

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

May 19, 2021

RE: COPN Request No. VA-8548

Inova Ambulatory Surgery Center at Lorton, LLC
Fairfax County, Virginia
Add One General-Purpose Operating Room

Applicant

Inova Ambulatory Surgery Center at Lorton, LLC (Inova ASC at Lorton) is a Virginia Limited Liability Company formed in 2012. Inova ASC at Lorton has no subsidiaries. The sole member of the Inova ASC at Lorton is Inova Health Care Services, a 501(c)(3) Virginia nonprofit, non-stock corporation. The sole member of Inova Health Care Services is the Inova Health System Foundation, Inc. (Inova Health System), also a 501(c)(3) Virginia nonprofit, non-stock corporation. Both the Inova Health System and the Inova ASC at Lorton are located in Fairfax County, Virginia in Planning District (PD) 8 within Health Planning Region (HPR) II.

Background

Inova ASC at Lorton, located in Fairfax County, Virginia, was established in 2013 pursuant to Certificate of Public Need (COPN) No. VA-04364 and is currently authorized to operate one general-purpose operating room (GPOR).

According to Division of Certificate of Public Need (DCOPN) records, there are 192 GPORs located in PD 8. Of these 192 GPORs, 133 are located within acute care hospitals and 59 are located within outpatient surgical hospitals (**Table 1**). Additionally, two operating rooms are restricted to ophthalmic use, two operating rooms are restricted to vascular access surgeries, and eight operating rooms are dedicated open-heart surgery operating rooms.

Table 1: PD 8 COPN Authorized GPOR Inventory

Acute Care Hospital	Operating Rooms
Inova Alexandria Hospital	11
Inova Fair Oaks Hospital	12
Inova Fairfax Medical Campus ¹	47
Inova Loudoun Hospital	8
Inova Mount Vernon Hospital	7
Novant Health UVA Health System Haymarket Medical Center	1
Novant Health UVA Health System Prince William Medical Center	1
Reston Hospital Center	15
Sentara Northern Virginia Medical Center	9
Stone Springs Hospital Center	6
Virginia Hospital Center ²	16
Acute Care Hospital Total	133
Outpatient Surgical Hospital	Operating Rooms
Fairfax Surgical Center	6
Haymarket Surgery Center	2
Healthcare Associates ³	2
Inova Ambulatory Surgery Center at Lorton	1
Inova Loudoun Ambulatory Surgery Center	5
Inova McLean Ambulatory Surgery Center	2
Inova Surgery Center at Franconia-Springfield	5
Kaiser Permanente Tysons Corner Surgery Center	7
Kaiser Permanente Woodbridge Surgery Center	4
Lake Ridge Ambulatory Surgical Center	1
McLean Ambulatory Surgery Center	2
Northern Virginia Eye Surgery Center, LLC ⁴	2
Northern Virginia Surgery Center	4
Pediatric Specialists of Virginia	2
Prince William Ambulatory Surgery Center	4
Reston Surgery Center	6
Stone Springs Surgery Center	2
VHC Ambulatory Surgery Center	4
Outpatient Surgical Hospital Total	59
Grand Total	192

Source: DCOPN Records

¹Five operating rooms dedicated to adult open heart surgery and one operating room dedicated to pediatric open heart surgery.

² Two operating rooms dedicated to adult open heart surgery.

³ Restricted use –vascular access.

⁴ Restricted use – ophthalmic.

DCOPN notes that cumulative PD 8 GPOR utilization has decreased marginally-- from 102.1% in 2015 to 97.8% in 2019 (**Table 2**). However, with regard to Inova facilities specifically, DCOPN notes that utilization at all but two facilities increased during the same five-year period (**Table 3**).

Table 2. PD 8 Historical Utilization: 2015-2019

Facility	2015	2016	2017	2018	2019
Fairfax Surgical Center	133.0%	127.6%	124.9%	124.0%	125.8%
Haymarket Surgery Center	23.9%	N/A	N/A	54.2%	54.4%
Inova Alexandria Hospital	85.7%	109.3%	107.4%	97.2%	109.7%
Inova Ambulatory Surgery Center at Lorton*	46.8%	79.9%	85.9%	71.4%	40.6%
Inova Fair Oaks Hospital	115.9%	94.3%	102.1%	95.5%	131.0%
Inova Fairfax Hospital	125.2%	132.2%	128.8%	78.4%	115.6%
Inova Loudoun Ambulatory Surgery Center	103.7%	106.0%	112.9%	104.1%	138.7%
Inova Loudoun Hospital	90.5%	91.1%	96.8%	96.7%	107.8%
Inova Mount Vernon Hospital	66.5%	66.3%	82.7%	82.2%	88.2%
Inova Surgery Center @ Franconia-Springfield	93.7%	92.5%	94.3%	92.9%	105.4%
Kaiser Permanente Tysons Corner Surgery Center	155.7%	146.6%	82.9%	60.0%	64.7%
Lake Ridge Ambulatory Surgical Center	N/A	47.1%	52.5%	89.1%	68.3%
McLean Ambulatory Surgery Center	N/A	7.2%	70.7%	114.9%	89.6%
Northern Virginia Eye Surgery Center, LLC	80.3%	82.4%	91.7%	108.5%	83.7%
Northern Virginia Surgery Center	89.4%	85.6%	70.9%	72.2%	74.0%
Novant Health UVA Health System Haymarket Medical Center	N/A	28.0%	23.9%	70.4%	32.9%
Novant Health UVA Health System Prince William Medical Center	85.6%	69.5%	56.2%	172.9%	60.7%
Pediatric Specialists of Virginia Ambulatory Surgery Center	N/A	N/A	N/A	50.4%	62.9%
Prince William Ambulatory Surgery Center	60.1%	61.5%	52.4%	48.4%	38.2%
Reston Hospital Center	92.4%	112.3%	107.6%	126.4%	131.6%
Reston Surgery Center	100.7%	103.6%	103.3%	103.1%	107.0%
Sentara Northern Virginia Medical Center	91.3%	82.0%	80.9%	78.8%	76.4%
Stone Springs Hospital Center	N/A	17.1%	20.8%	32.9%	38.8%
Virginia Hospital Center	105.5%	94.4%	82.2%	84.6%	87.0%
Average	102.1%	100.0%	95.8%	85.7%	97.8%

Source: VHI (2015-2019)

Table 3. PD 8 Inova Health System Historical Utilization: 2015-2019

Facility	2015	2016	2017	2018	2019
Inova Alexandria Hospital	85.7%	109.3%	107.4%	97.2%	109.7%
Inova Ambulatory Surgery Center at Lorton*	46.8%	79.9%	85.9%	71.4%	40.6%
Inova Fair Oaks Hospital	115.9%	94.3%	102.1%	95.5%	131.0%
Inova Fairfax Hospital	125.2%	132.2%	128.8%	78.4%	115.6%
Inova Loudoun Ambulatory Surgery Center	103.7%	106.0%	112.9%	104.1%	138.7%
Inova Loudoun Hospital	90.5%	91.1%	96.8%	96.7%	107.8%
Inova Mount Vernon Hospital	66.5%	66.3%	82.7%	82.2%	88.2%
Inova Surgery Center @ Franconia-Springfield	93.7%	92.5%	94.3%	92.9%	105.4%

Source: VHI (2015-2019)

Proposed Project

Inova ASC at Lorton proposes to expand its existing GPOR capacity by one GPOR, resulting in a total of two GPORs. The applicant states that no construction or renovation is required for the proposed project, as the space for the additional GPOR is already built out. The project will utilize existing space, parking facilities, and utilities. The addition of the GPOR to the facility will be accomplished through the recommissioning of an existing GPOR that was decommissioned in December 2019 following issuance of COPN No. VA-04690⁵. The applicant further states that the primary reason it now seeks COPN approval to add a second GPOR at the Inova ASC at Lorton is to decompress Inova Fairfax Hospital's (IFH) growing surgical volume by shifting certain outpatient surgical cases to the ambulatory setting at Lorton. The applicant provided the following:

“Growth in tertiary and quaternary services at IFH has had, and continues to have, a significant impact on the demand for surgical services at the hospital. Complex surgical cases require additional operating room time as compared to less intensive elective outpatient surgeries. To ensure timely access to surgical services for its patient population, which is particularly critical for a tertiary/quaternary hospital, IFH has developed and begun implementing a strategy to shift less intensive surgical cases to other Inova hospitals and ambulatory surgical sites.”

The applicant anticipates an August 1, 2021 date of opening, assuming timely approval of the COPN application. The projected capital costs for the proposed project total \$1,335,884 (**Table 4**), the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project.

⁵ COPN No. VA-04690 authorized the addition of one GPOR to the Inova Franconia-Springfield Ambulatory Surgery Center through the relocation of COPN –authorized capacity from the Inova ASC at Lorton.

Table 4. Capital and Financing Costs

Miscellaneous Equipment	\$1,113,964
Information Systems	\$200,640
Total Capital Costs	\$1,335,884

Source: COPN Request No. VA-8548

Project Definition

§32.1-102.1:3 of the Code of Virginia (the Code) defines a project, in part, as “An increase in the total number of...operating rooms in an existing medical care facility described in subsection A.” Medical care facilities are further defined, in part, as “Any facility licensed as a hospital, as defined in § 32.1-123.”

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

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

- 1. The extent to which the proposed project will provide or increase access to healthcare 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 displayed in **Tables 1, 2 and 3**, Inova ASC at Lorton is an existing provider of surgical services and is currently authorized to operate one GPOR. The applicant requests to expand this service by one GPOR.

Geographically, Inova ASC at Lorton is located at 9321 Sanger Road, Lorton, Virginia in Fairfax County. The facility is located at the intersection of Sanger Street and Lorton Road, directly off an Interstate 95 exit, and is accessible from Routes 1 and 123 and the Fairfax-County Parkway. Additionally, the site is on the Fairfax Connector’s Lorton/Laurel Hill bus line, which connects to the Lorton VRE railroad station. As will be discussed in more detail later in this staff analysis report, DCOPN concludes that surgical services currently exist within 30 minutes driving time, one way, under normal conditions of at least 95% of the population of PD 8. Accordingly, DCOPN contends that approval of the proposed project will not improve geographic access to surgical services for residents of PD 8 in any meaningful way. However, the applicant asserts that it is not geographic access which prevents access for its patients, but rather the overutilization of IFH. Accordingly, the applicant asserts that there is a need among the Inova Health System for additional capacity.

Table 5 shows projected population growth in PD 8 through 2030. Overall, the planning district was projected to add an estimated 353,778 people in the 10-year period ending in 2020. For the 10-year period ending in 2030, the planning district is projected to add an estimated 353,127 people. Fairfax County, the location of the proposed project, is projected to experience a 15.0% increase in total population from 2010-2030, slightly beneath the statewide average of 16.6%.

However, DCOPN notes that the population of PD 8 as a whole is expected to increase by 31.7% for the same period, a rate nearly double that of the statewide average.

Table 5. Statewide and PD 8 Total Population Projections, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Virginia	8,001,024	8,655,021	8.17%	9,331,666	7.8%	16.6%
Arlington	207,627	249,298	20.1%	274,339	10.0%	32.1%
Fairfax County	1,081,726	1,162,504	7.5%	1,244,025	7.0%	15.0%
Loudoun	312,311	430,584	37.9%	554,808	28.9%	77.7%
Prince William	402,002	478,134	18.9%	571,844	19.6%	42.3%
Alexandria City	139,966	166,261	18.8%	182,067	9.5%	30.1%
Fairfax City	22,565	25,047	11.0%	26,397	5.4%	17.0%
Falls Church City	12,332	14,988	0.00%	17,032	38.1%	38.1%
Manassas City	37,821	43,099	14.0%	46,332	7.5%	22.5%
Manassas Park City	14,273	17,086	19.7%	20,284	18.7%	42.1%
TOTAL PD 8	2,230,623	2,584,001	16.0%	2,937,128	13.5%	31.7%

Source: U.S. Census, Weldon Cooper Center Projections (August 2019) and DCOPN (interpolations)

With regard to the 65 and older age cohort, Weldon-Cooper projects a much more rapid increase (**Table 6**). Specifically, Weldon-Cooper projects an increase of approximately 114.6% among PD 8's collective 65 and older age cohort from 2010-2030, while an increase of approximately 73.3% is expected in Fairfax County. This is important, as this age group uses medical care resources, including surgical services, at a rate much higher than the rest of the population.

Table 6. PD 8 Population Projections for 65+ Age Cohort, 2010-2030

Locality	2010	2020	% Change	2030	% Change	2010-2030 % Change
Arlington	18,054	22,515	24.7%	26,951	19.7%	49.3%
Fairfax County	106,290	151,585	42.6%	184,218	21.5%	73.3%
Loudoun	20,425	45,314	121.9%	84,522	86.5%	313.8%
Prince William	27,220	52,698	93.6%	80,830	53.4%	197.0%
Alexandria City	12,806	17,359	35.6%	22,175	27.7%	73.2%
Fairfax City	3,088	3,754	21.6%	4,611	22.8%	49.3%
Falls Church City	1,293	1,908	47.5%	2,317	21.5%	79.2%
Manassas City	2,607	3,930	50.8%	5,387	37.1%	106.7%
Manassas Park City	806	1,426	76.9%	2,258	58.4%	180.2%
TOTAL PD 8	192,589	300,491	56.0%	413,269	37.5%	114.6%

Source: U.S. Census, Weldon Cooper Center Projections (August 2019) and DCOPN (interpolations)

Regarding socioeconomic barriers to access to services, DCOPN notes that according to regional and statewide data regularly collected by Virginia Health Information (VHI), for 2019, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 3.9% of all reported total gross patient revenues (**Table 7**). While the applicant has provided assurances that it would accept all patients in need of the proposed service without regard to ability to pay or payment source, DCOPN notes that the Pro Forma Income Statement provided by the applicant anticipates a charity care contribution of approximately 2% (reflected

in the “deductions from revenue” line) (**Table 8**). DCOPN notes that this is significantly beneath the 3.9% HPR II average. Additionally, recent changes to §32.1-102.4B of the Code of Virginia (the Code) now require DCOPN to place a charity care condition on every applicant seeking a COPN. Accordingly, should the Virginia State Health Commissioner (Commissioner) approve the proposed project, DCOPN recommends a charity care condition consistent with the 3.9% HPR II average. DCOPN notes that its recommendation includes a provision allowing for the reassessment of the charity rate when more reliable data becomes available regarding the full impact of Medicaid expansion in the Commonwealth.

Table 7. HPR II Charity Care Contributions: 2019

Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	Percent of Gross Patient Revenue:
Inova Mount Vernon Hospital	\$522,179,824	\$37,645,405	7.21%
Inova Alexandria Hospital	\$1,024,263,648	\$64,990,632	6.35%
Sentara Northern Virginia Medical Center	\$843,370,034	\$52,990,724	6.28%
Novant Health UVA Health System Prince William Medical Center	\$538,358,330	\$26,511,528	4.92%
Inova Loudoun Hospital	\$833,003,930	\$39,556,258	4.75%
Inova Fairfax Hospital	\$3,871,812,346	\$156,045,238	4.03%
Inova Fair Oaks Hospital	\$726,706,638	\$27,651,318	3.81%
Virginia Hospital Center	\$1,571,698,958	\$34,673,062	2.21%
Novant Health UVA Health System Haymarket Medical Center	\$289,627,681	\$5,624,171	1.94%
Reston Hospital Center	\$1,491,147,173	\$19,004,683	1.27%
StoneSprings Hospital Center	\$231,498,142	\$1,337,917	0.58%
Total Facilities			11
Median			4.1%
Total \$ & Mean %	\$11,943,666,704	\$466,030,936	3.9%

Source: VHI (2019)

Table 8. Inova ASC at Lorton Pro Forma Income Statement

	Year 1	Year 2
Cases	1,916	1,935
Hours	2,797	2,825
Gross Patient Revenue	\$11,428,222	\$11,656,786
Deductions from Revenue	\$5,942,675	\$6,061,529
Net Patient Revenue	\$5,485,547	\$5,595,257
Total Expenses	\$4,295,483	\$4,392,225
Net Income	\$1,190,064	\$1,203,032

Source: COPN Request No. VA-8548

Also with regard to socioeconomic barriers to access to services, DCOPN notes that, according to the most recent U.S. Census data, no locality in PD 8 had a poverty rate lower than the 10.7% statewide average (**Table 9**).

DCOPN did not identify any other unique geographic, socioeconomic cultural, transportation, or other barriers to care in the planning district.

Table 9. Statewide and PD 8 Poverty Rates

Locality	Poverty Rate
Virginia	10.7%
Arlington	7.6%
Fairfax County	6.0%
Loudoun	3.1%
Prince William	6.1%
Alexandria City	10.3%
Fairfax City	9.3%
Falls Church City	3.2%
Manassas City	8.0%
Manassas Park City	6.4%

Source: U.S. Census Data (census.gov)

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;

The applicant provided numerous letters of support for the proposed project from medical professionals associated with Inova Health System. Collectively, these letters addressed the following:

- There has been recent growth in surgical cases at IFH and a shift to more complex surgical cases requiring additional operating room time. Shifting appropriate cases out of the hospital to an ambulatory surgery center is the best option for patients to ensure IFH is able to meet the public need for its more complex patients.
- Adding a second operating room at Inova ASC at Lorton is the most cost effective and timely option that will allow ILH to further decant its busy operating rooms.
- ILH continues to see tremendous growth in tertiary and quaternary services such as advanced neurosurgery, solid organ transplant and surgical oncology. As a result of the success and growth of these advanced programs, there has been growth in surgical volumes and case times. Over the past 12-18 months, ILH has been developing strategies and making concerted efforts to shift less intensive, appropriate, surgical cases to other Inova hospitals and ambulatory surgical sites to ensure IFH is able to meet the need of its most complex patients.
- The Inova ASC at Lorton is convenient for patients and is an efficient, cost-effective option for patients that need outpatient surgery. A second operating room will allow

physicians to continue providing necessary care to their patients while also helping Inova to decant their busy hospital operating rooms.

DCOPN did not receive any letters expressing opposition to the project, nor is it aware of any opposition to the proposed project.

Section 32.1-102.6 B of the Code of Virginia directs DCOPN to hold one public hearing on each application in a location in the county or city in which the project is proposed, or a contiguous county or city in the case of competing applications; or in response to a written request by an elected local government representative, a member of the General Assembly, the Commissioner, the applicant, or a member of the public. COPN Request No. VA-8548 is not competing with another project in this batch cycle and DCOPN did not receive a request to conduct a public hearing for the proposed project. Thus, no public hearing was held.

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

As will be discussed in more detail later in this staff analysis report, DCOPN has calculated a net deficit of 12 GPORs in PD 8 for the 2026 planning year. Furthermore, with the exception of Inova ASC at Lorton, every Inova Health System facility operated well above capacity in 2019 (**Tables 2 and 3**). Accordingly, while there is not necessarily an institutional need for expansion at Inova ASC at Lorton, there most certainly is a need for additional GPOR capacity within the Inova Health System. For these reasons, DCOPN maintains that approval of the proposed project is more favorable than maintaining the status quo.

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

The Health Systems Agency of Northern Virginia (HSANV) Board of Directors reviewed at its April 12, 2021 board meeting the COPN application filed by Inova ASC at Lorton (COPN Request VA-8548) that seeks authorization to add one general-purpose operating room. The Board voted unanimously (eleven in favor) to recommend approval of the application.

The Board based the recommendation on its review of the application, on the HSANV staff report on the proposal, on the testimony and evidence presented at the April 12, 2021 Board of Directors meeting held on the application, and on several basic findings and conclusions, including:

1. Surgery caseloads within Inova Health System have grown steadily since the Inova ASC at Lorton operating room was taken out of service. Average caseloads among Inova surgery services are among the highest in the region and are above established, widely applied service volume planning standards.

2. Though there is no indication of a near term need for additional surgery capacity region wide, Inova ASC at Lorton argues that it has an institutional specific need for an additional operating room.
3. Adding needed capacity at Inova ASC at Lorton appears to be the more practical, the quickest, and the least costly way to add surgery capacity within the Inova Health System.
4. The capital expenditure required, about \$1.34 million, is modest.
5. There is no indication that adding a general-purpose operating room at Inova ASC at Lorton would affect demand or surgery volumes at competing surgery services.
6. Unused surgery capacity elsewhere in the region, principally in western Prince William and Loudoun counties, is not a realistic alternative to the need for additional capacity in southeastern Fairfax County.

DCOPN agrees with the HSANV recommendation for approval, and concurs with, and adopts, the attached HSANV staff report and analysis.

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

As illustrated in **Table 4**, the total projected capital cost of the proposed project is \$1,335,884, the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. DCOPN contends that the projected cost of the proposed project is reasonable and consistent with previously approved projects similar in clinical scope.⁶

The applicant provided the following with regard to benefits of the proposed project:

- Approval will improve the distribution of surgical services in southeastern Fairfax County through the redistribution of certain elective outpatient cases from the IFH hospital setting to the ambulatory surgery center setting at the Lorton facility;
- Approval will result in reduction in cost through the redeployment of elective outpatient cases from the higher acuity hospital setting to the dedicated ambulatory surgery center setting; and
- Approval will improve patient satisfaction resulting from an easily accessible facility dedicated to ambulatory surgical services.

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

⁶ COPN No. VA-04691 authorized the establishment of an outpatient surgical hospital with four GPORs and had a capital cost of \$28,261,845; COPN No. VA-04690 authorized the addition of one GPOR and had a capital cost of \$59,200; COPN No. VA-04689 authorized the establishment of an outpatient surgical hospital with four GPORs and had a capital cost of \$13,371,768

As already discussed, the applicant has provided assurances that surgical services will be made available to all persons in need of this service, regardless of financial considerations. However, as discussed, recent changes to §32.1-102.4B of the Code now require DCOPN to place a charity care condition on every applicant seeking a COPN. DCOPN again notes that while the applicant's Pro Forma Income Statement anticipates a charity care contribution of approximately 2% (**Table 8**), this amount is significantly beneath the 3.9% HPR II average (**Table 9**). Accordingly, should the Commissioner approve the proposed project, DCOPN recommends a charity care condition no less than the 3.9% HPR II average.

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

DCOPN did not identify any other factors, not previously discussed in this staff report, to bring to the Commissioner's attention with respect to determining a public need for the proposed project.

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

§ 32.1-102:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop, by November 1, 2022, recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the SMFP.

Part V of the SMFP contains criteria and standards for the addition of operating rooms at an existing medical facility. They are as follows:

Part V
General Surgical Services

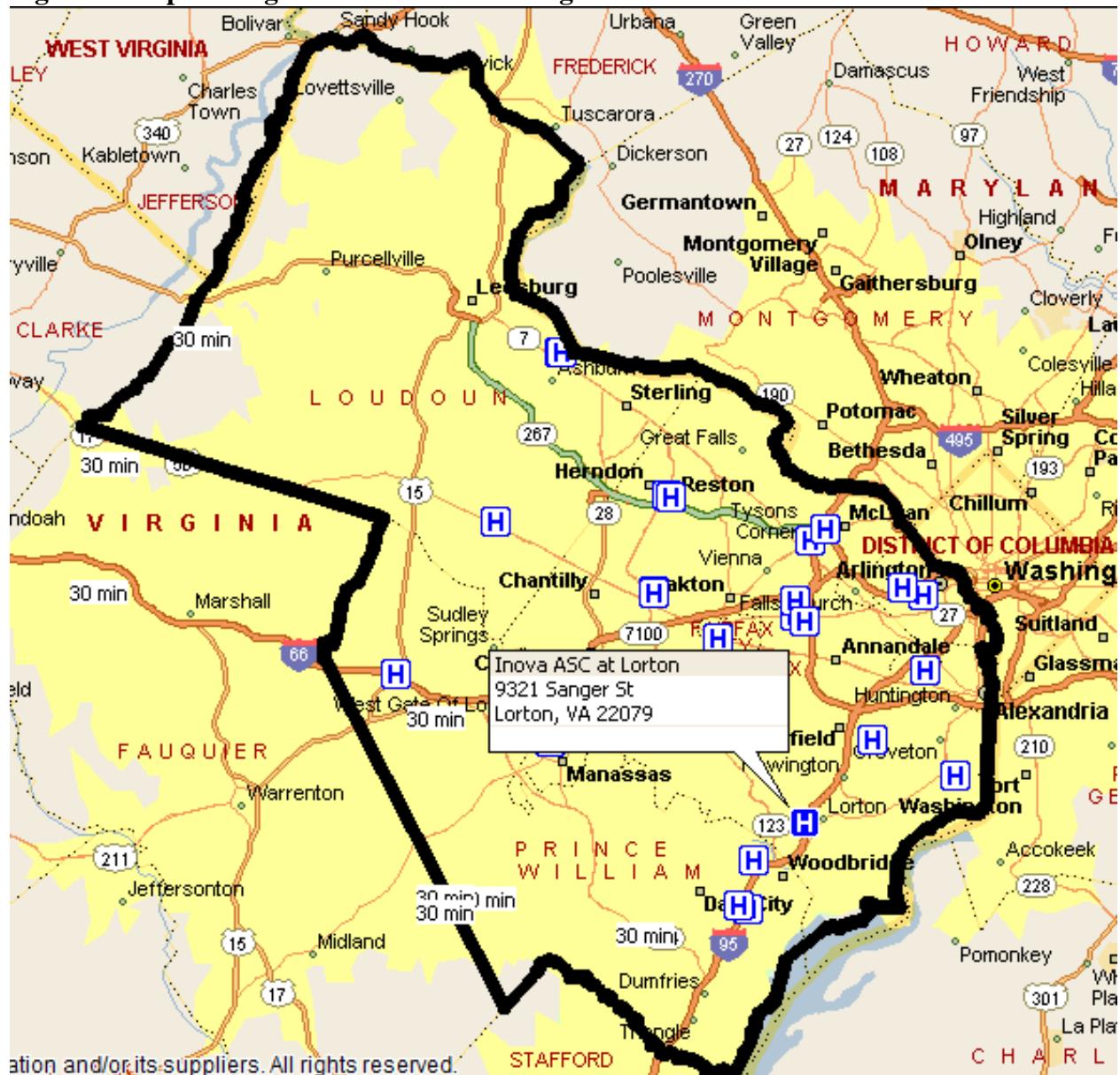
12VAC5-230-490. Travel time.

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

The heavy dark line in **Figure 1** represents the boundary of PD 8. The white "H" symbols mark the locations of all existing providers of surgical services in PD 8. The blue "H" symbol marks the location of the proposed project. The yellow shading illustrates the area of PD 8 that is currently within 30 minutes driving time from an existing PD 8 facility that offers surgical services.

As demonstrated by the map below, surgical services in PD 8 are heavily concentrated in the southeastern portion of the planning district; however, services are readily available within 30 minutes driving time to at least 95% of the population. DCOPN further notes that because the applicant is a current provider of surgical services, DCOPN contends that approval of the proposed project would not significantly increase geographic access to surgical services for residents of PD 8 in any meaningful way.

Figure 1. Map of Surgical Services in Planning District 8



12VAC5-230-500. Need for new service.

- A. The combined number of inpatient and outpatient general purpose surgical operating rooms needed in a health planning district, exclusive of procedure rooms, dedicated cesarean section rooms, operating rooms designated exclusively for cardiac surgery, procedures rooms or VDH-designated trauma services, shall be determined as follows:

$$\text{FOR} = \frac{(\text{ORV} / \text{POP}) \times (\text{PROPOP}) \times \text{AHORV}}{1600}$$

Where:

ORV = the sum of the total inpatient and outpatient general purpose operating room visits in the health planning district in the most recent five years for which general purpose operating room utilization data has been reported by VHI; and

POP = the sum of total population in the health planning district as reported by a demographic entity as determined by the commissioner, for the same five-year period as used in determining ORV.

PROPOP = the projected population of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

AHORV = the average hours per general purpose operating room visit in the health planning district for the most recent year for which average hours per general purpose operating room visits have been calculated as reported by VHI.

FOR = future general purpose operating rooms needed in the health planning district five years from the current year.

1600 = available service hours per operating room per year based on 80% utilization of an operating room available 40 hours per week, 50 weeks per year.

This standard is used to assess whether there is currently a need or excess of GPORs in PD 8. Inova ASC at Lorton is not seeking approval to establish a new service, but rather is seeking approval to expand an existing service. Accordingly, the calculation below is provided for informational purposes only.

The preceding formula can also be used to determine the overall need for GPORs within PD 8 five years from the current year, i.e., in the year 2026. Based on operating room utilization submitted to and complied by VHI, for the five-year period from 2015-2019, which is the most recent five-year period for which relevant data is available, the total number of reported inpatient and outpatient GPOR visits to hospital-based and ambulatory surgical centers are shown below in **Table 10**.

Table 10. Inpatient & Outpatient GPOR Visits in PD 8: 2015-2019

Year	Total Inpatient & Outpatient Operating Room Visits
2015	149,414
2016	143,589
2017	142,525
2018	143,502
2019	151,050
TOTAL	730,080
Average	146,016

Source: VHI (2015-2019)

Based on actual population counts derived as a result of the U.S. Census and population projections as compiled by Weldon Cooper, **Table 11** presents the population estimates for PD 8 for the five years from 2015 to 2019 and the projected population estimate for 2026.

Table 11. PD 8 Population 2015-2019 & 2026

Year	Population
2015	2,393,390
2016	2,428,346
2017	2,464,171
2018	2,500,897
2019	2,538,557
Total	12,325,360
Average	2,465,072
2026	2,788,151

Source: Weldon Cooper

Note: Straight Line Extrapolation

Based on the above population estimates from Weldon Cooper, and using a straight-line, average annual increase of 35,338 from 2010 to 2020, and 35,313 from 2020 to 2030, the cumulative total population of PD 8 for the same historical five-year period as referenced above, i.e., 2015-2019, was 12,325,360, while Weldon Cooper projects the population of PD 8 in the year 2026 (PROPOP – five years from the current year) to be 2,788,151. These figures are necessary for the application of the preceding formula, as follows:

ORV	÷	POP	=	CSUR
Total PD 8 GPOR Visits 2015 to 2019		PD 8 Historical Population 2015 to 2019:		Calculated GPOR Use Rate 2015 to 2019:
730,080		12,325,360		0.0592

CSUR	X	PROPOP	=	PORV
Calculated GPOR Use Rate 2014 to 2018		PD 8 Projected Population 2026		Projected GPOR Visits 2026:
0.0592		2,788,151		165,059

AHORV is the average hours per operating room visit in the planning district for the most recent year for which average hours per operating room visit has been calculated from information collected by the Virginia Department of Health.

According to VHI data from 2019, the most recent year for which such data is available, there were 297,189 inpatient and outpatient operating room hours for that year (**Table 12**). AHORV = 297,189 total inpatient and outpatient operating room hours reported to VHI for 2019, divided by 151,050 total inpatient and outpatient operating room visits reported to VHI for that same year.

$$\text{AHORV} = \mathbf{1.9675}$$

Table 12. 2019 PD 8 General Purpose Operating Room Utilization

Facility	Operating Rooms	Total Hours	Use Per OR	Utilization Rate
Fairfax Surgical Center	6	12,075	2,012.5	125.8%
Haymarket Surgery Center	2	1,742	871.0	54.4%
Inova Alexandria Hospital	11	19,303	1,754.8	109.7%
Inova Ambulatory Surgery Center at Lorton*	2	1,298	649.0	40.6%
Inova Fair Oaks Hospital	12	25,148	2,095.7	131.0%
Inova Fairfax Hospital	47	86,932	1,849.6	115.6%
Inova Loudoun Ambulatory Surgery Center	5	11,098	2,219.6	138.7%
Inova Loudoun Hospital	8	13,801	1,725.1	107.8%
Inova Mount Vernon Hospital	7	9,876	1,410.9	88.2%
Inova Surgery Center @ Franconia-Springfield	4	6,747	1,686.8	105.4%
Kaiser Permanente Tysons Corner Surgery Center	11	11,392	1,035.6	64.7%
Lake Ridge Ambulatory Surgical Center	1	1,093	1,093.0	68.3%
McLean Ambulatory Surgery Center	2	2,866	1,433.0	89.6%
Northern Virginia Eye Surgery Center, LLC	2	2,677	1,338.5	83.7%
Northern Virginia Surgery Center	4	4,735	1,183.8	74.0%
Novant Health UVA Health System Haymarket Medical Center	4	2,106	526.5	32.9%
Novant Health UVA Health System Prince William Medical Center	4	3,882	970.5	60.7%
Pediatric Specialists of Virginia Ambulatory Surgery Center	2	2,014	1,007.0	62.9%
Prince William Ambulatory Surgery Center	4	2,447	611.8	38.2%
Reston Hospital Center	12	25,275	2,106.3	131.6%
Reston Surgery Center	6	10,272	1,712.0	107.0%
Sentara Northern Virginia Medical Center	9	11,003	1,222.6	76.4%
Stone Springs Hospital Center	7	4,344	620.6	38.8%
Virginia Hospital Center	18	25,063	1,392.4	87.0%
TOTAL	190	297,189	1,564.2	97.8%

Source: VHI (2019)

*Currently operates one GPOR pursuant to COPN Request No. VA-04690.

$$\text{FOR} = \frac{(\text{ORV} / \text{POP}) \times (\text{PROPOP}) \times \text{AHORV}}{1600}$$

$$\text{FOR} = \frac{((730,080 / 12,325,360) \times (2,788,151)) \times 1.9675}{1600}$$

FOR = 324,939 / 1600

FOR = 203.1 (204) General Purpose Operating Rooms Needed in PD 8 in 2026

Current PD 8 GPOR Inventory: 192

Net Deficit: 12 GPORs for 2026 Planning Year

- B. Projects involving the relocation of existing operating rooms within a health planning district may be authorized when it can be reasonably documented that such relocation will: (i) improve the distribution of surgical services within a health planning district; (ii) result in the provision of the same surgical services at a lower cost to surgical patients in the health planning district; or (iii) optimize the number of operations in the health planning district that are performed on an outpatient basis.**

The applicant is not proposing to relocate an existing operating room from within the planning district, but rather is proposing to add a new operating room to the PD 8 inventory. Thus, this standard is not applicable to the proposed project. However, DCOPN notes that approval of the proposed project would help address the calculated deficit of GPORs in PD 8 while simultaneously helping to decompress the over utilized GPORs at IFH. Additionally, approval of the proposed project would help to optimize the number of operations in the planning district that are performed on an outpatient basis.

12VAC5-230-510. Staffing.

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

The applicant is an existing provider of surgical services and has provided assurances that surgical services will remain under the direction or supervision of one or more qualified physicians. The applicant has satisfied this standard.

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

- A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.
- B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.
- C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:2 of the Code of Virginia.
- D. Applicants shall not use this section to justify a need to establish a new service.

In 2019, the Inova Franconia-Springfield Ambulatory Surgery Center was granted COPN approval to add one GPOR through the relocation of one GPOR from Inova ASC at Lorton. In the COPN application proposing the Franconia-Springfield GPOR expansion, Inova projected that 75% of the 2018 GPOR cases and hours at the Inova ASC at Lorton would shift to the Inova Franconia-Springfield Ambulatory Surgery Center and the remaining 25% would remain at the Inova ASC at Lorton. With regard to this projection, the applicant provided the following:

“The COVID-19 pandemic, which began to materially impact the United States in early 2020, caused many hospitals and ambulatory surgery centers to suspend all but emergent and urgent surgeries because of the highly communicable nature of the virus. The continuing nature of the pandemic has substantially impacted 2020 surgical volumes at Virginia health care facilities, including the Franconia-Springfield and Lorton facilities.

“With the development of several COVID-19 vaccines and plans to inoculate a large part of the population, Inova expects that Virginia health care facilities will soon be able to serve all surgical needs of their patient populations. As a baseline, Inova expects that the projections included in the 2019 COPN application—namely, the Lorton facility’s retention of approximately 25% of the 2018 surgical volume—will be accurate once the Inova ASC at Lorton is able to return to normal service.”

As **Table 13** below demonstrates, every PD 8 Inova facility but Inova ASC at Lorton operated well above capacity in 2019. Accordingly, while there is not necessarily an institutional need within Inova ASC at Lorton, there most certainly is a need for expansion within the Inova Health System. The applicant anticipates that 1,504 cases will shift from IFH, which operated at 130.6% occupancy in 2019, to Inova ASC in the first year of operation, with an additional 1% of cases shifting in Year 2, consistent with estimated population growth. DCOPN further notes that because Inova ASC at Lorton already has space for the additional GPOR built out, no construction is necessary making this a low-cost project. Accordingly, DCOPN contends that approval of the proposed project is a better option than maintaining the status quo, as it would alleviate the overutilization of surrounding Inova surgical services in the most cost-effective way.

possible, while simultaneously addressing the calculated deficit of GPORs in the planning district and providing residents of PD 8 with additional access to surgical services on an outpatient basis.

Table 13. Inova Health System General Purpose Operating Room Utilization: 2019

Facility	Operating Rooms	Utilization Rate
Inova Alexandria Hospital	11	126.3%
Inova Ambulatory Surgery Center at Lorton	2	55.3%
Inova Fair Oaks Hospital	12	152.7%
Inova Fairfax Hospital	47	130.6%
Inova Loudoun Ambulatory Surgery Center	5	144.1%
Inova Loudoun Hospital	8	126.1%
Inova Mount Vernon Hospital	7	95.1%
Inova Surgery Center @ Franconia-Springfield	4	150.8%
Total	96	129.9%

Source: VHI (2019)

The applicant is not a nursing facility nor is it proposing to establish a new service and accordingly, sections C and D of this section are not applicable.

Eight Required Considerations Continued

4. The extent to which the proposed project fosters institutional competition that benefits the area to be served while improving access to essential health care services for all people in the area to be served;

As previously discussed, the applicant cites a unique need for the expansion of surgical services within the Inova Health System. As a result, the primary patient population the proposed project is intended to serve is patients who have already chosen Inova as their care provider. As demonstrated by **Figure 1**, while the current inventory of GPORs in PD 8 is concentrated in the southeastern portion of the planning district, because the applicant is as current provider of this service, approval of the proposed project would not improve geographic access to surgical services in any meaningful way. However, if approved, the project would aid in decompressing over utilized surgical services within the Inova System while simultaneously addressing the calculated deficit within PD 8. Furthermore, because no construction is required for this project, approval would address these issues in the most economical way possible while simultaneously allowing for more access to surgical services on an outpatient basis. For these reasons, DCOPN concludes that the proposed project is not intended to, and is unlikely to, foster institutional competition that would benefit the area to be served.

5. The relationship of the proposed project to the existing health care system of the area to be served, including the utilization and efficiency of existing services or facilities;

As previously discussed, DCOPN has calculated a net deficit of 12 GPORs in PD 8 for the 2026 planning year. If approved, the proposed project would decrease this deficit by one GPOR. Additionally, DCOPN again notes that with the exception of Inova ASC at Lorton, every Inova Health System facility in PD 8 operated well above capacity in 2019, indicating that while the

applicant facility itself does not necessarily have a need to expand its services, there is certainly a need within the health system. For reasons already discussed, DCOPN contends that approval of the proposed project is the most economical way to satisfy this need within the Inova Health System.

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;

The Pro Forma Income Statement provided by the applicant projects a net profit of \$1,190,064 by the end of the first year of operation and a net profit of \$1,203,032 by year 2, indicating that the proposed project is financially feasible both in the immediate and in the long-term. Projected capital costs for the proposed project total \$1,335,884, the entirety of which will be funded using the accumulated reserves of the applicant. Accordingly, there are no financing costs associated with this project. As already discussed, DCOPN maintains that costs for the proposed project are reasonable and consistent with previously approved projects similar in clinical scope.

The applicant anticipates the need to hire 19 full time equivalent employees to staff the proposed project, ten of which are for registered nurse positions. DCOPN notes that the Inova Health System has a robust employee recruitment and retention program and accordingly, DCOPN maintains that the applicant will not have difficulty filling the required positions or that doing so will have a significant negative impact on existing providers of surgical services.

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

While the applicant is already an existing provider of outpatient surgical services, DCOPN contends that approval of the proposed project would provide improvement or innovations in the financing and delivery of health care services by expanding outpatient access through increased capacity in a planning district currently dominated by inpatient GPORs.

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 services for citizens of the Commonwealth, including indigent or underserved populations.

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

DCOPN Staff Findings and Conclusions

DCOPN finds that the proposed project to add one GPOR at the Inova ASC at Lorton, for a total of two GPORs, is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight Required Considerations of the Code of Virginia. The proposed project would add one GPOR to the existing PD 8 inventory, helping to address the calculated deficit of GPORs within the planning district. Furthermore, the proposed project is more favorable than maintaining the status quo because approval would result in the decanting of cases from the over utilized IFH in the most cost-effective way possible.

DCOPN maintains that the projected capital costs of the proposed project are reasonable and consistent with previously approved projects similar in clinical scope and notes that because the costs will be funded using accumulated reserves of the applicant, no financing fees are associated with this project. Finally, DCOPN finds that the proposed project will prove financially feasible both in the immediate and in the long-term.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Inova Ambulatory Surgery Center at Lorton's request to add one general-purpose operating room to its existing inventory for the following reasons:

1. The project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight Required Considerations of the Code of Virginia.
2. The proposed project would address the calculated deficit of general purpose operating rooms in the health planning district.
3. The capital costs associated with this project are reasonable.
4. There are no reasonable, less costly, more efficient alternatives to the proposed project.
5. The proposed project appears economically viable in the immediate and in the long-term.
6. The Health Systems Agency of Northern Virginia recommended approval of the proposed project.
- 7.

DCOPN's recommendation is contingent upon Inova Ambulatory Surgery Center at Lorton's agreement to the following charity care condition:

Inova Ambulatory Surgery Center at Lorton, LLC will provide general surgical services to all persons in need of these services, regardless of their ability to pay, and will provide as charity care to all indigent persons free services or rate reductions in services and facilitate the development and operation of primary care services to medically underserved persons in an aggregate amount equal to at least 3.9% of Inova Ambulatory Surgery Center at Lorton, LLC's total patient services revenue derived from surgical services provided at Inova Ambulatory

Surgery Center as valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. Compliance with this condition will be documented to the Division of Certificate of Public Need annually by providing audited or otherwise appropriately certified financial statements documenting compliance with the preceding requirement. Inova Ambulatory Surgery Center at Lorton, LLC will accept a revised percentage based on the regional average after such time regional charity care data valued under the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq. is available from Virginia Health Information. The value of charity care provided to individuals pursuant to this condition shall be based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services for reimbursement under Title XVIII of the Social Security Act, 42 U.S.C. § 1395 et seq.

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