

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

May 20, 2024

COPN Request No. VA-8746

Inova Fair Oaks Hospital

Fairfax County, Virginia

Add 2 operating rooms

Applicant

Inova Health Care Services d/b/a Inova Fair Oaks Hospital (IFOH) is a 501(c)(3) Virginia non-stock corporation. Inova Health System Foundation, a 501(c)(3) Virginia non-stock corporation, is the sole owner of IFOH. IFOH is located in Fairfax, Virginia, Planning District (PD) 8, Health Planning Region (HPR) II.

Background

The proposed project was originally one of two competing projects. District Health Partners, L.P. withdrew COPN Request No. VA-8751 to establish an outpatient surgical hospital with three operating rooms (ORs) at the West Falls Church Regional Health Center, prior to the regional health planning agency's vote. This left COPN Request No. VA-8746 as the only proposal for surgical services in PD 8 in the current review cycle.

Table 1 displays data for general purpose operating rooms (GPORs) in PD 8 as reported to Virginia Health Information (VHI) for 2022, the most recent year for which such data are available. Of the 190 GPORs reported, 130 were in acute care hospitals and 60 in outpatient surgical hospitals (OSHS). **Table 1** does not include those restricted to open heart or designated trauma ORs, only general and ambulatory ORs. **Table 2** enumerates the ORs in PD 8 that are excluded from the GPOR need calculation by 12VAC5-230-500 of the State Medical Facilities Plan (SMFP). The overall utilization of PD 8 GPORs in 2022, based on hours of use, was 95.5% of the threshold of 1,600 hours per OR set forth in the SMFP. The hospital based ORs had an average utilization of 106.4% of the SMFP standard and the OSH sites averaged 71.8% utilization.

Table 1. VHI 2022, PD 8 GPOR Counts, Utilization and Hours

| Facility Name | GPORs | Total Procedures | Hours | Average Hrs. per OR | % of SMFP Threshold |
|---|------------|------------------|----------------|---------------------|---------------------|
| Acute Hospitals | | | | | |
| Inova Alexandria Hospital | 11 | 7,118 | 18,314 | 1,665 | 104.1% |
| Inova Fair Oaks Hospital | 12 | 11,126 | 24,910 | 2,076 | 129.7% |
| Inova Fairfax Hospital | 47 | 32,641 | 88,407 | 1,881 | 117.6% |
| Inova Loudoun Hospital | 8 | 6,562 | 15,838 | 1,980 | 123.7% |
| Inova Mount Vernon Hospital | 7 | 4,513 | 11,475 | 1,639 | 102.5% |
| Reston Hospital Center | 13 | 10,862 | 19,020 | 1,463 | 91.4% |
| Sentara Northern Virginia Medical Center | 9 | 4,368 | 8,863 | 985 | 61.5% |
| Stone Springs Hospital Center | 4 | 3,028 | 4,321 | 1,080 | 67.5% |
| UVA Health Haymarket Medical Center | 1 | 659 | 1,818 | 1,818 | 113.6% |
| UVA Health Prince William Medical Ctr. | 1 | 623 | 1,266 | 1,266 | 79.1% |
| Virginia Hospital Center | 17 | 13,184 | 27,077 | 1,593 | 99.5% |
| Acute Hospital Totals and Averages | 130 | 94,684 | 221,309 | 1,702 | 106.4% |
| Outpatient Surgical Hospital | | | | | |
| Fairfax Surgical Center | 6 | 14,405 | 12,468 | 2,078 | 129.9% |
| Haymarket Surgery Center | 2 | 3,724 | 5,329 | 2,665 | 166.5% |
| HealthQuare Services ASC, LLC | 2 | 3,209 | 2,080 | 1,040 | 65.0% |
| Inova Ambulatory Surgery Center at Lorton | 2 | 3 | 4 | 2 | 0.1% |
| Inova Loudoun Ambulatory Surgery Center | 5 | 15,670 | 8,580 | 1,716 | 107.3% |
| Inova Surgery Center @ Franconia-Springfield | 5 | 11,745 | 6,821 | 1,364 | 85.3% |
| Kaiser Permanente - Woodbridge Surg. Ctr. (AKA Caton Hill Center) | 6 | 3,133 | 1,462 | 244 | 15.2% |
| Kaiser Permanente Tysons Corner Surg. Ctr | 8 | 7,384 | 2,079 | 260 | 16.2% |
| Lake Ridge Ambulatory Surgery Center | 1 | 976 | 755 | 755 | 47.2% |
| McLean Ambulatory Surgery Center, LLC | 2 | 4,585 | 4,894 | 2,447 | 152.9% |
| Northern Virginia Eye Surgery Center | 2 | 7,721 | 2,705 | 1,353 | 84.5% |
| Northern Virginia Surgery Center | 4 | 4,592 | 4,974 | 1,244 | 77.7% |
| Pediatric Specialists of Virginia Ambulatory Surgery Center | 2 | 2,572 | 2,157 | 1,079 | 67.4% |
| Prince William Ambulatory Surgery Center | 4 | 5,868 | 6,865 | 1,716 | 107.3% |
| Reston Surgery Center | 6 | 19,130 | 7,459 | 1,243 | 77.7% |
| Stone Springs Ambulatory Surgery Center | 3 | 349 | 309 | 103 | 6.4% |
| OP Surgical Hospital Totals and Averages | 60 | 105,066 | 68,941 | 1,149 | 71.8% |
| PD 8 Totals and Averages | 190 | 199,750 | 290,250 | 1,528 | 95.5% |

Source: 2022 VHI, Filtered by General and Ambulatory Surgical Class

Table 2. 2022 VHI, PD8 ORs Excluded from GPOR Calculation

| Facility Name | ORs | Class |
|--------------------------|-----|---------------------|
| Reston Hospital Center | 1 | Trauma |
| Virginia Hospital Center | 1 | Trauma |
| Inova Fairfax Hospital | 5 | Cardiac - Adult |
| Virginia Hospital Center | 2 | Cardiac - Adult |
| Inova Fairfax Hospital | 1 | Cardiac - Pediatric |

Source: 2022 VHI

According to Division of Certificate of Public Need (DCOPN) records, there are currently 215 ORs authorized in PD 8 and 205 of these are GPORs. DCOPN notes that of the 205 GPORs in the inventory, two are restricted to ophthalmic procedures, two to vascular access and two to plastic surgeries. **Table 4** shows the difference in the number of GPORs reported to VHI in PD 8 for 2022 and the current GPOR inventory in PD 8.

Table 3. PD 8, Authorized Inventory, Operating Rooms

| Facility | Total Authorized ORs | GPORs | Adult Open Heart ORs | Pediatric Open Heart ORs | Trauma ORs |
|---|----------------------|------------|----------------------|--------------------------|------------|
| Acute Hospitals | | | | | |
| Inova Alexandria Hospital | 11 | 11 | 0 | 0 | 0 |
| Inova Fair Oaks Hospital | 12 | 12 | 0 | 0 | 0 |
| Inova Fairfax Medical Campus | 53 | 47 | 5 | 1 | 0 |
| Inova Loudoun Hospital | 10 | 10 | 0 | 0 | 0 |
| Inova Mount Vernon Hospital | 7 | 7 | 0 | 0 | 0 |
| Reston Hospital Center | 17 | 16 | 0 | 0 | 1 |
| Sentara Northern Virginia Medical Center | 9 | 9 | 0 | 0 | 0 |
| Stone Springs Hospital Center | 6 | 6 | 0 | 0 | 0 |
| UVA Prince William Medical Center d/b/a UVA Health Haymarket Medical Center | 4 | 4 | 0 | 0 | 0 |
| UVA Prince William Medical Center d/b/a UVA Health Prince William Medical Center | 4 | 4 | 0 | 0 | 0 |
| Virginia Hospital Center | 16 | 13 | 2 | 0 | 1 |
| Total Acute Hospital Operating Rooms | 149 | 139 | 7 | 1 | 2 |
| Outpatient Surgical Hospitals | | | | | |
| Dominion Plastic Surgery, LLC | 2 | 2 | 0 | 0 | 0 |
| Fairfax Surgical Center | 6 | 6 | 0 | 0 | 0 |
| Haymarket Surgery Center | 2 | 2 | 0 | 0 | 0 |
| Healthqare Associates | 2 | 2 | 0 | 0 | 0 |
| Inova Ambulatory Surgery Center at Lorton | 2 | 2 | 0 | 0 | 0 |
| Inova Loudoun Ambulatory Surgery Center | 5 | 5 | 0 | 0 | 0 |
| Inova McLean Ambulatory Surgery Center | 3 | 3 | 0 | 0 | 0 |
| Inova Oakville Ambulatory Surgery Center | 3 | 3 | 0 | 0 | 0 |
| Inova Surgery Center at Franconia-Springfield | 5 | 5 | 0 | 0 | 0 |
| Kaiser Permanente Tysons Corner Surgery Center | 7 | 7 | 0 | 0 | 0 |
| Kaiser Permanente Woodbridge Surgery Center | 4 | 4 | 0 | 0 | 0 |
| Lake Ridge Ambulatory Surgical Center | 1 | 1 | 0 | 0 | 0 |
| Northern Virginia Eye Surgery Center, LLC | 2 | 2 | 0 | 0 | 0 |
| Northern Virginia Surgery Center | 4 | 4 | 0 | 0 | 0 |
| Pediatric Specialists of Virginia | 2 | 2 | 0 | 0 | 0 |
| Prince William Ambulatory Surgery Center | 4 | 4 | 0 | 0 | 0 |
| Reston Surgery Center | 6 | 6 | 0 | 0 | 0 |
| Stone Springs Surgery Center | 2 | 2 | 0 | 0 | 0 |
| VHC Ambulatory Surgery Center | 4 | 4 | 0 | 0 | 0 |
| Total OP Surgical Hospital ORs | 66 | 66 | 0 | 0 | 0 |
| PD 8 Total Authorized | 215 | 205 | 7 | 1 | 2 |

Source: DCOPN Records

Table 4. Difference in GPOR count in PD 8, 2022 VHI vs DCOPN Inventory

| Facility | GPORs | Notes |
|---|------------|---|
| Reported to VHI, 2022 | 190 | |
| Inova Loudoun Hospital | 2 | COPN No. VA-04771 authorized the addition of 2 GPORs, expected complete 9/1/23. |
| Reston Hospital Center | 3 | COPN Nos. VA-04677 and VA-04772 each authorized the addition of 2 GPORs; all 4 were completed 3/6/24. Both of the applications for these noted that RHC had 12 existing GPORs prior to adding these, but it reported 13 General ORs + 1 Trauma OR to VHI in 2022. |
| Stone Springs Hospital Center | 2 | Reported 4 GPORs to VHI; authorized for 6. |
| UVA Health Haymarket Medical Center | 3 | Reported 1 GPOR, but 4 are authorized. |
| UVA Health Prince William Medical Center | 3 | Reported 1 GPOR, but 4 are authorized. |
| Virginia Hospital Center | -4 | Reported VHC Ambulatory Surgery ORs in addition to Virginia Hospital Center's. |
| VHC Ambulatory Surgery | 4 | Reported to VHI under Virginia Hospital Center. |
| Dominion Plastic Surgery | 2 | COPN No. VA-04881 authorized the establishment of a 2-OR OSH expected complete 3/30/24 (restricted to plastic surgeries). |
| Kaiser Permanente - Woodbridge Surgery Center (AKA Caton Hill Center) | -2 | Reported 6 GPORs to VHI, authorized for 4. |
| Kaiser Permanente Tysons Corner Surgery Center | -1 | Reported 8 GPORs to VHI, authorized for 7. |
| Inova Oakville Ambulatory Surgery Center, LLC | 3 | COPN No. VA-04770 authorized the establishment of a 3-OR OSH, expected complete 4/30/24. |
| McLean Ambulatory Surgery Center, LLC | 1 | COPN No. VA-04845 authorized the addition of one GPOR, expected to be complete 2/15/25. |
| Stone Springs Ambulatory Surgery Center | -1 | Reported 3 GPORs to VHI; authorized for 2. |
| Total Difference in Bed Count | 15 | |
| Authorized Beds in PD 8 Inventory | 205 | |

Source: 2022 VHI Report and DCOPN Records

Proposed Project

IFOH proposes to add two GPORs through the renovation of two existing procedure rooms within its surgical suite at 3600 Joseph Siewick Drive, Fairfax, Virginia. The procedural cases currently taking place in the procedure rooms do not require a GPOR and will transition to other appropriate ambulatory space within the hospital or other Inova-affiliated facilities. IFOH states that the project is justified due to institutional need because of high utilization of its twelve existing GPORs. Projected capital costs for the proposed project are \$6,206,701 (**Table 5**), the entirety of which will be financed with accumulated reserves so no financing costs will be incurred. Should the proposed project be approved, IFOH has a target opening date of June 1, 2025.

Table 5. Capital Costs, Add Two ORs at Inova Fair Oaks

| | |
|--|--------------------|
| Direct Construction Costs | \$2,239,600 |
| Equipment not included in construction costs | \$3,434,609 |
| Architectural and Engineering fees | \$361,806 |
| Other Consulting Fees | \$170,686 |
| Tax During Construction | |
| TOTAL CAPITAL COST | \$6,206,701 |

Source: COPN No. VA-8746

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.”

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 service or facility will provide or increase access to needed services for residents of the area to be served, and the effects that the proposed service or facility will have on access to needed services in areas having distinct and unique geographic, socioeconomic, cultural, transportation, and other barriers to access to care.**

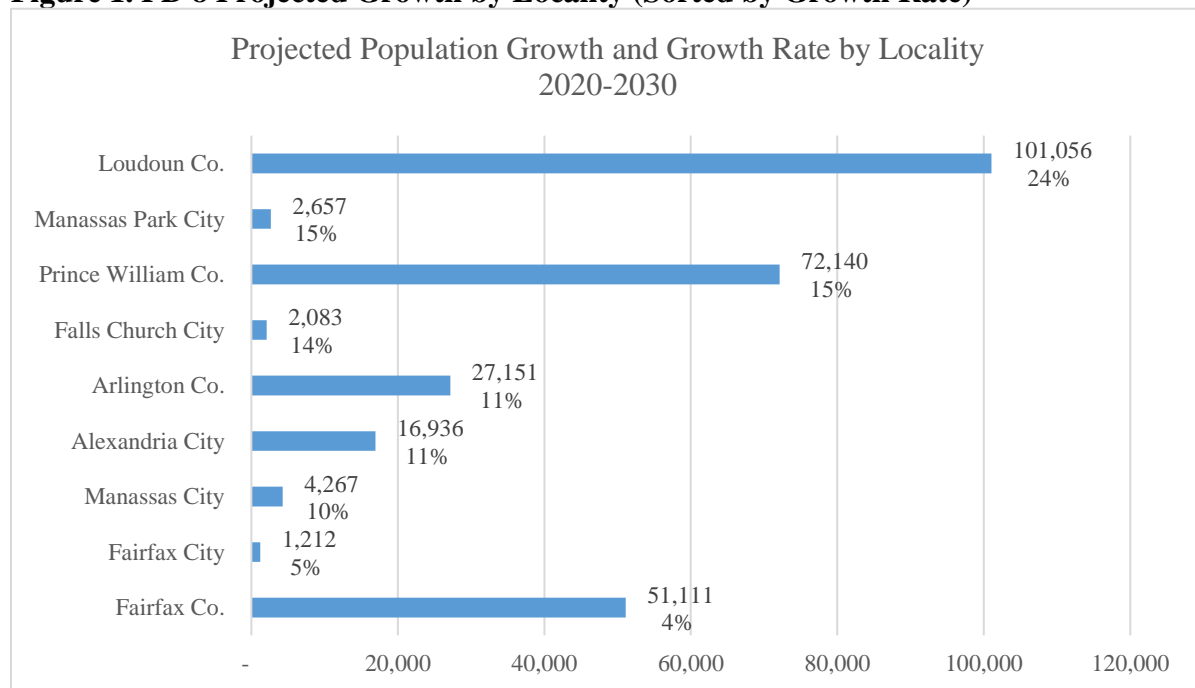
The population of PD 8 is projected to be 2.8 million by 2030 and it is projected to grow by 10.9% during the 2020 to 2030 decade, a significantly higher rate of growth than the projected growth for Virginia which is 5.8% during the same period (**Table 6**). The area around IFOH in Fairfax City and Fairfax County, is projected to grow by more than 52 thousand people between 2020 and 2030 (**Table 6/Figure 1**). The population over age 65 utilizes surgical services at a higher rate than the overall population and is projected to grow faster, about 32%, in PD 8 during the same decade, compared with 26.3% across Virginia (**Table 6**). In Fairfax City and Fairfax County projections indicate there will be about 37 thousand more people over 65 in 2030 compared to 2020 (**Table 6**).

Table 6. Population by Locality, PD 8

| Locality | 2020 Population | 2030 Projected Population | Projected Growth 2020-2030 | Percent Growth 2020-2030 | 65+ 2020 Population | Projected 65+ 2030 Population | Projected Growth 65+ | Percent Growth 65+ |
|----------------------------|------------------|---------------------------|----------------------------|--------------------------|---------------------|-------------------------------|----------------------|--------------------|
| Arlington Co. | 238,643 | 265,794 | 27,151 | 11.4% | 25,333 | 28,501 | 3,168 | 12.5% |
| Fairfax Co. | 1,150,309 | 1,201,420 | 51,111 | 4.4% | 158,687 | 195,132 | 36,445 | 23.0% |
| Loudoun Co. | 420,959 | 522,015 | 101,056 | 24.0% | 41,497 | 65,844 | 24,347 | 58.7% |
| Prince William Co. | 482,204 | 554,344 | 72,140 | 15.0% | 50,522 | 76,112 | 25,590 | 50.7% |
| Alexandria City | 159,467 | 176,403 | 16,936 | 10.6% | 18,758 | 22,941 | 4,183 | 22.3% |
| Fairfax City | 24,146 | 25,358 | 1,212 | 5.0% | 3,871 | 4,726 | 855 | 22.1% |
| Falls Church City | 14,658 | 16,741 | 2,083 | 14.2% | 2,185 | 2,545 | 360 | 16.5% |
| Manassas City | 42,772 | 47,039 | 4,267 | 10.0% | 4,505 | 6,593 | 2,088 | 46.4% |
| Manassas Park City | 17,219 | 19,876 | 2,657 | 15.4% | 1,343 | 2,162 | 819 | 61.0% |
| PD 8 | 2,550,377 | 2,828,990 | 278,613 | 10.9% | 306,701 | 404,555 | 97,854 | 31.9% |
| <i>Virginia, Statewide</i> | <i>8,631,393</i> | <i>9,129,002</i> | <i>497,609</i> | <i>5.8%</i> | <i>1,395,291</i> | <i>1,762,641</i> | <i>367,350</i> | <i>26.3%</i> |

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

Figure 1. PD 8 Projected Growth by Locality (Sorted by Growth Rate)



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

PD 8, and each of its localities, has a poverty rate lower than that of Virginia (Table 7). The proposed project is at an existing site accessible by public and private transportation. It is situated approximately two miles from the Route 50/Route 66 interchange and easily accessible via the Fairfax Parkway. The Fairfax Connector bus service promotes ready access near the IFOH campus to commuters across Northern Virginia.

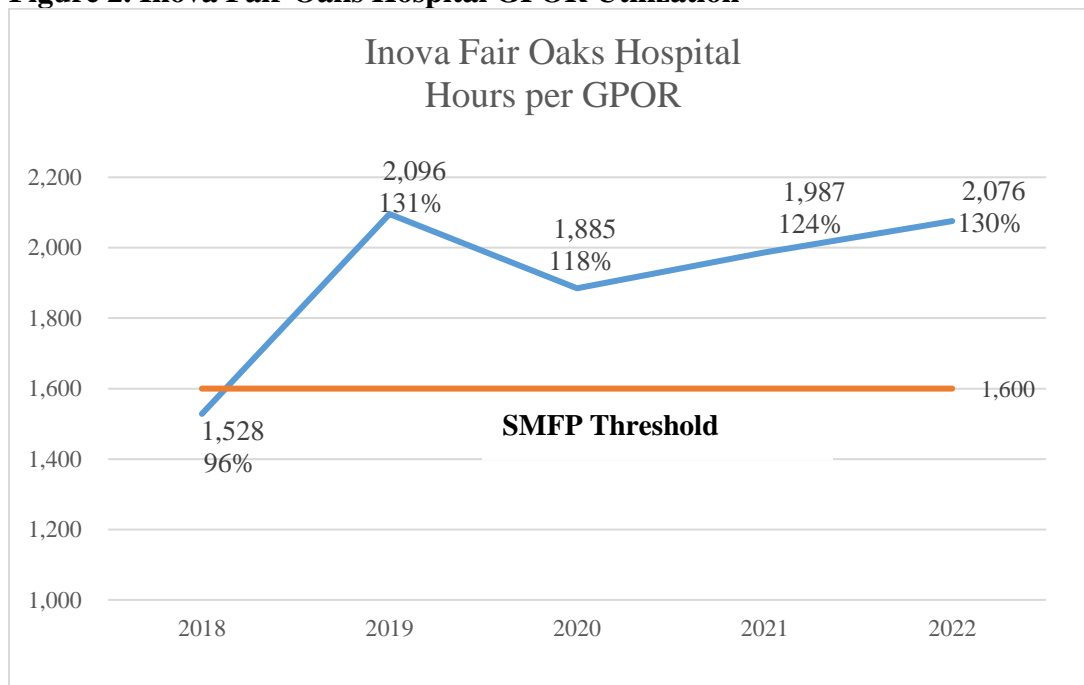
Table 7. 2022 Poverty Rates, PD 8

| Locality | % in Poverty |
|-----------------------|--------------|
| Arlington County | 6.8% |
| Fairfax County | 5.9% |
| Loudoun County | 3.8% |
| Prince William County | 6.9% |
| Alexandria city | 9.0% |
| Fairfax city | 7.6% |
| Falls Church city | 4.1% |
| Manassas city | 9.1% |
| Manassas Park city | 8.9% |
| PD 8 | 6.1% |
| Virginia | 10.6% |

Source: US Census Bureau, Small Area Income and Poverty Estimates

The proposal is at an existing location and will not improve geographic access. IFOH’s GPORs are highly utilized. **Figure 2** shows hours per GPOR at IFOH as well as utilization as a percentage of the SMFP threshold. The proposed project is likely to decrease wait times for those seeking care at IFOH.

Figure 2. Inova Fair Oaks Hospital GPOR Utilization



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

(i) The level of community support for the project demonstrated by citizens, businesses, and governmental leaders representing the area to be served.

DCOPN received a letter of endorsement from IFOH's medical staff and three letters of support from physicians who perform surgeries at IFOH. These letters, in aggregate, expressed the following:

- There is a need for additional GPORs at IFOH.
- Expected population growth and corresponding growth in surgical demand will place additional burden on existing GPORs at IFOH.
- Two additional GPORs will ensure IFOH can meet the public need now and in the future.
- Physicians express their support of the proposed project.

Public Comment

DCOPN provided notice to the public regarding this project on March 8, 2024. The public comment period closed on April 22, 2024. On May 6, 2024, the Health Systems Agency of Northern Virginia (HSANV) held a public hearing. The proposed project was presented by Elizabeth Breen, Counsel for Inova Health System and Inova Health Services representatives Loren Rufino, Senior Vice President, Surgical Services, and Thomas Sanders, MD, Section Chief, Foot & Ankle Surgery, Inova Health System. There was no public comment aside from the letters of endorsement cited above. There is no known opposition to the proposed project.

(ii) The availability of reasonable alternatives to the proposed service or facility that would meet the needs of the population in a less costly, more efficient, or more effective manner.

The twelve GPORs at IFOH are highly utilized and have operated in excess of the SMFP standard of 1,600 hours for the past four years. The latest utilization data published by VHI in 2022 shows that IFOH's GPORs operated at 130% of the SMFP standard and the applicant has provided preliminary data from 2023 showing utilization at 142% of the SMFP threshold. The applicant states that the proposed addition of two GPORs will enable the hospital to decompress utilization and ensure timely access to its surgical services for its patient population now and in the future. The proposal is based on a demonstrated institutional need, and there is no reasonable alternative identified to increasing capacity at IFOH. The proposed project is more beneficial than the status quo.

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

The HSANV Board of Directors reviewed at its May 6, 2024, board meeting the COPN application filed by IFOH. The board voted 12 in favor, and none opposed to recommend

approval of the project. The recommendation was based upon the following findings and conclusions:

1. Inova Fair Oaks Hospital's surgery service has high use and demand is growing. Service volumes are substantially above the service planning guideline of 1,600 hours per operating room annually delineated in the Virginia State Medical Facilities Plan.
2. There is no unused surgery capacity in Inova Health System that can be reallocated or otherwise used to respond to increasing demand at Inova Fair Oaks Hospital (IFOH).
3. Adding operating rooms at IFOH to meet current and near-term demand is not likely to affect use at other surgery services.
4. The capital cost of the project is reasonable, within the range reported for similar projects authorized locally and elsewhere in Virginia.
5. Though there is no indication of a general, regionwide need for additional general purpose operating rooms, the proposal is permissible under, and consistent with, the institutional need provision of the Virginia State Medical Facilities Plan.

(iv) Any costs and benefits of the project.

Total projected capital costs for the proposed project are \$6,206,701. The proposal will be funded in its entirety with accumulated reserves, so no financing costs will be incurred. The estimated costs are consistent with other recently approved projects to add GPORs at an existing facility. For example, COPN No. VA-04845 was approved to add one GPOR at a projected cost of \$7.5 million and COPN No. VA-04819 was approved to add one GPOR at \$2.5 million. The current proposal, projected to cost \$3.1 million per GPOR, appears reasonable. The primary benefit expressed by the applicant is the decompression of highly utilized existing GPORs so that surgical services may be provided more accessibly and efficiently to patients at IFOH. IFOH notes the high population growth in the surrounding PD and the resulting need to expand its OR capacity to meet the surgical demand of its patients into the future.

(v) The financial accessibility of the project to the residents of the area to be served, including indigent residents.

IFOH provided charity care in the amount of 3.06% of its gross patient revenue in 2021, the latest year for which such data are available. This is above the HPR II mean of 2.5% for inpatient hospitals and outpatient surgical hospitals. The applicant's proforma for the proposed project includes charity care at 2.0% of gross revenue. The proposal is subject to Inova Health Care Services' systemwide condition of 3.9%.

Table 8. HPR II Charity Care Contributions: 2021

| Inpatient Hospitals | Gross Patient Revenues | Adjusted Charity Care Contribution | Percent of Gross Patient Revenue: |
|---|-------------------------------|---|--|
| Inova Alexandria Hospital | \$1,099,098,713 | \$48,200,302 | 4.39% |
| Inova Mount Vernon Hospital | \$586,328,215 | \$23,515,873 | 4.01% |
| Encompass Health Rehab Hospital of Northern Virginia | \$44,352,947 | \$1,727,170 | 3.89% |
| Inova Loudoun Hospital | \$1,063,559,182 | \$34,808,182 | 3.27% |
| Inova Fairfax Hospital | \$4,579,299,978 | \$143,761,495 | 3.14% |
| UVA Health Prince William Medical Center | \$620,916,889 | \$19,226,771 | 3.10% |
| Inova Fair Oaks Hospital | \$756,218,384 | \$23,149,143 | 3.06% |
| Sentara Northern Virginia Medical Center | \$943,730,551 | \$25,008,347 | 2.65% |
| Virginia Hospital Center | \$1,828,402,362 | \$35,153,100 | 1.92% |
| UVA Health Haymarket Medical Center | \$334,178,317 | \$3,397,874 | 1.02% |
| Dominion Hospital | \$173,930,124 | \$1,370,987 | 0.79% |
| Reston Hospital Center | \$1,743,343,281 | \$11,983,844 | 0.69% |
| StoneSprings Hospital Center | \$352,270,979 | \$1,575,166 | 3.60% |
| North Spring Behavioral Healthcare | \$65,581,626 | \$215,233 | 0.33% |
| Total Inpatient Hospitals: | | | 14 |
| HPR II Total Inpatient \$ & Mean % | \$14,191,211,548 | \$373,093,487 | 2.63% |
| Outpatient Surgical Hospitals | | | |
| Lake Ridge Ambulatory Surgical Center | \$ 13,128,927 | \$ 257,842 | 2.0% |
| Northern Virginia Eye Surgery Center, LLC | \$ 8,869,166 | \$ 73,895 | 0.8% |
| Haymarket Surgery Center | \$ 32,610,240 | \$ 51,783 | 0.2% |
| Northern Virginia Surgery Center | \$ 58,280,162 | \$ 23,121 | 0.0% |
| Reston Surgery Center | \$ 125,105,239 | \$ 33,617 | 0.0% |
| Prince William Ambulatory Surgery Center | \$ 37,529,639 | \$ 7,220 | 0.0% |
| Fairfax Surgical Center | \$ 126,571,991 | \$ 5,279 | 0.0% |
| McLean Ambulatory Surgery Center | \$ 30,974,017 | \$ 695 | 0.0% |
| HealthQare Services ASC, LLC | \$ 5,579,633 | \$ - | 0.0% |
| Inova Ambulatory Surgery Center at Lorton | \$ 1,221,694 | \$ - | 0.0% |
| Inova Loudoun Ambulatory Surgery Center | \$ 79,947,875 | \$ - | 0.0% |
| Inova Surgery Center @ Franconia-Springfield | \$ 88,333,327 | \$ - | 0.0% |
| Kaiser Permanente Tysons Corner Surgery Center | \$ 54,725,912 | \$ - | 0.0% |
| Pediatric Specialists of Virginia Ambulatory Surgery Center | \$ 8,545,763 | \$ - | 0.0% |
| Kaiser Permanente Caton Hill Ambulatory Surgery Center | Not Open until 2022 | | |
| VHC Ambulatory Surgery Center | Not Open until 2022 | | |
| Total Outpatient Hospitals: | | | 14 |
| HPR II Total Outpatient \$ & Mean % | \$ 671,423,585 | \$ 453,452 | 0.1% |
| Total Hospitals: | | | 28 |
| HPR II Total Hospital \$ & Mean % | \$14,862,635,133 | \$ 373,546,939 | 2.5% |

Source: VHI (2021)

In accordance with section 32.1-102.4.B of the Code of Virginia, should the proposed project receive approval, the project would be conditioned to provide a level of charity care based on gross patient revenues derived from surgical services that is no less than the equivalent average for charity care contributions in HPR II. Pursuant to Code of Virginia language any COPN issued for this project will also be conditioned on the applicant's agreement to accept patients who are the recipients of Medicare and Medicaid.

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

There are no other factors, not addressed elsewhere in the analysis, relevant to the determination of a public need for either project.

3. The extent to which the application is consistent with the State Medical Facilities Plan.

Section 32.1-102.2:1 of the Code of Virginia calls for the State Health Services Plan Task Force to develop recommendations for a comprehensive State Health Services Plan (SHSP). In the interim, DCOPN will consider the consistency of the proposed project with the predecessor of the SHSP, the State Medical Facilities Plan (SMFP).

Part V of the SMFP contains criteria/standards for the addition of general-purpose operating rooms. They are as follows:

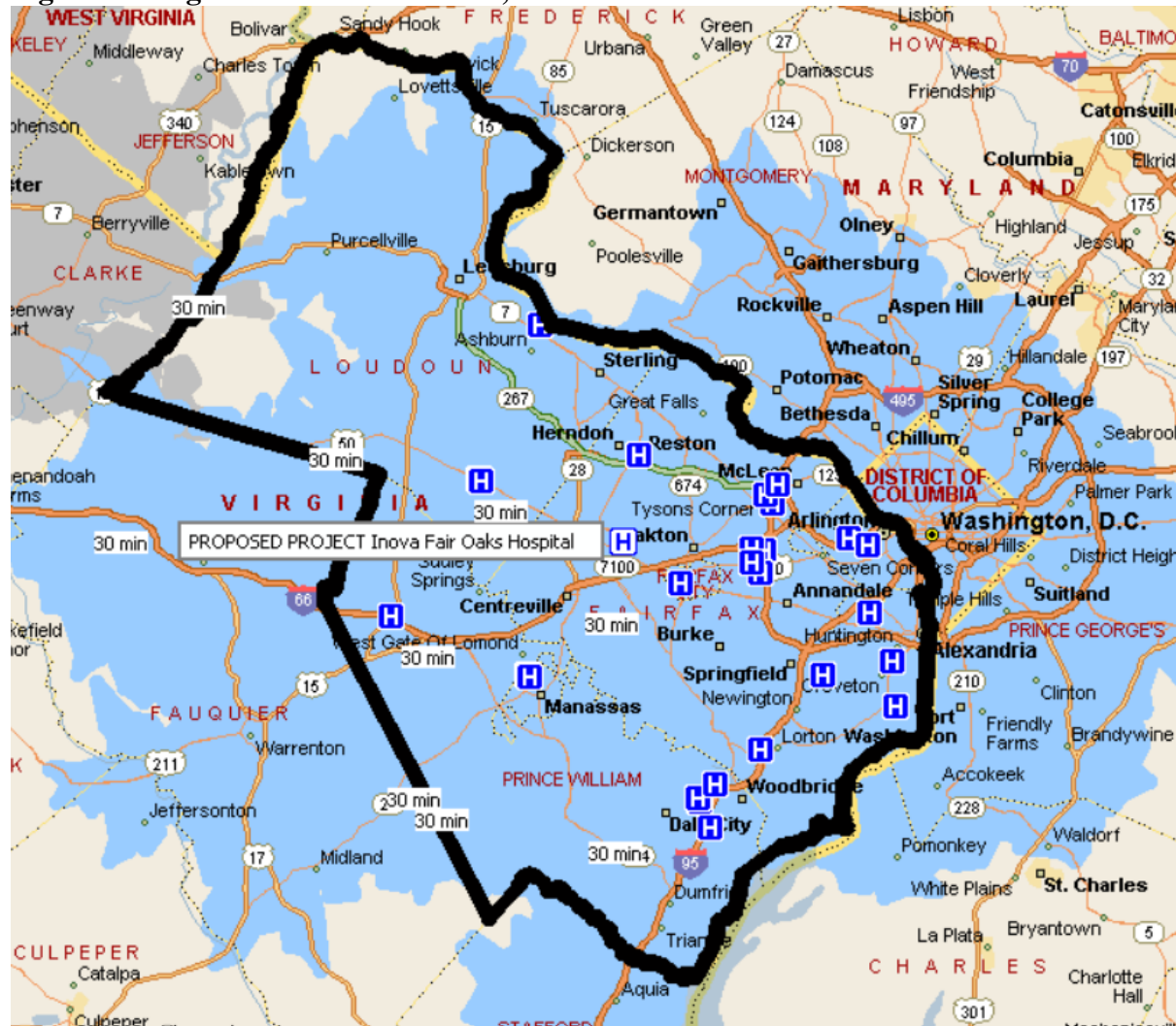
Part V General Surgical Services **Criteria and Standards for General Surgical Services**

12VAC5-230-490. Travel Time.

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

The heavy black line in **Figure 3** represents the boundary of PD 8. The blue symbols with white Hs mark the locations of existing GPOR sites in PD 8. The white symbol with a blue H locates the proposed project. The light blue shaded area in **Figure 3** shows the area that is within 30 minutes driving time from an existing provider of surgical services in PD 8. Parts of Purcellville and Lovettsville are not within this driving time nor are they within 30 minutes from Virginia surgical providers outside of PD 8. The combined population of both cities is 11,600, only 0.45% of the total population of PD 8, indicating that certainly less than 1% of the PD 8 population is outside of the 30-minute driving time criteria. The proposed project is at an existing site and will not expand geographical access to surgical services.

Figure 3. Surgical Services Locations, PD 8



Source: DCOPN Records and Microsoft Streets & Trips

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 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.

IFOH is not proposing a new service but in the interest of thoroughness, GPOR need in PD 8 is calculated.

Components of the GPOR need calculation for PD 8 are derived as follows:

Table 9. Inpatient and Outpatient GPOR Visits in PD8: 2018-2022

| Year | Total Inpatient & Outpatient GPOR Visits |
|---------------------|---|
| 2018 | 143,502 |
| 2019 | 151,050 |
| 2020 | 129,387 |
| 2021 | 153,869 |
| 2022 | 156,671 |
| Total Visits | 734,479 |

Source: VHI (2018-2022)

Table 10. Population of PD 8, 2018 - 2022

| Year | Population |
|--------------|-------------------|
| 2018 | 2,519,355 |
| 2019 | 2,537,498 |
| 2020 | 2,549,839 |
| 2021 | 2,547,686 |
| 2022 | 2,558,969 |
| Total | 12,713,347 |
| 2029 | 2,791,489 |

Source: Weldon Cooper Center for Public Service, Demographics Research Group, www.demographics.coopercenter.org, January 2024.

| ORV | ÷ | POP | = | CSUR |
|-------------------------------------|---|---|---|---------------------------------------|
| Total PD 8 GPOR Visits 2018 to 2022 | | PD 8 Historical Population 2018 to 2022 | | Calculated GPOR Use Rate 2018 to 2022 |
| 734,479 | | 12,713,347 | | 0.058 |

| CSUR | X | PROPOP | = | PORV |
|---------------------------------------|---|--------------------------------|---|----------------------------|
| Calculated GPOR Use Rate 2018 to 2022 | | PD 8 Projected Population 2029 | | Projected GPOR Visits 2029 |
| 0.058 | | 2,791,489 | | 161,906.4 |

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 visits has been calculated using information collected by the Virginia Department of Health.

AHORV = 290,250 total inpatient and outpatient operating room hours were reported to VHI in 2022, divided by 156,671 total inpatient and outpatient operating room visits reported to VHI for that same year (**Table 9**) equals 1.853.

The calculation of GPOR need for PD 8 is:

$$\text{FOR} = \frac{((734,479 / 12,713,347) \times (2,791,489)) \times 1.853}{1600}$$

$$\text{FOR} = 300,013 / 1600$$

FOR = 187.5 (188) General Purpose Operating Rooms Needed in PD 8 in 2029

As defined in 12VAC5-230-500, GPORs are operating rooms (ORs) exclusive of those dedicated to caesarian section, those solely for cardiac surgery, and trauma designated. While there are 215 ORs authorized in PD 8, 205 are GPORs under this definition (**Table 3**), yielding a **surplus of 17 ORs**.

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 proposed project does not involve the relocation of existing operating rooms.

12VAC5-230-510. Staffing.

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

The applicant has provided assurances that the proposed surgical service will be under the direction of appropriately qualified physicians.

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.

IFOH's published data shows it has exceeded the SMFP threshold for GPOR hours for the past four years (**Figure 2**). In 2022, IFOH reported 24,910 hours in its 12 GPORs, equal to 129.7% of the SMFP threshold (**Table 1**). The applicant has provided preliminary data for 2023, including hours in its 12 GPORs totaling 27,436 hours, or 2,286 hours per GPOR, 143% of the SMFP standard.

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.

Inova's GPOR utilization was 112% of the SMFP threshold across its surgical sites, as reported to VHI in 2022 (**Table 11**). Only one of Inova's surgical sites, Inova Ambulatory Surgery Center at Lorton (ASC-Lorton), had utilization low enough to consider relocation of an OR. ASC-Lorton has faced operational barriers due to unavailability of anesthesia coverage for the past two years. The applicant reports that this has been corrected and that Inova is now transitioning appropriate ambulatory cases from Inova Fairfax Hospital to alleviate high utilization in its GPORs (which are at 118% of the SMFP threshold in 2022). It is premature to consider reallocation of an OR from ASC-Lorton just as it achieves functionality.

Table 11. Inova GPOR Counts, Volumes and Hours, PD 8

| Facility Name | GPORs | Total Procedures | Hours | Average Hrs. per OR | % of SMFP Threshold |
|---|------------|------------------|----------------|---------------------|---------------------|
| Acute Hospitals | | | | | |
| Inova Alexandria Hospital | 11 | 7,118 | 18,314 | 1,665 | 104.1% |
| Inova Fair Oaks Hospital | 12 | 11,126 | 24,910 | 2,076 | 129.7% |
| Inova Fairfax Hospital | 47 | 32,641 | 88,407 | 1,881 | 117.6% |
| Inova Loudoun Hospital | 8 | 6,562 | 15,838 | 1,980 | 123.7% |
| Inova Mount Vernon Hospital | 7 | 4,513 | 11,475 | 1,639 | 102.5% |
| Acute Hospital Totals and Averages | 85 | 61,960 | 158,944 | 1,870 | 116.9% |
| Outpatient Surgical Hospital | | | | | |
| Inova Ambulatory Surgery Center at Lorton, LLC | 2 | 3 | 4 | 2 | 0.1% |
| Inova Loudoun Ambulatory Surgery Center, LLC | 5 | 15,670 | 8,580 | 1,716 | 107.3% |
| Inova Surgery Center @ Franconia-Springfield | 5 | 11,745 | 6,821 | 1,364 | 85.3% |
| McLean Ambulatory Surgery Center, LLC | 2 | 4,585 | 4,894 | 2,447 | 152.9% |
| Northern Virginia Surgery Center | 4 | 4,592 | 4,974 | 1,244 | 77.7% |
| OP Surgical Hospital Totals and Averages | 18 | 36,595 | 25,273 | 1,404 | 87.8% |
| PD 8 Totals and Averages | 103 | 98,555 | 184,217 | 1,789 | 111.8% |

Source: 2022 VHI, Inova facilities, Filtered by General and Ambulatory Surgical Class

C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:2 of the Code of Virginia. The proposed project is not a nursing facility.

D. Applicants shall not use this section to justify a need to establish new services.

The applicant is not proposing a new service.

Required Considerations Continued

4. The extent to which the proposed service or facility fosters institutional competition that benefits the area to be served while improving access to essential health care services for all persons in the area to be served.

The proposed project does not foster institutional competition.

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

IFOH is an acute care hospital within Inova’s health system. Inova is the dominant health care provider in PD 8, controlling 65% of hospital based GPORs and 30% of those in OSH’s, according to 2022 VHI data. Inova’s surgical services are well-utilized, operating at an average

of 112% of the SMFP standard across all of its sites. IFOH had the highest hours per GPOR of the acute care hospitals in PD 8 in 2022 (Table 1).

- 6. **The feasibility of the project, including the financial benefits of the project to the applicant, the cost of construction, the availability of financial and human resources, and the cost of capital.**

The proposed project is wholly feasible. Its capital costs are reasonable and IFOH projects no additional staff will be required to operationalize the two additional GPORs. The proposal is projected to have a positive income in years one and two (Table 12).

Table 12. Proforma Inova Fair Oaks OR Addition

| | Year 1 | Year 2 |
|------------------------|----------------------|----------------------|
| Gross Revenue | \$ 16,059,000 | \$ 22,625,000 |
| Charity Care | \$ 385,000 | \$ 543,000 |
| Bad Debts | \$ 161,000 | \$ 226,000 |
| Contractual Deductions | \$ 8,884,000 | \$ 12,782,000 |
| Net Revenue | \$ 6,629,000 | \$ 9,074,000 |
| Expenses | \$ 4,629,000 | \$ 6,459,000 |
| Income/Loss | \$ 2,000,000 | \$ 2,615,000 |

Source: COPN Request No. VA-8746

- 7. **The extent to which the project provides improvements or innovations in the financing and delivery of health 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 services on an outpatient basis. (iii) Any cooperative efforts to meet regional health care needs. (iv) At the discretion of the Commissioner, any other factors as may be appropriate.**

The proposal does not provide innovations in the delivery of health services nor does it enhance provision of services on an outpatient basis.

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

Not applicable. The applicant is not a teaching hospital associated with a public institution of higher education or a medical school in the area to be served.

DCOPN Staff Findings and Conclusions

The proposed project expands surgical capacity in a highly populated PD that is expected to experience above average growth within the current decade. The proposal is generally consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia. There is a calculated surplus of GPORs in PD 8; however, IFOH has demonstrated an institutional need for additional OR capacity. Although the proposal does not improve geographic access, it will improve access to IFOH's surgical services, currently constrained by the capacity of its twelve GPORs, into the future. The proposed project is more favorable than maintaining the status quo and no alternative has been identified to the proposal.

IFOH's medical staff is in support of the proposed project and it was recommended for approval by the HSANV. There is no known opposition to the proposal. Costs appear to be reasonable and the proposal is wholly feasible in the immediate and long term.

DCOPN Staff Recommendations

The Division of Certificate of Public Need recommends conditional approval of Inova Fair Oaks Hospital's COPN Request No. VA-8746 to add two general purpose operating rooms to its campus in Fairfax, Virginia for the following reasons:

1. The proposal to add two general purpose operating rooms at Inova Fair Oaks Hospital is consistent with the applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia.
2. The applicant has demonstrated an institutional need for operating room capacity.
3. There appears to be no alternative to the proposed project that would meet the needs of the population in a less costly, more efficient, or more effective manner and it is more beneficial than maintaining the status quo.
4. The projected capital costs of the proposed project are reasonable.
5. The proposed project appears to be wholly viable in the immediate and long-term.
6. The Health Systems Agency of Northern Virginia recommended approval of the proposed project.
7. There is no known opposition to the project.

DCOPN's recommendation is contingent upon Inova Health Care Services d/b/a Inova Fair Oaks Hospital's agreement to the following charity care condition. Inova Health Care Services d/b/a Inova Fair Oaks Hospital falls under Inova's systemwide charity condition, 3.9%:

Inova Health Care Services d/b/a Inova Fair Oaks Hospital will provide surgical services to all persons in need of this service, regardless of their ability to pay, and will provide as charity care

to all indigent persons free services or rate reductions in services and will facilitate the development and operation of primary medical care services to medically underserved persons in PD 8 in an aggregate amount equal to at least 3.9% of Inova Health Care Services d/b/a Inova Fair Oaks Hospital's gross patient revenue derived from surgical services. 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 Health Care Services d/b/a Inova Fair Oaks Hospital will accept the revised Inova systemwide charity condition based on 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. when it is available from Virginia Health Information. The value of charity care provided 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 Health Care Services d/b/a Inova Fair Oaks Hospital will provide surgical care 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 Health Care Services d/b/a Inova Fair Oaks Hospital will facilitate the development and operation of primary and specialty medical care services in designated medically underserved areas of the applicant's service area.