

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

May 19, 2026

RE: **COPN Request No. VA-8833**
Fairfax Colon & Rectal Surgical Center, LLC
Falls Church, Virginia
Establish a 2-OR outpatient surgical hospital

Applicant

Fairfax Colon & Rectal Surgical Center, LLC (FCRSC) is a limited liability company founded in 2005 under the laws of the Commonwealth of Virginia. FCRSC is a wholly owned subsidiary of Fairfax Colon & Rectal Surgery, PC, a Professional Corporation and private, physician-owned practice. The proposed facility is located in Falls Church, Planning District (PD) 8, Health Planning Region (HPR) II.

Background

FCRSC is a proposed outpatient surgical hospital (OSH) to be located at an existing commercial office building in Falls Church, Virginia. FCRSC entered into a lease agreement at the proposed site in 2025 but does not currently offer any services there. Fairfax Colon & Rectal Surgery, PC, the owner of the applicant, is a well-established colorectal provider in PD 8 with five locations in Fairfax, Alexandria, Gainesville and Lansdowne. The Division of Certificate of Public Need (DCOPN) notes that none of the locations provide any services that are COPN-regulated. FCRSC currently operates a physician operatory with no licensed operating rooms (non-COPN regulated) at 2710 Prosperity Avenue, Suite, 200, Fairfax, which is located less than 2 miles from the proposed site. Should this project be approved, the Prosperity Avenue site will close.

Table 1 displays data for General Purpose Operating Rooms (GPORs) in PD 8 as reported to Virginia Health Information (VHI) for 2024, the most recent year for which such data is available. Of the 196 GPORs reported, 140 were in acute care hospitals and 56 in OSHs. **Table 1** does not include ORs 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 2024, based on hours of use, was 104.9% of the threshold of 1,600 hours per OR outlined in the SMFP. The hospital-based ORs had an average utilization of 108.2% of the SMFP standard and the OSH sites averaged 96.6% of the SMFP standard.

Table 1. PD 8 GPOR Counts, Hours and Utilization, 2024

Facility Name	GPORs	Hours	Average Hrs. per OR	% of SMFP Threshold
Acute Hospitals				
Inova Alexandria Hospital	11	22,096	2,009	125.5%
Inova Fair Oaks Hospital	12	26,487	2,207	138.0%
Inova Fairfax Hospital	47	89,313	1,900	118.8%
Inova Loudoun Hospital	8	17,660	2,208	138.0%
Inova Mount Vernon Hospital	7	12,861	1,837	114.8%
Reston Hospital Center	17	22,413	1,318	82.4%
Sentara Northern Virginia Medical Center	9	10,302	1,145	71.5%
Stone Springs Hospital Center	6	7,781	1,297	81.1%
UVA Health Haymarket Medical Center	1	3,219	3,219	201.2%
UVA Health Prince William Medical Center	1	1,824	1,824	114.0%
Virginia Hospital Center	21 ¹	28,470	1,356	84.7%
Acute Hospital Totals and Averages	140	242,426	1,732	108.2%
Outpatient Surgical Hospital				
Fairfax Surgical Center	6	11,504	1,917	119.8%
Haymarket Surgery Center	2	5,348	2,674	167.1%
HealthQare Services ASC ² , LLC	2	4,332	2,166	135.4%
Inova Ambulatory Surgery Center at Lorton, LLC	2	936	468	29.3%
Inova Loudoun Ambulatory Surgery Center, LLC	5	9,541	1,908	119.3%
Inova Surgery Center at Franconia-Springfield	5	7,971	1,594	99.6%
Kaiser Permanente - Woodbridge Surgery Center	3	4,209	1,403	87.7%
Kaiser Permanente Tysons Corner Surgery Center	8	9,864	1,233	77.1%
Lake Ridge Ambulatory Surgery Center, LLC	1	759	759	47.4%
McLean Ambulatory Surgery Center, LLC	2	3,501	1,751	109.4%
Northern Virginia Eye Surgery Center, LLC	2	2,907	1,454	90.8%
Northern Virginia Surgery Center	4	5,501	1,375	86.0%
Pediatric Specialists of Virginia Ambulatory Surgery Center	2	2,143	1,072	67.0%
Prince William Ambulatory Surgery Center	4	6,167	1,542	96.4%
Reston Surgery Center	6	7,991	1,332	83.2%
Stone Springs Ambulatory Surgery Center	2	3,867	1,934	120.8%
OP Surgical Hospital Totals and Averages	56	86,541	1,545	96.6%
PD 8 Totals and Averages	196	328,967	1,678	104.9%

Source: 2024 VHI

¹ Virginia Hospital Center (VHC) is authorized for 13 GPORs per COPN No. VA-0489. The utilization for McLean Tysons Outpatient Surgery Center (an OSH) is being reported under VHC mistakenly and the 4 relocated ORs should be removed from VHC's inventory.

² Ambulatory Surgical Center (ASC)

Table 2. 2024 VHI, PD 8 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: 2024 VHI

Table 3 below shows the difference between the 2024 VHI report and the current DCOPN inventory records. This mainly captures ORs that have been authorized since the VHI data was collected, as well as ones that are authorized but not in use. Taking these into account, there were 211 authorized GPORs in PD 8 at the time of this report.

Table 3. Difference in Count of PD 8 GPORs, 2024 VHI vs DCOPN Inventory

Facility	GPORs	Notes
Reported to VHI, 2024	196	
GPORS Added (30)		
Dominion Plastic Surgery, LLC.	2	COPN No. VA-04881 authorized this OSH with 2 ORs restricted to plastic surgery
Inova Fair Oaks Hospital	2	COPN No. VA-04890 authorized the addition of 2 GPORs, completed in 2025.
Inova Franconia-Springfield Surgery Center II	4	VA-4960 authorized the relocation of two ORs from Inova Mount Vernon Hospital and two ORs from Inova Ambulatory Surgical Center- Lorton to the Inova Franconia-Springfield Surgery Center II
Inova McLean Ambulatory Surgery Center, LLC	1	COPN No. VA-04845 authorized the addition of one GPOR, completed in 2025
Inova Oakville Ambulatory Surgery Center, LLC	3	COPN No. VA-04770 authorized this OSH, completed in 2024.
Kaiser Permanente - Woodbridge Surgery Center (AKA Caton Hill Center)	1	Reported 3 GPORs to VHI, authorized for 4.
North Virginia Surgicenter (OrthoVirginia)	2	COPN No. VA-04916 authorized the establishment of North Virginia Surgicenter, by the relocation of 2 GPORs from Reston Hospital Center (leaving 14) and two new. Expected completion 11/1/2026.
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 (+ 1 trauma) prior to adding these, but the certificate issued allowed for up to 17 ORs.
UVA Health Haymarket Medical Center	3	Has reported 1 OR to VHI for a number of years, but 4 are authorized.
UVA Health Prince William Medical Center	3	Has reported 1 OR to VHI for a number of years, but 4 are authorized.
VHC Ambulatory Surgery	4	COPN No. VA-04689 authorized the relocation of 4 GPORs from Virginia Hospital Center to establish VHC Ambulatory Surgery, now McClean Tysons Orthopedic Surgery Center, LLC, completed 11/2022.
VHC Ambulatory Surgery- Alexandria	2	COPN No. VA-04914 authorized the establishment of VHC Ambulatory Surgery, expected to be completed 10/1/2026
GPORS Removed (15)		
Inova Ambulatory Surgical Center- Lorton	-2	VA-4960 authorized the relocation of two ORs from Inova Mount Vernon Hospital and two ORs from Inova Ambulatory Surgical Center- Lorton to the Inova Franconia-Springfield Surgery Center II
Inova Mount Vernon Hospital	-2	VA-4960 authorized the relocation of two ORs from Inova Mount Vernon Hospital and two ORs from Inova Ambulatory Surgical Center- Lorton to the Inova Franconia-Springfield Surgery Center II
Kaiser Permanente Tysons Corner Surgery Center	-1	Reported 8 GPORs to VHI, authorized for 7.
Reston Hospital Center	-2	COPN No. VA-04916 authorized the establishment of North Virginia Surgicenter, by the relocation of 2 GPORs from Reston Hospital Center (leaving 14). Expected completion 11/1/2026.
Virginia Hospital Center	-8	COPN No. VA-04689 authorized the relocation of 4 GPORs from Virginia Hospital Center to establish VHC Ambulatory Surgery, now McClean Tysons Orthopedic Surgery Center, LLC, completed 11/2022. VHC stated that they had been reporting the 4 transferred ORs from the ASC with the main hospital. The 4 transferred ORs were never removed from inventory.
Total Difference in Count of GPORs	15	
Authorized GPORs in PD 8 Inventory	211	

Source: DCOPN Record

Proposed Project

FCRSC proposes to establish an OSH with two GPORs at a new site located at 2735 Hartland Road in Falls Church, Virginia. DCOPN notes that though the project has a Falls Church address, it is located within Fairfax County, not within the City of Falls Church. The purpose of this project will be to provide core outpatient colorectal and anorectal surgical services that are currently being offered at other Fairfax Colon & Rectal Surgery locations across PD 8. As mentioned previously, the applicant is also looking to close its Prosperity Avenue location upon expiration of its lease and relocate those services to the proposed site.

Along with the two proposed GPORs, the applicant also stated that a full renovation of the space will be done to include an additional procedure room, a dedicated waiting room, expanded sterile processing space and increased supply storage. The surgical suite will be located on the first floor of the building with a total estimated space of 5,200 square feet. The applicant is also planning to separately lease space on the second floor of the same building to consolidate medical offices for its practice. Doing so will allow a streamlined continuity of care, allowing patients to receive consultations and surgical services in the same building.

Should this project be approved, the certificate would be subject to the restriction that only colorectal and anorectal surgeries would be performed.³

Projected capital costs of the project are \$4,586,463 (**Table 6**), \$3 million of which will be funded through tenant improvement allowance provided by the landlord, FCRS Real Estate, LLC. The applicant stated that the remainder of the capital cost will be covered through operating revenue from Fairfax Colon & Rectal Surgery, PC, which, as previously mentioned, will be the medical offices located on the floor above the surgical suite.

Project Definition

The Code of Virginia, at Va Code §32.1-102.1 defines a project, in part, as the “[e]stablishment of a medical care facility.” A medical care facility includes “[a]ny facility licensed as a hospital, as defined in Section 32.1 – 123,” which includes outpatient surgical hospitals.

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 proposed FCRSC site is located in north-eastern Fairfax County in a commercial office building that is accessible through both I-66 and I-495. The proposed facility is also serviced by public transportation, including the Dunn Loring Metro Station (less than 1 mile away), the

³ The scope was clarified in an April 10, 2026, correspondence with Michael Delac.

Washington Metro Area Transit Authority (WMATA) bus stop (.8 miles away), and the Fairfax Connector Bus Stop (less than .5 miles away).

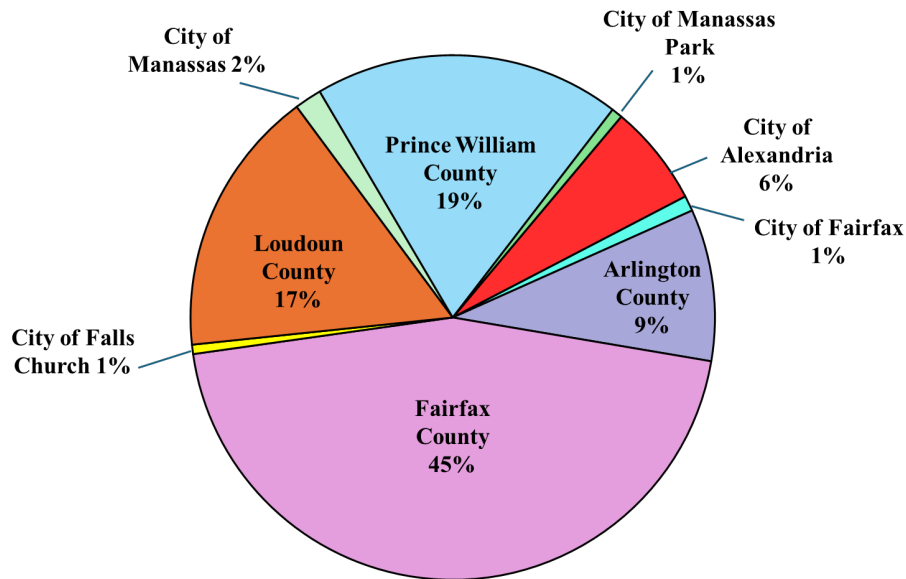
PD 8 had a population of about 2.5 million in 2020 and is projected to grow by just under 300,000 people, a 10.9% increase, by 2030. This is nearly double the population growth rate projected for the Commonwealth of Virginia during this decade, 5.8% (**Table 4**). Fairfax County, where the proposed project is located, is the largest county in PD 8 and the Commonwealth with over 1.1 million residents in 2020 (45% of the population of PD 8, 13.3% of the total population of Virginia). (**Table 4**). The population in Fairfax County is expected to increase 4.4% to over 1.2 million residents by 2030. The 65+ population in PD 8 is expected to grow by 97,855 people (a 31.9% increase) between 2020 and 2030. In Fairfax County, the population of 65+ residents is expected to grow by 195,132 people (a 23% increase) (**Table 4 & Figure 2**). **Figure 1** shows that Fairfax County makes up 45% of the population of PD 8.

Table 4. PD 8 Population Data

Geographic Name	2020 Census	2030 Projection	Projected Population Change 2020-2030	Projected % Change 2020-2030	2020 65 + Census	2030 65+ Projection	Projected Population Change 65+ 2020-2030	Projected Percent Change 65+ 2020-2030
City of Alexandria	159,467	176,403	16,936	10.6%	18,758	22,941	4,183	22.3%
Arlington County	238,643	265,794	27,151	11.4%	25,333	28,501	3,168	12.5%
Fairfax County	1,150,309	1,201,420	51,111	4.4%	158,687	195,132	36,445	23.0%
Fairfax City	24,146	25,358	1,212	5.0%	3,871	4,726	855	22.1%
City of Falls Church	14,658	16,741	2,083	14.2%	2,185	2,545	360	16.5%
Loudoun County	420,959	522,015	101,056	24.0%	41,497	65,844	24,347	58.7%
Manassas City	42,772	47,039	4,267	10.0%	4,505	6,593	2,088	46.3%
City of Manassas Park	17,219	19,876	2,657	15.4%	1,343	2,162	819	61.0%
Prince William County	482,204	554,344	72,140	15.0%	50,522	76,112	25,590	50.7%
PD 8 Totals/Avg.	2,550,377	2,828,990	278,613	10.9%	306,701	404,556	97,855	31.9%
<i>Virginia</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>

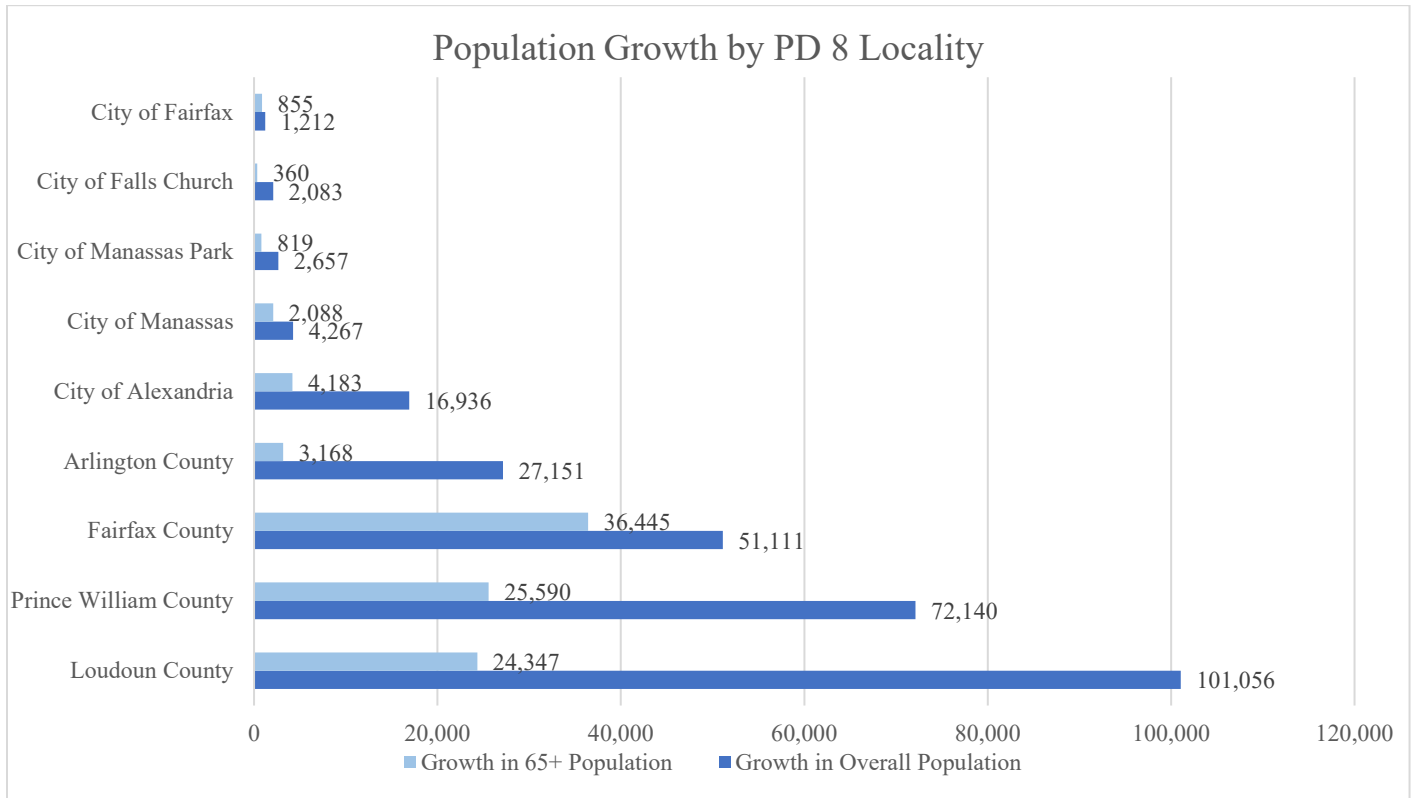
Source: Weldon-Cooper Data, updated June 2025

Figure 1. Percent of PD 8 Population by Locality



Source: Weldon-Cooper Data, updated June 2025

Figure 2. Projected Population Growth by Locality, PD 8, 2020-2030



Source: Weldon-Cooper Data, updated June 2025

With respect to socioeconomic barriers, the overall poverty rate of PD 8, 6.2% is lower than that of Virginia, 9.8% (Table 5). Fairfax County has a poverty rate comparable to the rest of PD 8 at 6.0%.

Table 5. 2024 Poverty Rates, PD 8

Locality	Percent in Poverty
City of Alexandria	7.5%
Arlington County	8.0%
Fairfax County	6.0%
City of Fairfax	7.8%
City of Falls Church	4.6%
Loudoun County	4.3%
Manassas City	9.1%
City of Manassas Park	7.3%
Prince William County	6.6%
PD 8	6.2%
<i>Virginia</i>	<i>9.8%</i>

Source: <https://www.census.gov/data-tools/demo/saipc/#>

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 five letters in support of the proposed project, including letters from State Delegate Seibold, State Senator Salim, and providers from Mason and Partners and Fairfax Pediatric Associates. The letters in aggregate include the following points:

- A lot of care still takes place in the hospital setting which is more costly and time-consuming. An ASC dedicated to colorectal surgery would shorten scheduling delays and travel times.
- The proposed ASC would improve specialty surgical access for patients on Medicare or Medicaid, and the uninsured.
- Prolonged wait times can lead to lower patient satisfaction and disease progression.

DCOPN also received nine letters of commitment from Fairfax Colon and Rectal Surgery associated providers.

A letter of opposition was also submitted by Dr. Paul E. Savoca, a senior colorectal surgeon in the area, on August 8, 2025. This letter stated:

- Many existing providers are not for profit (Inova and Virginia Hospital Center).
- This project is a “cherry-picking” private entity looking to capitalize on paying patients at the expense of taxpayer-supported facilities.
- FCRSC has a history of discharging patients due to their inability to pay.

FCRSC responded to the letter of opposition on March 23, 2026, stating the following:

- PD 8 continues to demonstrate sustained growth and there is an increased demand for colorectal services.
- FCRSC performed over 4,200 procedures annually and has an established patient base.
- Surrounding facilities cannot meet demand as hospital-based operating rooms are usually prioritized for higher-acuity cases.
- FCRSC does not intend to “cherry-pick” commercial-based insurance patients, which is inconsistent with its historical operations. FCRSC is committed to treating both insured and uninsured patients.
- ASCs improve system efficiency by moving lower-acuity cases out of the hospital setting. The services provided are also deemed clinically appropriate in the outpatient setting.
- Dr. Savoca was previously affiliated with FCRSC but has since left for a competitor.

Public Hearing

DCOPN provided notice to the public regarding this project inviting public comment on March 10, 2026. The public comment period closed on April 24, 2026. §32.1-102.6B of the Code of Virginia directs DCOPN to hold one public hearing on each application 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.

On May 11, 2026, the Health Systems Agency of Northern Virginia (HSANV) held a public hearing for the proposed project. Michel Delac, Fairfax Colon Rectal Surgery Center CEO, presented the project, along with other members of the Fairfax Colon Rectal Surgery Center team.

Other than the letters of support referenced above, no members of the public commented.

- (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.**

Neither DCOPN nor the applicant identified 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. FCRSC is a well-established provider of colorectal and anorectal services in PD 8 and is looking to expand its services by opening an outpatient surgical hospital. Doing so will allow for easier and faster scheduling of patients at a lower cost compared to the same services performed in an inpatient setting. It will specifically allow them to serve patients with government insurances such as Medicare, Medicaid and Tricare, which is a current limitation of the current non-COPN regulated facility. According to the applicant, FCRSC performs over 4,200 procedures annually and should this project be approved, it expects this number to increase by 5-10%.

(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.

HSANV considered the proposed projects at its May 11, 2026, meeting.

The Board voted seven in favor, none opposed, and one abstention to recommend that the application be approved. HSANV stated that its recommendation was based on its review of the application, on the HSANV staff report on the proposal, on the testimony and other evidence presented at the May 11, 2026, public hearing, and on several findings and conclusions, including:

1. Fairfax Colon & Rectal Surgery Center (FCRSC) has provided specialized surgical care in an unlicensed office-based surgery center for seventeen years.
2. FCRSC must replace and relocate the service as the lease on the existing facility terminates soon and cannot be renewed.
3. Though inconsistent with the public need provision of the Virginia State Medical Facilities Plan, the project is not likely to affect other service providers negatively.
4. Though the project is not essential to improve access to surgical care regionwide, the increase in capacity and Medicare certification would expand access for some to FCRSC's specialized care.
5. The capital cost of the project is within the range commonly seen for similar facilities and services, locally and statewide.
6. There is precedence for authorizing conversions of specialty unlicensed office-based surgery centers (operatories) to licensed outpatient surgical hospitals, locally (PD 8) and elsewhere in Virginia.

While it recommended approval, the HSANV board did have the following concern regarding the necessity of this project:

“...between two-thirds and three-fourths of FCRSC's patients receive colonoscopies and can be served appropriately in unlicensed procedure rooms in multiple settings, and that replacement of the unlicensed center with a licensed Medicare certified center will increase cost to the public substantially. The project is likely to benefit the applicant far more than the public.”⁴

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

As demonstrated by **Table 6**, the projected capital costs of the proposed project are \$4,586,463, \$3,000,000 of which will be covered by tenant allowance. The remaining capital costs will be covered by operating revenue from the medical practices that will be co-located in the same building. Direct construction costs are estimated to be \$3,000,000 or 65.4% of total costs and average out to \$1,500,000 per OR. This is similar to recently approved comparable projects COPN VA-04914 and COPN VA-04916 which ranged from \$1,800,000 and \$4,500,000 per OR respectively.

⁴ Source: Health Systems Agency of Northern Virginia board meeting notes, May 11, 2026.

Table 6. Capital Costs FCRSC

Direct Construction Cost	\$ 3,000,000
Equipment not included in the construction costs	\$ 288,470
Site Acquisition Costs	\$ 1,296,143
Other Consultant Fees	\$ 1,850
Total Capital Cost	\$ 4,586,463

Source: COPN Request No. VA-8833

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

The applicant asserts that its mission is to provide high-quality care to all patients regardless of their ability to pay for services or the payment source. Since the proposed project is a new facility, it does not yet have charity care data reported. The Pro Forma Income Statement provided by the applicant proffered a charity care contribution equal to 2.0% of gross patient services revenue⁵. This amount is lower than the 2.2% HPR II charity care average (**Table 7**). Accordingly, should the Commissioner approve the proposed project, a 2.2% charity care condition will apply.

⁵ Source: COPN Request No. VA-8833

Table 7. HPR II Charity Care Contributions: 2024

Hospital	Gross Patient Revenues	Adjusted Charity Care Contribution	% of Gross Patient Revenue:
UVA Health Prince William Medical Center	\$716,331,491	\$41,008,588	5.72%
Sentara Northern Virginia Medical Center	\$1,113,165,093	\$51,702,306	4.64%
Encompass Health Rehab Hosp of Northern Virginia	\$48,211,597	\$1,826,742	3.79%
Inova Alexandria Hospital	\$1,694,182,731	\$50,440,661	2.98%
Inova Mount Vernon Hospital	\$890,441,286	\$23,371,040	2.62%
Inova Fairfax Hospital	\$7,540,856,971	\$166,576,158	2.21%
Inova Loudoun Hospital	\$1,677,819,433	\$37,476,979	2.23%
Virginia Hospital Center	\$1,256,027,025	\$27,903,630	2.22%
Inova Fair Oaks Hospital	\$2,408,582,527	\$52,039,581	2.16%
Dominion Hospital	\$187,238,481	\$3,760,816	2.01%
Reston Hospital Center	\$2,254,004,397	\$19,684,028	0.87%
StoneSprings Hospital Center	\$582,717,334	\$4,566,302	0.78%
North Spring Behavioral Healthcare	\$82,497,344	\$230,098	0.28%
UVA Health Haymarket Medical Center	\$386,285,597	\$8,866,919	2.30%
Inova Specialty Hospital	\$84,305,852	\$0	0.00%
Total Inpatient Hospitals:			15
HPR II Total Inpatient \$ & Mean %	\$20,922,667,159	\$489,453,848	2.3%
HealthQare Services ASC, LLC	\$13,632,136	\$1,310,762	9.62%
Stone Springs Ambulatory Surgery Center	\$76,406,627	\$3,149,654	4.12%
Inova Ambulatory Surgery Center at Lorton	\$10,368,192	\$108,312	1.04%
Northern Virginia Eye Surgery Center, LLC	\$19,079,771	\$31,456	0.16%
Inova Surgery Center @ Franconia-Springfield	\$103,157,360	\$71,790	0.07%
Haymarket Surgery Center	\$78,596,299	\$48,654	0.06%
Northern Virginia Surgery Center	\$68,941,715	\$33,412	0.05%
Reston Surgery Center	\$195,891,966	\$75,099	0.04%
McLean Ambulatory Surgery Center	\$54,482,314	\$24,067	0.04%
Inova Loudoun Ambulatory Surgery Center	\$101,605,217	\$18,748	0.02%
Fairfax Surgical Center	\$181,894,940	\$16,493	0.01%
Prince William Ambulatory Surgery Center	\$86,151,992	\$11,406	0.01%
Lake Ridge Ambulatory Surgical Center	\$14,168,726	\$275	0.00%
Kaiser Permanente Tysons Corner Surgery Center	\$51,140,777	\$0	0.00%
Kaiser Permanente Caton Hill Ambulatory Surgery Center	23,894,258	\$0	0.00%
Pediatric Specialists of Virginia Ambulatory Surgery Center	9,187,308	\$0	0.00%
VHC Ambulatory Surgery Center	Not reporting	\$0	0.00%
Total Outpatient Hospitals:			16
HPR II Total Outpatient Hospital \$ & Mean %	\$1,088,599,598	\$4,900,128	0.5%
Total Hospitals:			31
HPR II Total Hospital \$ & Mean %	\$22,011,266,757	\$494,353,976	2.2%

Source: VHI (2024)

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 proposed project;**

DCOPN did not identify any other discretionary factors, not discussed elsewhere in this staff analysis report, to bring to the attention of the Commissioner as may be relevant to determining a public need for the proposed project.

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

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

The SMFP contains criteria/standards for general surgical services. They are as follows:

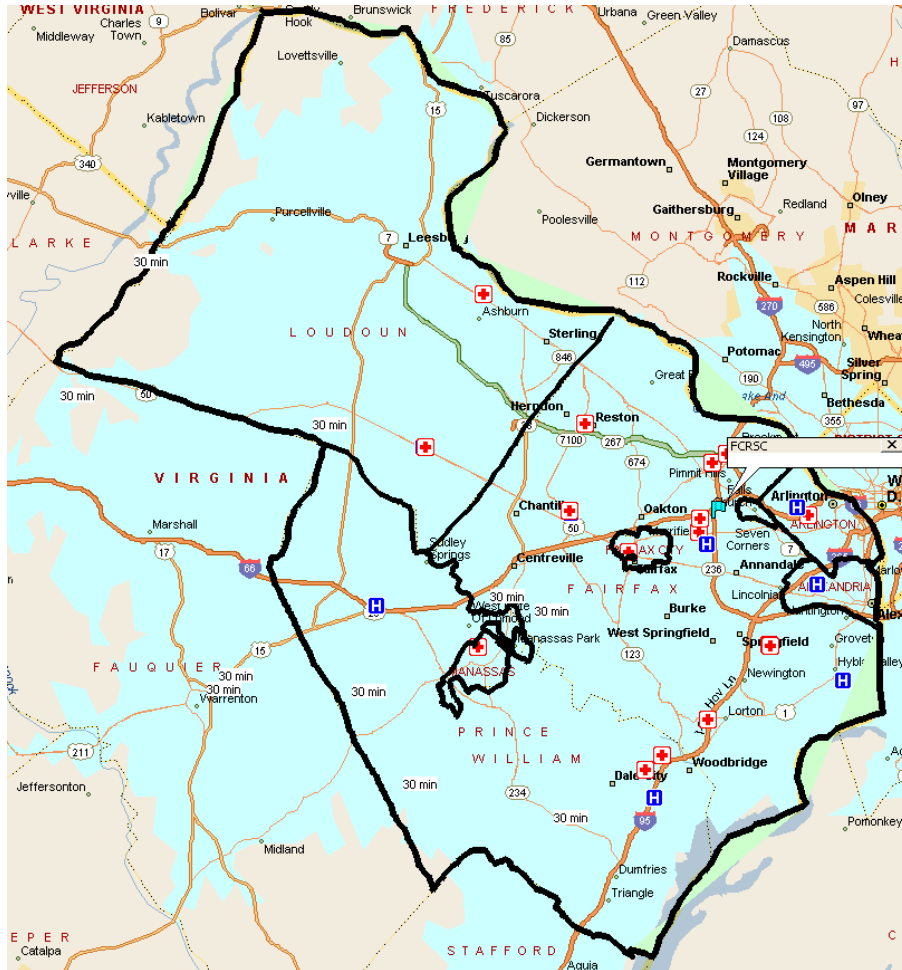
Part VI General Surgical Services

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 the white "H" mark the locations of existing hospital GPOR sites in PD 8. The white symbols with the red cross indicate all of the authorized outpatient surgical hospital sites in PD 8. The teal flag locates the proposed project, labeled. 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 Lovettsville are not within this driving time nor are they within 30 minutes from Virginia surgical providers outside of PD 8. The population of Lovettsville was 2,694, only 0.10% 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 does not improve geographic access to surgical services within 30 minutes of driving time in the PD.

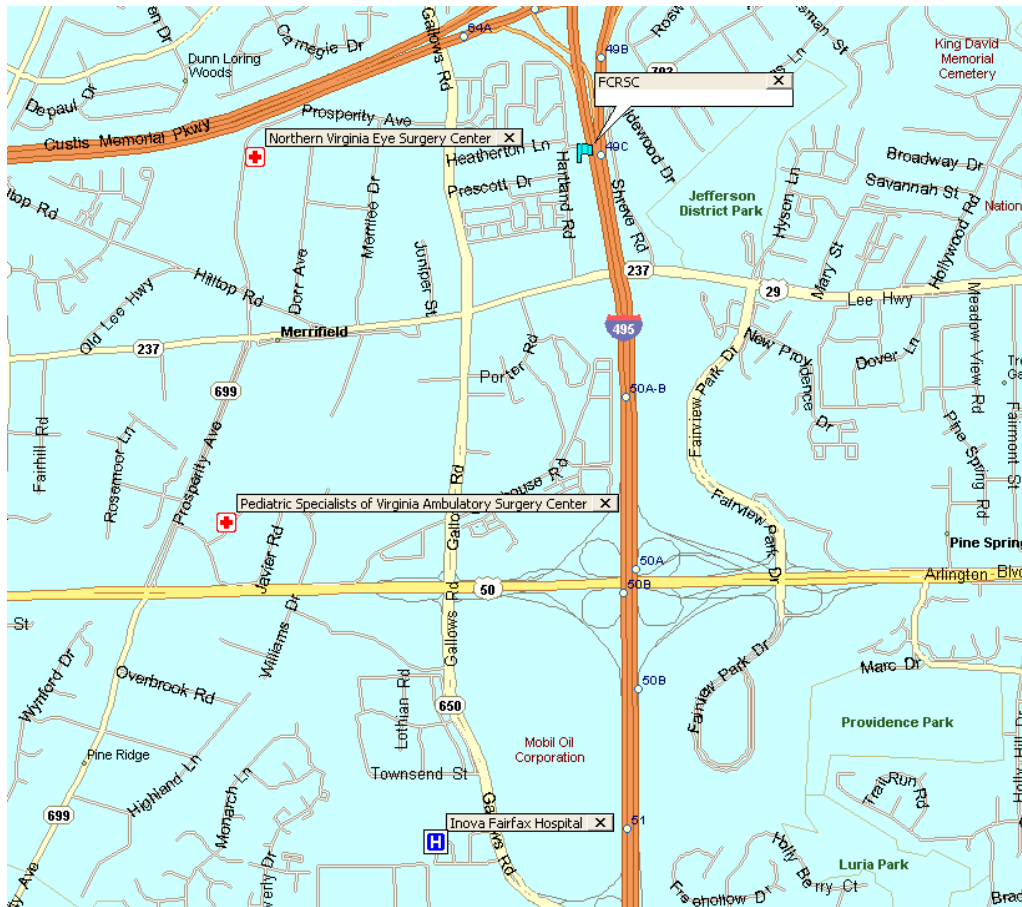
Figure 3. Map of Existing Surgical Providers in PD 8



Source: 2024 VHI

Figure 4 below shows a zoomed-in version of the PD 8 existing OR map to better show what existing facilities are around the proposed site. Table 8, however, shows that one facility is restricted only to ophthalmology, one facility serves pediatric patients, and the third facility is an inpatient hospital. Because of this, DCOPN determines that the proposed project would have little impact on providers in the immediate vicinity.

Figure 4. Map of Existing Surgical Providers in PD 8 (Enhanced)



Source: 2024 VHI

Table 8: GPOR Counts of Nearby Facilities

Facility Name	Number of GPORs	Restricted Use?
Northern Virginia Eye Surgery Center	2	Yes, ophthalmology
Pediatric Specialists of Virginia ASC	2	No
Inova Fairfax Hospital	47	No

Source: DCOPN Inventory

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.

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

Table 9. Inpatient and Outpatient GPOR Visits in PD8: 2020-2024

Year	Total Inpatient & Outpatient GPOR Visits
2020	129,387
2021	153,869
2022	156,671
2023	164,875
2024	174,693
Total Visits	779,495

Source: VHI (2020-2024)

Table 10. Population of PD 8, 2020- 2024

Year	Population
2020	2,550,377
2021	2,578,238
2022	2,606,100
2023	2,633,961
2024	2,661,822
Total	13,030,498
2031	2,828,990

Source: Weldon Cooper Center for Public Service, Demographics Research Group, www.demographics.coopercenter.org, 2025.

ORV	÷	POP	=	CSUR
Total PD 8 GPOR Visits 2020 to 2024		PD 8 Historical Population 2020 to 2024		Calculated GPOR Use Rate 2020 to 2024
779,495		13,030,498		0.05982

CSUR	X	PROPOP	=	PORV
Calculated GPOR Use Rate 2020 to 2024		PD 8 Projected Population 2031		Projected GPOR Visits 2031
0.05982		2,828,990		169,232

AHORV is the average number of hours per operating room visit in the PD for the most recent year for which average hours per operating room visit have been calculated using information collected by the Virginia Department of Health.

AHORV = 328,967 total inpatient and outpatient operating room hours reported to VHI in 2024 (Table 2), divided by 174,693 total inpatient and outpatient operating room visits reported to VHI for that same year equals 1.883.

The calculation of the GPOR need for PD 8 is:

$$\text{FOR} = \frac{((779,495 / 13,030,498) \times (2,828,990)) \times 1.874}{1600}$$

$$\text{FOR} = 317,168 / 1600$$

FOR = 198.2 (199) General Purpose Operating Rooms Needed in PD 8 in 2030

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. As shown above in Table 3, there are 211 authorized GPORs in PD 8 as of the time of this report, yielding a **surplus of 12 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.

Not applicable. This project does not involve a relocation of services.

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.

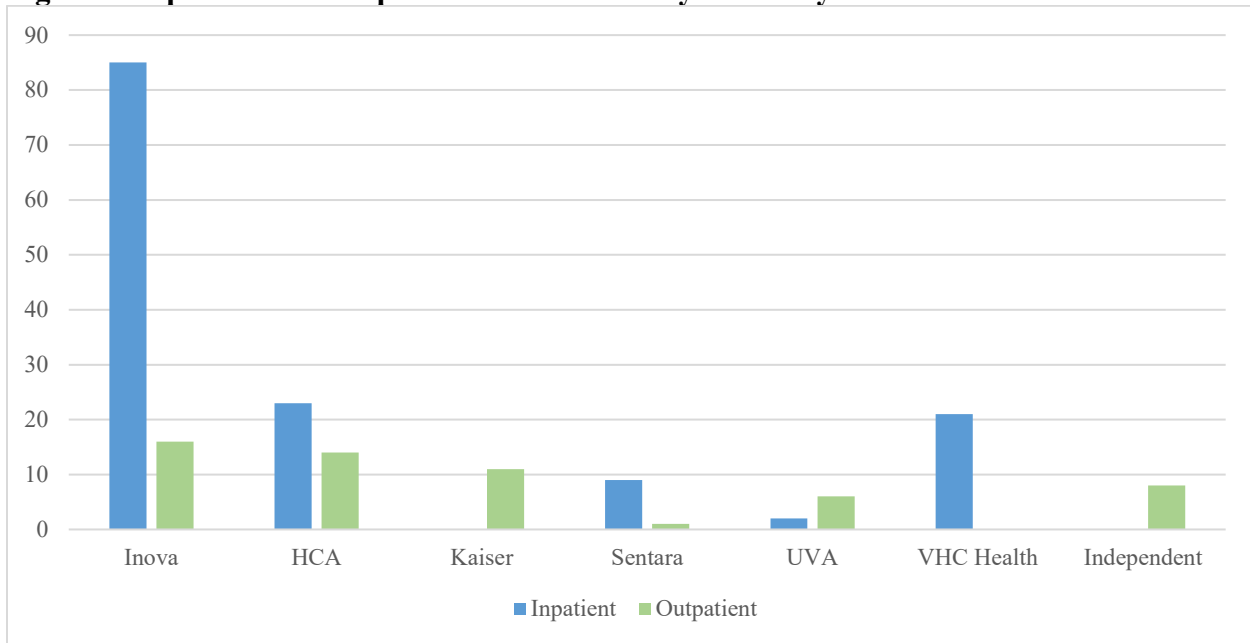
Required Considerations Continued

- 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.**

According to the 2024 VHI data, Inova Health Systems had the highest proportion of both inpatient and outpatient GPORs in PD 8. In total, it operated or partnered with 60.7% of inpatient ORs and 28.6% of outpatient ORs (51.5% of all ORs in the PD) (**Figure 5**). This is nearly three times as many ORs as the next largest provider, HCA.

Should this project be approved, it would foster beneficial competition by adding another provider of surgical services that is independent from the major health systems in the area. Currently there are only eight GPORs that are operated by independent entities, with some of those ORs carrying restrictions to only provide highly specialized surgical services.

Figure 5: Inpatient and Outpatient PD 8 GPORs by Health System⁶



Source: 2024 VHI

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.

While there are several surgical providers in PD 8, none of them have specific restrictions to provide colorectal and/or anorectal surgical services only. FCRSC is already one of the top providers of colorectal and anorectal surgical services with providers performing procedures either in area acute care hospitals or in procedure rooms within existing FCRSC locations. Of the other main providers of colorectal and anorectal surgical services in PD 8, all are located within acute care hospitals, and all are well utilized (**Table 11**).⁷ Again, since none of the ORs are restricted, there is no dedicated OR space just for colorectal and anorectal procedures, meaning that patients in need of these services face long wait times as the ORs, especially in acute care hospitals, are being used for priority, emergency, cases.

Table 11: Providers of Colorectal & Anorectal Surgical Services in PD 8

Facility	# of ORs	2024 Utilization
Inova Fairfax Hospital	47	118%
UVA Health- Haymarket	1	201.2%
Virginia Hospital Center	21	84.7%

Source: 2024 VHI

⁶ All GPORS approved since the 2024 VHI report as well as Open Heart and Trauma ORs are excluded from this table.

⁷ Note that this is not an exhaustive list of colorectal and anorectal surgical providers in PD 8 as many procedures are performed in non-COPN regulated procedure rooms.

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

Capital costs of the proposed project are reasonable with the pro forma (**Table 12**) projecting positive income of over \$650,000 in its first year of operation and \$780,000 in its second year of operation.

For staffing, the proposal only requires two Full-Time Equivalent (FTE) staff members; one registered nurse and one processing technician/licensed practical nurse. FCRSC already has a robust network of doctors who perform surgeries and procedures at their other locations or at local hospitals and have committed to providing services at the proposed location. DCOPN does not anticipate that the applicant’s staffing needs will impact area providers.

Table 12. FCRSC Pro Forma		
	Year 1	Year 2
Gross Revenue	\$3,005,600	\$3,155,880
Charity Care	\$57,800	\$60,690
Bad Debts/Adjustments	\$115,600	\$121,380
Net Revenue	\$2,832,200	\$2,972,810
Expenses	\$2,174,005	\$2,190,660
Income	\$658,195	\$783,150
Source: COPN Request No. VA-8833		

7. The extent to which the project provides improvements 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.**

This project would not provide improvements or innovations in the financing and delivery of health services as demonstrated by the introduction of new technology that promotes quality of cost effectiveness, nor improvements in the potential for the provision of health care services on an outpatient basis. Regarding the provision of health care services on an outpatient basis, the proposed site is an OSH and will provide services more quickly and at a lower cost than inpatient acute care hospitals. The proposed project will also allow current patients of FCRSC with Medicare, Medicaid and Tricare to have access to surgical services that they could not otherwise receive at the other non-COPN regulated locations.⁸

⁸ The applicant explained that barriers to accepting Medicare, Medicaid and Tricare are centered around difficulties that independent surgeons face reserving block time at acute care hospitals.

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

Fairfax Colon & Rectal Surgery Center (FCRSC) proposes to establish a 2-OR outpatient surgical hospital restricted to colorectal and anorectal procedures. The proposed site is located at 2710 Prosperity Avenue, Suite 200 in Fairfax, Virginia in an existing medical building where the applicant has leased the first floor for the surgery center, and the second floor for FCRSC medical offices. Though there is a projected surplus of 12 ORs in PD 8, the applicant is a well-established provider of colorectal and anorectal procedures, having averaged 4,200 procedures annually. Additionally, the residents of PD 8 seeking colorectal or anorectal surgical services would benefit from being able to access these services in less time and for a lower cost than an inpatient setting. The project will also be subject to a restriction of providing colorectal and anorectal surgical services only. This limits the scope so the applicant will only be providing specialized surgical services without having a large overall impact on other providers in PD 8.

Besides the calculated surplus of operating rooms in PD 8, the proposal is generally consistent with applicable standards and criteria of the State Medical Facilities Plan and the 8 Required Considerations of the Code of Virginia. Projected capital costs of the project are reasonable, and the project would increase competition and expand colorectal and anorectal surgical service options for residents of PD 8.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Fairfax Colon & Rectal Surgery Center's Certificate of Public Need request to establish a 2-OR outpatient surgical hospital (OSH).

1. Besides the calculated surplus of operating rooms in PD 8 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 establishment of the OSH is more beneficial than the status quo.

3. Establishing a specialized colorectal and anorectal ambulatory surgical center will allow specialized services to be performed at a lower cost than in an inpatient care setting.
4. The proposed project is unlikely to have a significant negative impact on the utilization, costs, or charges of other providers of surgical services in PD 8.
5. The capital cost of the proposed project is reasonable and appears financially viable in the short- and long-term.
6. The project is limited to colorectal and anorectal procedures only.
7. HSANV has recommended approval of the project.

DCOPN's recommendation is contingent upon Fairfax Colon & Rectal Surgery Center's agreement to the following charity care condition:

Fairfax Colon & Rectal Surgery Center must provide 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 patients free surgical services or rate reductions in surgical services and facilitate the development and operation of primary care services to underserved persons in an aggregate amount equal to at least 2.2% of Fairfax Colon & Rectal Surgery Center's gross patient services 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 appropriately certified financial statements documenting compliance with the preceding requirement.