montgomery, Executive Director, HSANV
Amandeep S. Sidhu, Esq.



*Note: map shows approximate locations.

COPN authorized MRI & CT sites in PD 8				
1	Fairfax ENT & Plastic Surgery Center	27	Insight Imaging (RAYUS) – Arlington	
2	Fairfax MRI and Imaging Center at Tysons	28	Insight Imaging (RAYUS) – Fairfax	
3	Fairfax Radiology Center at Woodburn	29	Insight Imaging (RAYUS) – Woodbridge	
4	Fairfax Radiology Center of Ballston	30	Kaiser Permanente - Reston Medical Center	
5	Fairfax Radiology Center of Centreville/Clifton	31	Kaiser Permanente - Woodbridge Imaging Center	
6	Fairfax Radiology Center of Fairfax City	32	Kaiser Permanente - Tysons Corner Imaging Center	
7	Fairfax Radiology Center of Prosperity	33	Loudoun Medical Group, P.C.	
8	Fairfax Radiology Center of Reston-Herndon	34	Metro Region PET Center	
9	HCA Leesburg Emergency & Imaging Center	35	Metropolitan ENT & Facial Plastic Surgery	
10	HCA Reston Hospital Center	36	MRI of Reston	
11	HCA StoneSprings Hospital Center	37	Orthopaedic Foot and Ankle Center	
12	HCA Tysons Corner Emergency Center	38	Radiology Imaging Associates at Lansdowne	
13	Inova Alexandria Hospital	39	Radiology Imaging Associates at Sterling	
14	Inova Center for Personalized Health	40	Sentara Advanced Imaging Center - Alexandria	
15	Inova Emergency Room of Fairfax City	41	Sentara Lake Ridge Ambulatory Care Center	
16	Inova Fair Oaks Advanced Imaging Center	42	Sentara Northern Virginia Medical Center	
17	Inova Fair Oaks Hospital	43	Sentara Northern Virginia Medical Center - Century MOB	
18	Inova Fairfax Hospital	44	Tysons Corner Diagnostic Imaging	
19	Inova HealthPlex - Ashburn	45	UVA Health Haymarket Medical Center	
20	Inova HealthPlex - Franconia/Springfield	46	UVA Health Imaging – Centreville	
21	Inova HealthPlex - Lorton	47	UVA Health Prince William Medical Center	
22	Inova Imaging Center - Leesburg	48	VHC Health - Emergency & Imaging Center	
23	Inova Imaging Center - Mark Center	49	VHC Health - Virginia Hospital Center	
24	Inova Loudoun Hospital	50	Washington Radiology Associates – Fairfax	
25	Inova Mount Vernon Hospital	51	Washington Radiology Associates – Lakeside at Loudoun Tech Center	
26	Inova Oakville Ambulatory Center			

Sources: DCOPN Staff Report, January 19, 2023; COPN Request No. VA-8703 Case Decision, October 18, 2023