



COMMONWEALTH of VIRGINIA

Department of Health
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May 8, 2026

By Email

Elizabeth Breen, Esquire
Hunton Andrews Kurth
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219

**RE: Certificate of Public Need (COPN) Request Number VA-8835
Franconia-Springfield Surgery Center II, LLC
Alexandria, Virginia
Planning District (PD) 8
Health Planning Region (HPR) II
Establishment of an outpatient surgical hospital with four operating rooms**

Dear Ms. Breen:

In accordance with Article 1.1 of Chapter 4 of Title 32.1 (§ 32.1-102.1 *et seq.*) of the Code of Virginia (the "COPN Law"), I have reviewed the application captioned above. As required by Subsection B of Virginia Code § 32.1-102.3, I have considered all matters listed therein in making a determination of public need under the COPN law.

I have reviewed and adopted the enclosed findings, conclusions and recommended decision of the adjudication officer that convened an informal fact-finding conference on the application in accordance with the Virginia Administrative Process Act, Virginia Code § 2.2-4000 *et seq.*

Based on my review of the application and on the recommended decision of the adjudication officer, I am approving the application, with a condition addressing charity care. I find that this project – the Surgery Center project – would meet a public need.

The reasons for my decision include the following:

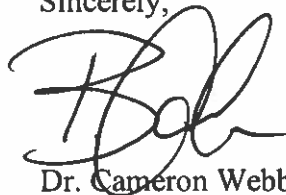
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- (i) The Surgery Center project is consistent with the State Medical Facilities Plan (SMFP), is in harmony or in general agreement with the SMFP or with the public policies, interests and purposes to which the SMFP and the COPN Law are administered;
- (ii) The board of directors of the Health Systems Agency of Northern Virginia (HSANV), following preparation of a detailed staff report, recommends approval of the Surgical Center project;
- (iii) The project is inventory neutral and would accomplish the establishment of an outpatient surgical hospital that will be operated as a cost saving Medicare-certified ambulatory surgery center (ASC) through relocation of existing, approved ORs at Inova facilities;
- (iv) The project would allow a shift of surgical cases from the higher-cost inpatient hospital setting to the lower-cost Medicare-certified ASC setting, improving financial access to surgical services, as well as geographic access in Alexandria to those services;
- (v) There is no known opposition to the project;
- (vi) The total costs of the project are reasonable and the project is financially feasible in the short and long-term; and
- (vii) No reasonable alternative exists that would serve the purpose of meeting a public need, or that has significance for improving the provision of contemporary outpatient surgical services and addressing high surgical utilization at Inova Mount Vernon Hospital.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Webb', written in a cursive style.

Dr. Cameron Webb
State Health Commissioner

Elizabeth Breen, Esquire

May 8, 2026

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Encl.:

cc:

David C. Rose, MD, MBA, FAAP, Director, Alexandria Health District
Dean Montgomery, Executive Director, Health Systems Agency of Northern Virginia
Deborah K. Waite, Virginia Health Information, Inc.
Allyson Tysinger, Esq., Senior Assistant Attorney General
Douglas R. Harris, JD, Adjudication Officer
Antwon Jacobs, Supervisor, Division of Certificate of Public Need

**Recommended Case Decision:
Certificate of Public Need (COPN)
Request Number VA-8835
Franconia-Springfield Surgery Center II, LLC
Alexandria, Virginia
Planning District (PD) 8
Health Planning Region (HPR) II
Establishment of an outpatient surgical hospital
With four operating rooms**

This is a recommended decision submitted to the State Health Commissioner (the “Commissioner”) for his consideration and adoption. This recommended decision follows the convening of an informal fact-finding conference (IFFC)¹ conducted in accordance with the Virginia Administrative Process Act (VAPA),² and a full review of the administrative record.

Authority

Article 1 of Chapter 4 of Title 32.1 (§ 32.1-102.1 *et seq.*) of the Virginia Code (“COPN Law”) addresses medical care facilities and provides that “[n]o person shall undertake a project described in [this Article] or regulations of the [State] Board [of Health] at or on behalf of a medical care facility . . . without first obtaining a certificate [of public need] from the Commissioner.”³

The endeavor proposed in the above-referenced application involves a reviewable resource at its core and falls within the statutory definition of “project” contained in the COPN Law, and, thereby, requires a certificate of public need (COPN, or “Certificate”) to be issued to the applicant before the endeavor, or project, may be undertaken.⁴

Factual Background

1. Franconia-Springfield Surgery Center II, LLC, is a Virginia limited liability company that is wholly owned by Inova Health Care Services (“Inova”), a Virginia non-

¹ The IFFC was convened by the undersigned and held on January 21, 2026. The applicant appeared through officers and witnesses, who were sworn beforehand, and appeared by counsel. The administrative record includes a certified transcript of this IFFC. The applicant submitted filings and briefings according to an agreed-upon schedule following the IFFC and before the close of the record.

² Va. Code § 2.2-400

³ Va. Code § 32.1-102.1:2 (A).

⁴ Va. Code § 32.1-102.1.

stock, not-for-profit corporation. Inova, in turn, is wholly owned by Inova Health System Foundation, d/b/a Inova Health Systems.

2. In the application, Inova proposes to establish an outpatient surgical hospital (OSH) with four operating rooms (ORs) on the campus of Inova Springfield HealthPlex, a major new replacement medical center slated to open in 2028 in Alexandria. This project (the "Surgery Center project"), Inova states, would be configured specifically to accommodate ambulatory musculoskeletal cases, such as joint replacements, sports medicine injuries, and spine cases. Inova intends the project to provide low-cost musculoskeletal surgery, specifically surgical procedures provided in the lower cost, highly-effective Medicare-certified ambulatory surgical center (ASC) setting. The project would not add to the inventory of ORs in PD 8 since it entails the relocation of existing and approved ORs – two ORs currently at Inova Mount Vernon Hospital (IMVH) and two ORs currently at the Inova Ambulatory Surgery Center in Lorton, *i.e.*, from within the Inova health system. It is inventory neutral.

3. Capital costs for the project total \$43,040,598. The project would be funded through accumulated system reserves, thereby avoiding financing costs.

Summary of the DCOPN Staff Report

In a staff report dated November, 19, 2025, prepared by the Department of Health's Division of Certificate of Public Need (DCOPN) on the Surgery Center project (the "DCOPN staff report"), that division recommends that the Commissioner partially approve the project. Specifically, the program recommends (i) approval of the component of the project that would relocate two ORs from the Inova Ambulatory Surgery Center in Lorton to the proposed Surgery Center facility, and (ii) denial of the component that would relocate two ORs from IMVH to the proposed facility. DCOPN believes the second component is generally inconsistent with the State Medical Facilities Plan and the COPN Law.

By reference, the general text of the DCOPN staff report containing facts, data, and analytical conclusions, to the extent they comport with the recommended decision made herein, is incorporated into this recommended decision hereby for the purpose of establishing and corroborating basic facts and conclusions that assist in constituting the evidentiary basis on which the recommended decision made below is based.

Analysis and Conclusions Relating to the Proposed Project

Salient analysis and conclusions regarding the Surgery Center project and relating directly to the eight considerations of public need contained in the COPN Law (the "statutory considerations"⁵ appearing in bold type, below), are set forth in relation to each statutory consideration set forth.

⁵ See Subsection B of Virginia Code § 32.1-102.3.

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

Virginia's PD 8, coterminous with HPR II, has a total of 196 general purpose operating ORs to provide access to surgical services for people in the area, and beyond. During review, DCOPN deployed the State Medical Facilities Plan's computational methodology for predicting the number of ORs needed in PD 8 five years hence.⁶ That predictor indicates a PD 8 will have a surplus of 10 ORs in 2030.⁷ Approval of the Surgery Center project would not add to that surplus because it would relocate existing surgical resources.

The Surgery Center project, as proposed, would improve geographic and financial access to surgical services by providing a setting for the operationalization of an OSH that would also be a lower-cost, Medicare-certified ASC. The project would improve access to surgical services at IMVH, specifically, by shifting ambulatory surgery cases to the Surgery Center, thereby decanting the high current utilization and case load of the inpatient ORs at that hospital.⁸

The Surgery Center project would not decrease access to surgical services for any particular community in Alexandria; the evidence amply demonstrates that any concern to the contrary is unfounded.⁹

Inova is experienced in relocating resources among its various facilities; it states that the "shift of time intensive orthopedic surgeries from IMVH to the proposed Surgery Center . . . will decompress utilization of IMVH's remaining [five] general purpose ORs, thereby improving access to surgical services at IMVH."¹⁰ The project would clearly enhance access.

The Commissioner may reasonably find a sufficient basis to conclude that the Surgery Center project would promote access to vital surgical services consistent with this statutory consideration.

2. The extent to which the proposed project will meet the needs of people in the area to be served, as demonstrated by each of the following: (i) the level of community support for the proposed project demonstrated by people, businesses, and governmental leaders representing the area to be served; (ii) the availability of reasonable alternatives to the proposed project that would meet the needs of people in the area to be served in a less costly, more efficient, or more effective manner; (iii)

⁶ 12 VAC 5-230-500(A).

⁷ Exclusive of certain specifically-dedicated ORs. *See* DCOPN Staff Report at 3, 15-18.

⁸ Inova Mount Vernon Hospital would retain five ORs if two are relocated to the Surgery Center.

⁹ *See, e.g.*, Transcript at 95-101 (Montgomery).

¹⁰ Inova Closing Submission at 24.

any recommendation or report of the regional health planning agency regarding an application for a certificate [*i.e.*, Certificate] that is required to be submitted to the Commissioner pursuant to subsection B of § 32.1-102.6; (iv) any costs and benefits of the proposed project; (v) the financial accessibility of the proposed project to people in the area to be served, including indigent people; and (vi) at the discretion of the Commissioner, any other factors as may be relevant to the determination of public need for a proposed project.

Public support for the Surgery Center project exists, as evinced by several letters received by DCOPN. There is no known opposition to the project.

DCOPN suggests that maintaining the status quo would be reasonable, but there is no known, reasonable alternative to the project that offers the opportunity to bring the systemic improvements planned by Inova and promised by the envisioned OSH. Only the Surgery Center project, as proposed to relocate four ORs from the identified source facilities, would address the strain of high inpatient surgical utilization currently experienced at IMVH and offer an opportunity to operationalize the latest technology and surgical practice that promises to bring down costs for various musculoskeletal surgeries now considered appropriate for being performed in an OSH that qualifies as an ASC.

The Health Systems Agency of Northern Virginia (HSANV) is a regional health planning agency that serves HPR II, which is coterminous with PD 8. Staff of the HSANV prepared a detailed report and recommendation that the Surgery Center project, as proposed, be approved. On September 15, 2025, the board of directors of HSANV¹¹ voted unanimously to recommend approval of the Surgery Center project for the following reasons:

- (i) The proposal, which entails the reconfiguration of Inova Health System licensed surgery capacity in southeastern Fairfax County, Virginia, is inventory neutral;
- (ii) Though it would establish a new medical care facility, the project would not increase the number of ORs in Inova Fairfax Hospital or the planning region;
- (iii) The relocation in surgery capacity at IMVH and the closure of Inova's Lorton surgery center, to offset the construction of a new outpatient surgery facility in Springfield, should not reduce access to surgical care;
- (iv) The project should permit Inova Health System to manage its surgery services more efficiently; and

¹¹ Formerly, five regional health planning agencies (HPAs) together covered Virginia and assisted the Commissioner by making recommendations on projects proposed within their borders. Only HPR II (PD 8, northern Virginia) currently has a constituted HPA, *viz.*, the Health Systems Agency of Northern Virginia (HSANV).

(v) The project is consistent with applicable provisions of the State Medical Facilities Plan.¹²

Capital costs for the Surgery Center project, totaling just over \$43 million, carry no debt service costs, and are outweighed by the several benefits the project promises, discussed elsewhere herein. Neither HSANV nor DCOPN raised any concern about the project's costs.

The project would be financially accessible to Inova patients seeking ambulatory surgical care. Inova is the dominant provider of charity care in PD 8.¹³

3. The extent to which the proposed project is consistent with the State Health Services Plan [i.e., *de facto*, the State Medical Facilities Plan (SMFP)].¹⁴

The COPN law requires that “[a]ny decision to issue . . . a [COPN] shall be consistent with the most recent applicable provisions of the [SMFP]”¹⁵ The SMFP, contained in the Virginia Administrative Code (VAC), includes provisions applicable to projects proposing the addition of acute care hospital beds, such as the OSH that Inova seeks.

The most operative provision of the SMFP in the consideration of projects proposing ORs new to the inventory is the computational methodology for determining the overall need for ORs in a PD.¹⁶ PD 8 currently has a total of 196 general purpose operating rooms. When DCOPN deployed this methodology during review, it found that PD 8 will have a surplus of 10 ORs in 2030.¹⁷ HSANV, deploying the methodology, found a “likely surplus of about” 14 ORs – reflecting a surplus of just over seven percent.¹⁸ Since the Surgery Center project would relocate existing, approved ORs and does not involve adding new ORs to the PD 8 inventory, this methodology is not directly applicable to the project; however, deploying the methodology is a fundamental, initial step in gaining an overall understanding of an area's public need for services when reviewing an application for a COPN authorizing ORs.

The Surgery Center project is consistent with the SMFP's travel time standard,¹⁹ and is fully consistent with the SMFP's three-part OR relocation standard by offering

¹² See Inova Closing Submission at 16-17, FN 60.

¹³ DCOPN Staff Report at 714 (Table 9).

¹⁴ 12 Virginia Administrative Code (VAC) 5-230-10 *et seq.* While Senate Bill 764 (Acts of Assembly, c. 1271, 2020) calls for promulgation and adoption of a State Health Services Plan (SHSP) to replace the SMFP, the process for developing the SHSP has not been completed. Therefore, the SMFP remains in effect as regulatory guidance in reviewing applications for a COPN.

¹⁵ Va. Code § 32.1-102.3 (B).

¹⁶ 12 VAC 5-230-500(A).

¹⁷ DCOPN Staff Report at 3, 15-18.

¹⁸ HSANV Staff Report at 6.

¹⁹ 12 VAC 5-230-490.

(i) improvement in distribution of surgical services, (ii) promising lower costs, and (iii) optimizing the number of procedures performed in an outpatient setting.²⁰

I conclude that sufficient evidence weighs in favor of and substantiate a determination that the Surgery Center project is consistent with the SMFP, or in harmony or in general agreement with the SMFP or with the public policies, interests and purposes to which the SMFP and the COPN Law are dedicated.²¹

Virginia courts have long recognized that the Commissioner has specialized competence in making determinations of public need. In this case, I believe the Commissioner may readily demonstrate such competence and exercise any discretion necessary in finding that the Surgery Center project, as proposed to include four ORs, is consistent with the SMFP.

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.

The Surgery Center project would not add ORs to the inventory of PD 8; the project is inventory neutral and poses little capacity to foster institutional competition. Notably, the project is unopposed by any competing health care provider in PD 8, including any provider of surgical services. It will not harm competition in PD 8.

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.

Inova is an established, experienced health care system. The project stands to substantially improve access to needed ambulatory surgical services, and no reasonable alternative has the potential to accomplish that goal. HSANV, with its intimate, long-standing knowledge of health care resources and systems in PD 8, recommends approval based largely on opportunities to address and rationalize utilization of existing and planned resources through relocation of ORs and specific dedication of the resulting OSH.

The Surgery Center project would bear an entirely appropriate and complimentary relationship to the existing health care system of the area to be served.

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 Surgery Center project is financially and practically feasible. The total capital costs of the project are reasonable, and the project stands to bring financial benefit to

²⁰ 12 VAC 5-230-500(B).

²¹ See *Roanoke Mem. Hosp. v. Kenley*, 3 Va. App. 599, 352 S.E.2d 525 (1987).

Inova. Inova states that it does not anticipate substantial challenges to efforts to operationalize the project with necessary human resources.

The cost of capital, as that matter is conventionally understood and may be pertinent under this statutory consideration, is not an identified or apparent issue in the review of the project.

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.

The Surgery Center project is specifically designed and configured for performing musculoskeletal surgeries, including joint replacements, sports injury medicine, and spine surgeries.

The project reflects intention to promote and deploy the latest improvements and innovations in ambulatory musculoskeletal, or orthopedic, surgeries, in the low-cost, in accordance with the latest requirements relating to the Medicare-certified ASC setting.

The component of the project that involves the relocation of two ORs from Inova Mount Vernon Hospital to the proposed OSH – the only component of the Surgery Center project opposed by DCOPN, should be recognized for what it would allow: The rationalization of resources, with the most obvious benefit of an ASC dedicated to meeting a particularly-defined and existing public need, and providing access to those services.

Like few applications seeking a COPN, the Surgery Center project reflects an identifiable cooperative effort and plan among Inova hospitals and facilities to carry out an intention to meet regional needs, in accordance with the third item under this statutory consideration.

Significantly, and as reflected in the administrative record, approval of the Surgery Center project, as proposed, would facilitate the shift of appropriate orthopedic surgical volume from an existing inpatient setting to the lower cost, Medicare-certified outpatient setting.

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.

Not applicable, without prejudice to the applicant.

Conclusion and Recommendation

In deployment of all eight statutory considerations and upon review of the administrative record compiled in relation to the Surgery Center project, I conclude that the evidence amply supports the conclusion that the project would meet a public need. The project merits approval. I recommend that the project be approved by issuance of a Certificate, with a routinely-devised condition to ensure charity care.

Specific reasons supporting this recommendation include:

- (i) The Surgery Center project is consistent with the SMFP, is in harmony or in general agreement with the SMFP or with the public policies, interests and purposes to which the SMFP and the COPN Law are administered;
- (ii) Both the executive director and the board of directors of HSANV recommend approval of the Surgical Center project;
- (iii) The project is inventory neutral and would accomplish the establishment of an OSH that will be operated as a cost saving Medicare-certified ASC through relocation of existing, approved ORs at Inova facilities;
- (iv) The project would allow a shift of surgical cases from the higher-cost inpatient hospital setting to the lower-cost Medicare-certified ASC setting, improving financial access to surgical services, as well as geographic access in Arlington to those services;
- (v) There is no known opposition to the project;
- (vi) The total costs of the project are reasonable and the project is financially feasible in the short and long-term; and
- (vii) No reasonable alternative exists that would serve the purpose of meeting a public need, or that has significance for improving the provision of outpatient surgical services and addressing high surgical utilization at IMVH.

Respectfully submitted,



April 23, 2026

Douglas R. Harris, JD
Adjudication Officer

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HEALTH
MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

THIS CERTIFIES THAT Franconia Springfield Surgery Center II, LLC is authorized to initiate the proposal as described below.

NAME OF FACILITY: Franconia Springfield Surgery Center II

LOCATION: 7000 Beulah Street, Level 2, Alexandria, Virginia 22315

OWNERSHIP AND CONTROL: Franconia Springfield Surgery Center II, LLC

SCOPE OF PROJECT: Establish an Outpatient Surgical Hospital with Four General Purpose Operating Rooms through relocation (two operating rooms relocated from Inova Ambulatory Surgery Center-Lorton and two relocated from Inova Mount Vernon Hospital). Capital costs authorized for this project total \$43,040,598. The project is expected to be completed by April 2028. This certificate is issued with the condition that appears on its reverse.



Pursuant to Chapter 4, Article 1:1 of Title 32.1, Sections 32.1-102.1 through 32.1-102.12 of the Code of Virginia (1950), as amended and the policies and procedures promulgated thereunder, this Medical Care Facilities Certificate of Public Need is issued contingent upon substantial and continuing progress towards implementation of the proposal within twelve (12) months from the date of issuance. A progress report shall be submitted to the State Health Commissioner within twelve (12) months from the date of issuance along with adequate assurance of completion within a reasonable time period. The Commissioner reserves the right not to renew this Certificate in the event the applicant fails to fulfill these conditions. This Certificate is non-transferable and is limited to the location, ownership, control and scope of the project shown herein.

Certificate Number: VA-04960

Date of Issuance: May 8, 2026

Expiration Date: May 7, 2027

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Dr. Cameron Webb, State Health Commissioner

This project shall be subject to the 4.1% system-wide charity care condition applicable to Inova Health Care Services, as reflected in COPN No. VA-04381 (Inova Health Care Services systemwide condition). Provided, however, that charity care provided under the Inova Health Care Services system-wide condition shall be 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. Inova Health Care Services 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. In addition to any right to petition the Commissioner contained in the Inova Health Care Services' system-wide condition, to the extent Inova Health Care Services expects its system-wide condition 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. or any revised percentage to materially alter the value of its charity care commitment thereunder, it may petition the Commissioner for a modification to the Inova Health Care Services system-wide condition to resolve the expected discrepancy.