

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

April 21, 2025

COPN Request No. VA-8803

Inova Health Care Services

Falls Church, Virginia

Add 48 medical-surgical beds

Applicant

Inova Health Care Services is a 501 (c)(3) Virginia nonstock corporation. The sole member of Inova Health Care Services is the Inova Health System Foundation, also a 501 (c)(3) Virginia nonstock corporation. Inova Fairfax Hospital (“IFH”) is a facility in Falls Church, Planning District (PD) 8, Health Planning Region (HPR) II.

Background

The Division of Certificate of Public Need (DCOPN) notes that nearly all acute care hospital beds in Virginia can be classified as “medical-surgical” beds, with the exception of psychiatric, substance abuse treatment, and rehabilitation beds. As long as the total licensed bed complement is not exceeded, hospitals may configure and use medical-surgical beds, as circumstances require. For this reason, DCOPN has included obstetric (OB), pediatric, and intensive care unit (ICU) beds in the total count of licensed medical-surgical beds (Table 1). According to DCOPN records, and as demonstrated by Table 1 below, the medical- surgical bed inventory of PD 8 consists of 2,676 beds.

Table 1. PD 8 Licensed General Hospital Beds

Facility	Total Licensed Beds	Medical-Surgical Beds
Inova Alexandria Hospital	302	302
Inova Fair Oaks Hospital	174	174
Inova Fairfax Medical Campus	948	847
Inova Loudoun Hospital	211	161
Inova Mount Vernon Hospital	237	140
Reston Hospital Center	231	213
Sentara Northern Virginia Medical Center	183	183
StoneSprings Hospital Center	124	107
UVA Health Haymarket Medical Center	60	60
UVA Health Prince William Medical Center	130	98
Virginia Hospital Center	394	334
Total	2,994	2,619

Source: DCOPN records

Proposed Project

The applicant proposes to expand IFH's adult inpatient medical-surgical bed capacity by adding 48 medical-surgical beds. The addition of 24 of the 48 medical-surgical beds will be accomplished by demolishing the former administrative offices on the 2nd floor of the north patient tower and fitting out a 24-bed unit in that location. The addition of the remaining 24 medical-surgical beds will be accomplished by converting a 24-bed observation unit on the 6th floor of the north patient tower.

The projected capital costs for the proposed project total \$32,944,386, of which 52% represents direct construction costs (Table 2). The applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project.

Table 2. Projected Capital Costs

Direct Construction Costs	\$17,142,896
Equipment Not Included in Construction Contract	\$11,571,557
Architectural and Engineering Fees	\$4,229,933
Total Capital Costs	\$32,944,386

Source: COPN Request No. VA-8803

Construction for the proposed project is expected to begin in July 2025 and is to be completed in October 2026. The applicant anticipates an opening date in December 2026.

Project Definition

§32.1-102.1:3 of the Code of Virginia defines a project, in part, as “[a]n increase in the total number of beds...in an existing medical care facility described in subsection A” §32.1-123 defines a medical care facility as “[a]ny 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 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;**

Geographically, IFH is readily accessible, located a quarter mile west of the Capital Beltway (Interstate 495) at 3300 Gallows Road, Falls Church, Virginia. It is accessible from the north and south via Interstates 495 and 95 and from the east and west via Route 50 and Interstate 66. Public bus transportation is available at the main entrance of the hospital and Metro-rail with shuttle service is available within three miles at the Dunn Loring Metro station.

PD 8 is a large and fast-growing area of Virginia, estimated to grow to 2.8 million people, adding nearly 280,000 people between 2020 and 2030. This projected growth rate of 10.9% for PD 8 in the current decade is nearly twice the 5.8% growth rate projected for Virginia (Table 3). The

population over age 65 is projected to grow faster than the overall population, about 32%, in PD 8 during the same decade, compared with 26.3% across Virginia (**Table 3**).

Table 3. 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 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%
Loudoun County	420,959	522,015	101,056	24.0%	41,497	65,844	24,347	58.7%
Prince William County	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	46.3%
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%
Virginia	8,631,393	9,129,002	497,609	5.8%	1,395,291	1,762,641	367,350	26.3%

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

Regarding socioeconomic barriers to access to the applicant's services, according to regional and statewide data regularly collected by VHI, for 2023, the most recent year for which such data is available, the average amount of charity care provided by HPR II facilities was 1.9% of all reported total gross patient revenues (**Table 4**). DCOPN notes that the applicant is part of the Inova Health System, and should the Commissioner approve the proposed project, it would be subject to the 3.9% system-wide charity care condition currently in place.

Table 4. HPR II Charity Care Contributions: 2023

HPR II	Gross Pt Rev	Total Charity Care Provided Below 200%	%
Encompass Health Rehab Hosp of Northern Virginia	\$ 47,006,703	\$1,815,624	3.9%
Sentara Northern Virginia Medical Center	\$ 1,045,324,552	\$36,160,381	3.5%
Inova Alexandria Hospital	\$ 1,429,207,087	\$37,429,423	2.6%
Inova Mount Vernon Hospital	\$ 763,866,669	\$18,931,409	2.5%
Inova Fairfax Hospital	\$ 6,178,801,539	\$147,787,884	2.4%
Inova Loudoun Hospital	\$ 1,401,069,976	\$30,988,208	2.2%
Virginia Hospital Center	\$ 2,186,532,064	\$46,172,024	2.1%
Inova Fair Oaks Hospital	\$ 1,066,144,047	\$22,481,850	2.1%
Dominion Hospital	\$ 186,176,170	\$2,045,071	1.1%
Reston Hospital Center	\$ 2,138,632,642	\$17,987,554	0.8%
StoneSprings Hospital Center	\$ 539,217,793	\$3,146,642	0.6%
North Spring Behavioral Healthcare	\$ 81,326,336	\$341,453	0.4%
UVA Health Prince William Medical Center	\$ 635,237,781	\$0	0.0%
UVA Health Haymarket Medical Center	\$ 367,868,585	\$0	0.0%
Total Inpatient Hospitals:			14
HPR II Inpatient Hospital Median			2.1%
HPR II Total Inpatient \$ & Mean %	\$ 18,066,411,944	\$ 65,287,523	2.0%

HealthQare Services ASC, LLC	\$ 12,393,083	\$933,007	7.5%
Stone Springs Ambulatory Surgery Center	\$ 42,421,176	\$774,214	1.8%
Northern Virginia Eye Surgery Center, LLC	\$ 16,978,280	\$45,760	0.3%
Lake Ridge Ambulatory Surgical Center	\$ 12,789,859	\$30,788	0.2%
Haymarket Surgery Center	\$ 62,445,476	\$88,885	0.1%
Reston Surgery Center	\$ 165,980,869	\$37,296	0.0%
Northern Virginia Surgery Center	\$ 63,630,227	\$13,450	0.0%
McLean Ambulatory Surgery Center	\$ 46,154,897	\$7,660	0.0%
Inova Loudoun Ambulatory Surgery Center	\$ 98,462,265	\$15,163	0.0%
Inova Surgery Center @ Franconia-Springfield	\$ 99,121,487	\$7,799	0.0%
Fairfax Surgical Center	\$ 170,498,365	\$2,356	0.0%
Prince William Ambulatory Surgery Center	\$ 58,808,176	\$0	0.0%
Kaiser Permanente Tysons Corner Surgery Center	\$ 48,527,291	\$0	0.0%
Kaiser Permanente Caton Hill Ambulatory Surgery Center	\$ 21,993,825	\$0	0.0%
Inova Ambulatory Surgery Center at Lorton	\$ 8,494,696	\$0	0.0%
Pediatric Specialists of Virginia Ambulatory Surgery Center	\$ 7,412,957	\$0	0.0%
Total Outpatient Hospitals:			16
HPR II Outpatient Hospital Median			0.0%
HPR II Total Outpatient Hospital \$ & Mean %	\$ 936,112,929	\$ 1,956,378	0.2%
Total Hospitals:			30
HPR II Hospital Median			1.2%
HPR II Total Hospital \$ & Mean %	\$ 19,002,524,873	\$ 367,243,901	1.9%

Source: VHI (2023)

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;

DCOPN received two letters in support of the proposed project, which addressed:

- IFH's medical-surgical beds operate at very high occupancy levels and during high volume days, patients often have delayed admissions from the ED or are placed in any available bed (i.e. a general medical patient placed on a specialty surgical unit), which is not ideal for patient care and is a patient and team member dissatisfier.
- As the population continues to age and grow, the demand for inpatient care will continue to increase, and therefore, the expansion of inpatient medical-surgical beds at IFH is necessary to ensure that all patients can have access to high quality, appropriate and accessible care.

DCOPN did not receive any letters in opposition to the proposed project.

Public Hearing

DCOPN provided notice to the public regarding these projects on February 10, 2025. The public comment period closed on March 27, 2025. On April 7, 2025, the Health Systems Agency of Northern Virginia (HSANV) held a public hearing for the project. IFH's project was presented

by Alicia Wiygul, Director, Strategy & Planning, Inova Health System, Patricia Schmehl, RN, Senior Vice President, COO of Inova Fairfax Hospital and Rishi Garg, MD, Chief Medical Officer of Inova Fairfax Hospital. There was no public comment regarding the project.

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

Neither the applicant nor DCOPN identified any reasonable alternatives to the proposed project, which would meet the needs of the population in a less costly, more efficient, or more effective manner. As will be discussed in more detail later in this staff analysis report, the applicant has shown an institutional need to add 48 medical-surgical beds. With a utilization rate of 81.88% in 2023 and 79.1% in 2022, the utilization data confirms that IFH's current capacity demonstrates an institutional need for expansion.

The applicant asserts:

Without additional adult inpatient medical surgical capacity, IFH's medical-surgical bed occupancy rate is projected to reach 98% by 2027. Having an occupancy rate significantly above the SMFP standard creates access issues and bottlenecks in hospital operations, namely lack of inpatient bed availability for emergency department ("ED") patients requiring admission and lack of "stepdown" bed capacity for patients who no longer requiring intensive care unit ("ICU") or intermediate level of care. Expansion of medical-surgical bed capacity through the addition of forty-eight (48) beds will address the existing capacity constraints and ensure adequate bed capacity is available to care for the IFH patient population as it continues to grow and age in place.

For these reasons, DCOPN concludes that the status quo is not a reasonable alternative to the proposed project and that the proposed project is the most cost-effective way to address the applicant's institutional need.

(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;

At its April 7, 2025 meeting, the HSANV, the organization in HPR II designated by the Virginia Department of Health to serve as the Health Planning Agency for PD 8, voted nine in favor, none opposed, to recommend approval of Inova Health Care Services COPN Request number VA-8803. The HSANV based its recommendation on its review of the application, on the HSANV staff report on the proposal, on the information presented at the April 7, 2025 public hearing and Board of Directors meeting, and on several basic findings and conclusions, including:

1. Recent inpatient service volumes at Inova Fairfax Hospital are the highest in the planning region, substantially above the planning standard of eighty percent.
2. There is no uncommitted or otherwise unused capacity within Inova Health System that can be reallocated to respond to increasing demand at Inova Fairfax Hospital.

3. IFH service volumes make a strong case for adding medical-surgical beds at the hospital as quickly as they can be developed.
4. Though there is unused capacity at several chronic low volume services, there is no indication that expansion of Inova Fairfax Hospital to meet an internal institution specific need would affect any other facility negatively.
5. The projected capital cost of the project is reasonable for the space to be renovated and for the number of beds developed.
6. The project qualifies for consideration to add capacity under Section 12VAC5-230-80, the institutional need provision, of the Virginia State Medical Facilities Plan.

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

As demonstrated by **Table 2**, the projected capital costs of the proposed project are \$32,994,386 or \$687,383 per bed, 52% of which represents direct construction costs. DCOPN concludes that these costs are high when compared with recently approved projects similar in scope. For example, COPN No. VA-04724 issued to Virginia Hospital Center – Arlington Health System to add 43 beds which cost \$18,554,791 or \$431,506 per bed.

The applicant identified numerous benefits of the proposed project, including:

- As the PD 8 population continues to grow and age in place, the demand for adult inpatient medical-surgical services will increase. Approval of forty-eight (48) additional medical surgical beds at IFH is necessary to add much needed inpatient capacity to support existing and future demand for adult inpatient medical-surgical services.
- IFH proposes to expand its adult inpatient medical-surgical bed capacity based on an institution-specific need for additional beds. In 2023, the most recent VHI submission year, IFH's 506 adult inpatient medical-surgical beds experienced average occupancy of 89%, which is well above the SMFP standard for medical-surgical bed occupancy of 80%.
- Without expansion of licensed medical-surgical beds, IFH expects its adult inpatient medical-surgical occupancy to reach 98% by 2027. Accordingly, IFH is proposing the addition of forty-eight (48) adult inpatient medical-surgical beds.
- The staffing requirements for this project are not anticipated to have an impact on the staffing of other facilities in the service area.

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

The Pro Forma Income Statement provided by the applicant anticipates the provision of charity care in the amount of 3.5% (**Table 5**), which is lower than the Inova Health Care Services system-wide condition of 3.9%. As previously discussed, should the Commissioner approve the proposed project, IFH should be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Heath System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016

(the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022.

Table 5. IFH Pro Forma Income Statement

	Year 1	Year 2
Total Gross Patient Revenue	\$174,181,000	\$109,360,000
Contractual Allowances	(\$100,805,000)	(\$63,282,000)
Charity Care	(\$6,230,000)	(\$3,923,000)
Bad Debt	(\$173,000)	(\$108,000)
Net Revenue	\$66,973,000	\$42,047,000
Total Expenses	\$62,633,000	\$41,459,000
Net Income	\$4,340,000	\$588,000

Source: COPN Request No. VA-8803

(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 the addition of inpatient beds. They are as follows:

Part VI
Inpatient Bed Requirements

12VAC5-230-520. Travel Time.

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

The heavy black line in **Figure 1** represents the boundary of PD 8. The blue “H”/white background symbol marks the location of the proposed project. The blue background “H” symbols mark the locations of all other existing inpatient bed services in PD 8. The light-yellow shaded area represents the area of PD 8 that is within 30 minutes’ drive time of existing inpatient bed services. Given the amount of shaded area, it is clear that inpatient bed services currently exist within a 30-minute drive for at least 95% of the population of PD 8. However, the applicant proposes to add medical-surgical beds at a location that already provides these services. Therefore, DCOPN concludes that approval of the proposed project would not improve geographic access to inpatient bed services for persons in PD 8 in any meaningful way.

Figure 1



12VAC5-230-530. Need for New Service.

A. No new inpatient beds should be approved in any health planning district unless:

- 1. The resulting number of beds for each bed category contained in this article does not exceed the number of beds to be needed for that health planning district for the fifth planning horizon year; and**
- 2. The average annual occupancy based on the number of beds in the health planning district for the relevant reporting period is:**
 - a. 80% at midnight census for medical-surgical and pediatric beds;**
 - b. 65% at midnight census for intensive care beds.**

B. For proposals to convert under-utilized beds that require a capital expenditure of \$15 million or more, consideration may be given to such proposals if:

- 1. There is a projected need in the applicable category of inpatient beds; and**
- 2. The applicant can demonstrate that the average annual occupancy of the converted beds would meet the utilization standard for the applicable bed category by the first year of operation.**

For purposes of this part, “utilization” means less than 80% average annual occupancy for medical-surgical or pediatric beds, when the relocation involves such beds and less than 65% average annual occupancy for intensive care beds when the relocation involves such beds.

C. The capital expenditure threshold referenced in subsection B of this section shall be adjusted annually using the percentage increase listed in the Consumer Price Index for All Urban Consumers (CPI-U) for the most recent year as follows:

$$A \times (1 + B)$$

Where:

A = the capital expenditure threshold amount for the previous year; and

B = the percent increase for the expense category “Medical Care” listed in the most recent year available of the CPI-U of the U.S. Bureau of Labor Statistics.

With regard to the addition of 48 new beds to the PD 8 inventory, according to VHI data for 2023, the most recent year for which such data is available, and as demonstrated by Table 6 below, the medical-surgical bed inventory of PD 8 consisted of 2,676 medical-surgical beds that operated at a collective occupancy of 67.1%. Finally, the calculation below demonstrates that there is a projected surplus of 294 medical-surgical beds in PD 8 for the five-year planning horizon.

Table 6. Medical-Surgical Bed Inventory and Utilization¹ in PD 8: 2023

Facility	Licensed Beds	Staffed Beds	Available Days	Patient Days	Occupancy
Inova Alexandria Hospital	302	302	110,230	61,453	55.75%
Inova Fair Oaks Hospital	174	174	63,510	38,117	60.02%
Inova Fairfax Hospital	847	847	309,155	253,127	81.88%
Inova Loudoun Hospital	211	189	68,985	51,735	74.99%
Inova Mount Vernon Hospital	124	108	45,260	20,839	46.04%
Reston Hospital Center	213	213	77,745	45,149	58.07%
Sentara Northern Virginia Medical Center	183	183	66,795	43,835	65.63%
Stone Springs Hospital Center	107	103	39,055	7,047	18.04%
UVA Health Haymarket Medical Center	60	27	21,900	9,537	43.55%
UVA Health Prince William Medical Center	100	81	36,500	25,180	68.99%
Virginia Hospital Center	377	343	137,605	99,328	72.18%
Total/Average	2,676	2,570	976,740	655,347	67.10%

Source: VHI (2023)

12VAC5-230-540. Need for Medical-surgical Beds.

The number of medical-surgical beds projected to be needed in a health planning district shall be computed as follows:

1. **Determine the use rate for medical-surgical beds for the health planning district using the formula:**

$$\text{BUR} = (\text{IPD}/\text{PoP})$$

Where:

BUR = the bed use rate for the health planning district.

IPD = the sum of the total inpatient days in the health planning district for the most recent five years for which inpatient day data has been reported to VHI; and

PoP= the sum of the total population 18 years of age and older in the health planning district for the same five years used to determine IPD as reported by a demographic program as determined by the commissioner.

¹ The Adjudication Officer's case decision for COPN No. VA-04682 held that DCOPN was in error by including obstetric, intensive care and pediatric patient days in its calculations for medical-surgical bed need, despite those beds being fungible and accordingly, able to convert to medical-surgical beds without COPN authorization. However, because obstetric, intensive care and pediatric beds can be easily converted to medical-surgical beds, thereby changing the medical-surgical inventory without first obtaining COPN authorization, DCOPN maintains that obstetric, intensive care and pediatric beds should be included in the medical-surgical inventory and the corresponding patient days used for medical-surgical bed need calculations.

Table 7: PD 8 Medical – Surgical Beds Occupancy (2019-2023)

Year	Licensed Beds	Staffed Beds	Available Days ²	Patient Days	Occupancy Rate
2019	2,668	2,567	973,820	606,426	62.3%
2020	2,709	2,615	991,494	593,496	59.9%
2021	2,692	2,597	982,580	643,244	65.5%
2022	2,692	2,608	982,580	636,114	64.7%
2023	2,676	2,570	976,740	655,347	67.1%
Total	13,437	12,957	4,907,214	3,134,627	63.9%

Source: VHI (2019-2023) and DCOPN Interpolations

Step 1. PD 8—SMFP Medical-Surgical Use Rate

IPD PD 8 2019-2023 Sum of Patient Days Last 5 Years	Pop 2019-2023 Sum Population Age 15+ Last 5 Years	2019-2023 Bed Use Rate
3,134,627	10,411,538	0.3011

Note: While the SMFP requires population data for ages 18+, Weldon Cooper data is broken into age groups by 5-year increments. As such, the calculations above include data for persons aged 15-17 years of age.

$$\text{BUR} = (3,134,627 / 10,411,538)$$

2. Determine the total number of medical-surgical beds needed for the health planning district in five years from the current year using the formula:

$$\text{ProBed} = \frac{(\text{BUR} \times \text{ProPop}) / 365}{0.80}$$

Where:

ProBed = the projected number of medical-surgical beds needed in the health planning district for five years from the current year.

BUR = the bed use rate for the health planning district determined in subdivision 1 of this section.

ProPop = the projected population 18 years of age and older of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

$$\text{ProBed} = \frac{((0.3011 \times 2,309,914) / 365)}{0.80}$$

$$\text{ProBed} = 2,381.7 (2,382)$$

3. Determine the number of medical-surgical beds that are needed in the health planning district for the five-year planning horizon year as follows:

$$\text{NewBed} = \text{ProBed} - \text{CurrentBed}$$

² DCOPN notes that available days in the VHI data were corrected to licensed beds * number of days in the year.

Where:

NewBed = the number of new medical-surgical beds that can be established in a Health planning district, if the number is positive. If NewBed is negative, No additional medical-surgical beds should be authorized in the health Planning district.

ProBed = the projected number of medical-surgical beds needed in the health Planning district for five years from the current year as determined in Subdivision 2 of this section.

CurrentBed = the current inventory of licensed and authorized medical-surgical Beds in the health planning district.

$$\text{NewBed} = 2,382 \text{ (ProBed)} - 2,676 \text{ (CurrentBed)}$$
$$\text{NewBed} = -294$$

DCOPN has calculated a surplus of 294 medical-surgical beds in PD 8. However, as discussed in greater detail below, the applicant has shown an institutional need to expand.

12VAC5-230-550. Need for Pediatric Beds.

In the interest of brevity, this calculation has been omitted from this DCOPN staff analysis report as the applicant is not proposing to add pediatric beds.

12VAC5-230-560. Need for Intensive Care Beds.

In the interest of brevity, this calculation has been omitted from this DCOPN staff analysis report, as the applicant is not proposing to add new ICU beds to PD 8.

12VAC5-230-570. Expansion or Relocation of Services.

- A. Proposals to relocate beds to a location not contiguous to the existing site should be approved only when:
 1. Off-site replacement is necessary to correct life safety or building code deficiencies;
 2. The population currently served by the beds to be moved will have reasonable access to the beds at the new site, or to neighboring inpatient facilities;
 3. The number of beds to be moved off-site is taken out of service at the existing facility;
 4. The off-site replacement of beds results in:
 - a. A decrease in the licensed bed capacity;
 - b. A substantial cost savings; cost avoidance, or consolidation of underutilized facilities; or
 - c. Generally improved efficiency in the applicant's facility or facilities; and
 5. The relocation results in improved distribution of existing resources to meet community needs.

B. Proposals to relocate beds within a health planning district where underutilized beds are within 30 minutes driving time one way under normal conditions of the proposed relocation should be approved only when the applicant can demonstrate that the proposed relocation will not materially harm existing providers.

The applicant is not proposing to relocate beds.

12VAC5-230-580. Long-Term Acute Care Hospitals (LTACHs)

In the interest of brevity, this standard has been omitted, as the applicant is not proposing to add LTACH beds or to convert existing beds to LTACH beds.

12VAC5-230-590. Staffing.

Inpatient beds should be under the direction of one or more qualified physicians.

The applicant is an established provider of inpatient services and has indicated that inpatient services at IFH are under the direction of the Chief Medical Officer, Dr. Rishi Garg.

Part I
Definitions and General Information

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

- A. Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.**
- B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.**
- C. This section is not applicable to nursing facilities pursuant to § 32.1-102.3:1 of the Code of Virginia.**
- D. Applicants shall not use this section to justify a need to establish new services.**

The applicant proposes to add 48 medical-surgical beds to their current complement of 948 beds, of which 847 are currently medical/surgical beds, resulting in a total complement of licensed beds of 996 beds, of which 895 will be medical-surgical beds. With utilization rates for medical-surgical beds of 71.5% in 2019, 54.9% in 2020, 75.8% in 2021, 79.2% in 2022, and 82.1% in 2023, the utilization data confirms that IFH's medical-surgical occupancy is steadily increasing, despite a dip in the first year of the COVID-19 pandemic, and current capacity demonstrates an institutional need for expansion.

The applicant is part of the Inova Health System, which operates 1,844 licensed beds in PD 8, 60.7% of the general hospital beds in PD 8. As shown in **Table 8** below, the Inova Health System staffs

1,830 of their 1,844 (99.2%) licensed beds, and has shown a steady system wide increase in bed utilization. Individual Inova hospitals also show steady growth in occupancy. To transfer 48 beds from Inova's lowest occupancy hospital, Inova Alexandria Hospital, to Inova Fairfax Hospital would result in an occupancy rate at Inova Alexandria Hospital nearing the 80% threshold, close to justifying adding beds. Additionally, Inova Alexandria Hospital has two COPNs for the replacement of the hospital to two sites, preserving the current full 302 licensed bed complement. To adjust the authorized bed capacity prior to implementing the approved replacement projects would be premature. Therefore, it is determined that Inova does not have any underutilized capacity that would be appropriate for reallocation.

Table 8: Inova PD 8 Licensed Beds and Utilization: 2019 - 2023

Facility	Current Beds		Average Bed Occupancy				
	Licensed	Staffed	2019	2020	2021	2022	2023
Inova Alexandria Hospital	302	302	52.8%	52.1%	51.8%	52.8%	54.9%
Inova Fair Oaks Hospital	174	174	56.6%	51.0%	55.9%	57.5%	58.2%
Inova Fairfax Hospital	948	847	69.2%	56.0%	73.5%	76.4%	78.1%
Inova Loudoun Hospital	211	189	70.2%	64.0%	72.7%	74.0%	72.4%
Inova Mount Vernon Hospital	231	108	59.6%	58.8%	59.8%	57.6%	62.6%
Total and Average	1,844	1,830	64.4%	56.1%	66.7%	68.4%	71.2%

Source: VHI Data (2023)

Required Considerations Continued

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

The applicant has expressed an institutional need to expand. Additionally, DCOPN records indicate that of the current inventory of 2,676 medical-surgical beds in PD 8 (Table 1), 1,636, or 61%, are in Inova Health Care Services hospitals. Therefore, the proposed project is not meant to, and will not, foster institutional competition that will benefit the area to be served.

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

As already discussed, DCOPN maintains that the applicant has adequately demonstrated an institutional need to expand and the Inova Health System does not have any underutilized capacity that would be appropriate for reallocation. Lastly, because the project hinges upon an institutional need, DCOPN contends that approval of the proposed project is not likely to have a significant negative impact on existing providers of inpatient bed services in PD 8.

- 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;**

As already discussed, DCOPN concludes that when compared to similar projects, the costs are high. The applicant will fund the project using accumulated reserves. Accordingly, there are no

financing costs associated with this project. The Pro Forma Income Statement provided by the applicant (**Table 5**) projects a net profit of \$4,340,000 from in the first year of operation, and a net profit of \$588,000 in the second year of operation.

Regarding staffing, the applicant anticipates the need to hire 142.4 Full Time Equivalent (FTE) staff to staff the proposed project. These FTEs include:

- 7.4 Administration/Business Office FTEs;
- 65.4 Registered Nurse FTEs;
- 32.2 Nurses' Aides, Orderlies, Attendants FTEs;
- 4.2 Laboratory Medical Technologists;
- 1 ADA Dieticians;
- 3.7 Radiologic Technologists;
- 2 Occupational Therapists;
- 3 Physical Therapists;
- 2.1 Respiratory Therapists;
- 6 Medical Social Workers; and
- 15.4 All Other Personnel

According to the applicant:

IFH does not anticipate difficulty meeting the hiring needs for the proposed expansion of licensed medical-surgical beds. Inova Health System's plan for obtaining additional personnel includes:

- Recruiting initiatives targeted at labor pools which have historically been underutilized in the health care industry (e.g., minorities, seniors, retired military personnel, etc.), thereby expanding the pool of available workers, not draining resources from other facilities.
- Recruiting in geographic areas well outside Northern Virginia, therefore expanding the pool of available workers, without draining resources from other Northern Virginia facilities.
- Continuing initiatives to bolster the size and quality of the health services labor pool in Northern Virginia over the long-term by promoting health care career paths among area youth, benefitting all area health care providers with a vibrant and enthusiastic labor pool.

On April 15, 2025 the Inova "Search Careers at Inova" web page listed at least 96 recruitment postings for registered nurses on for the Inova Fairfax Hospital campus. The availability of skilled staff for hospitals, registered nurses in particular, is a national concern and the expansion of a need for an additional 65 registered nurses, as well as other credentialed professionals, presents as a problem.

7. **The extent to which the proposed project provides improvements or innovations in the financing and delivery of health care services, as demonstrated by; (i) the introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of**

health care services; (ii) the potential for provision of health care services on an outpatient basis; (iii) any cooperative efforts to meet regional health care needs; and (iv) at the discretion of the Commissioner, any other factors as may be appropriate; and

The proposed project would not introduce any new technologies, or any services that could be offered on an outpatient basis, nor are there any cooperative efforts to meet healthcare needs. DCOPN did not identify any other discretionary factors to bring to the Commissioner's attention.

- 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 citizens of the Commonwealth, including indigent or underserved populations.**

The applicant's request will not have a significant or new impact on the research or training mission of the hospital such that this condition is a factor in the decision to add beds.

DCOPN Findings and Conclusions

DCOPN finds that Inova Health Care Services' COPN Request No. VA-8803 to add 48 medical-surgical at Inova Fairfax Hospital is generally consistent with the applicable criteria and standards of the SMFP and the Eight Required Considerations of the Code of Virginia. If the proposed project is approved, IFH will have a total complement of 996 licensed beds, of which 895 will be medical-surgical beds. As previously discussed, with a medical-surgical bed utilization rate of 82.1% in 2023 and 79.2% in 2022, the utilization data confirms that IFH's occupancy is increasing and current capacity demonstrates an institutional need for expansion.

There is no known opposition to the proposed project. Although the projected capital costs appear high, the applicant will fund the project using accumulated reserves. Accordingly, there are no financing costs associated with this project. Moreover, DCOPN concludes that the proposed project is more favorable than maintaining the status quo. Finally, DCOPN finds that the proposed project will prove financially feasible both in the immediate and in the long-term.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **conditional approval** of Inova Health Care Services COPN Request No. VA-8803 to add 48 medical-surgical at Inova Fairfax Hospital:

1. The project is 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 project is more favorable than maintaining the status quo.
3. The Board of the Health Systems Agency of Northern Virginia voted unanimously to recommend that the application be approved.

4. The applicant has demonstrated an institutional need to expand bed capacity.
5. The capital costs are reasonable.
6. The proposed project appears economically viable in the immediate and the long-term.

Recommended Condition

This project shall be subject to the system-wide charity care condition applicable to Inova Health Care Services d/b/a Inova Heath System pursuant to COPN No. VA-04381 (issued April 2, 2013), as amended by the State Health Commissioner by letter dated January 4, 2016 (the Inova System-Wide Condition). Pursuant to the 2016 reconsideration, the Inova System-Wide Condition reset to 3.9% as of January 1, 2022. Provided, however, that charity care provided under the Inova 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 System 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 System-Wide condition, to the extent Inova Health System expects its Inova 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 System-Wide condition to resolve the expected discrepancy.