

VIRGINIA DEPARTMENT OF HEALTH

Office of Licensure and Certification

Division of Certificate of Public Need

Staff Analysis

November 19, 2025

RE: COPN Request No. VA-8835

Franconia-Springfield Surgery Center II, LLC

Alexandria, Virginia

Establish an Outpatient Surgical Center with Four General Purpose Operating Rooms

Applicant

Franconia-Springfield Surgery Center II, LLC is a limited liability company founded in 2024 under the laws of the Commonwealth of Virginia. Franconia-Springfield Surgery Center II is wholly owned by Inova Health Care Services, a 501 (c)(3) Virginia nonstock corporation. Inova Health Care Services is wholly owned by Inova Health System Foundation d/b/a Inova Health Systems. Inova Health Care Services is based in Fairfax, Virginia, which is in Planning District (PD) 8, Health Planning Region (HPR) II.

Background

Franconia-Springfield Surgery Center II is a proposed outpatient surgical hospital (OSH) that would be located at the existing Inova Franconia-Springfield Medical Campus in Alexandria, Virginia, also called the Inova HealthPlex Franconia/Springfield. There is currently another OSH on the campus, Franconia-Springfield Surgery Center I, which was authorized under COPN No. VA-03280 in 1996 which is providing services with five operating rooms (ORs). The campus also contains a freestanding Emergency Department (FSED), and medical office space.

In December of 2022, Inova Healthcare System submitted applications for COPN Request No. VA-8612 and COPN Request No. VA-8613 to establish two acute care hospitals in PD 8 in a long-range effort to relocate and replace the aging Inova Alexandria Hospital I.

Table 1 below shows what services Inova Health Care Systems had requested in its application for the two proposed hospitals, and what was approved by the State Health Commissioner. Inova Franconia-Springfield Hospital, which is currently being constructed on the Inova HealthPlex Franconia/Springfield campus, was issued COPN No. VA-04832, authorizing 110 acute-care beds, five ORs, three CT scanners, and two MRI scanners. This project is expected to be completed by April 2028.

Table 1. COPN Requests No. VA-8612 and VA-8613 for new hospitals in PD 8

	Inova Alexandria Hospital II (COPN Request No. VA-8612)		Inova Franconia-Springfield Hospital (COPN Request No. VA-8613)	
	<i>Requested</i>	<i>Approved</i>	<i>Requested</i>	<i>Approved</i>
Acute Care Beds	192 (all from IAH I)	192 (all from IAH I)	120 (110 from IAH I, 10 from IMVH)	110 (all from IAH I)
GPORs	8 (6 from IAH I)	6 (from IAH I)	8 (5 from IAH I)	5 (all from IAH I)
CT units	3 (2 from IAH I)	2 (all from IAH I)	3 (1 from HealthPlex)	2 (1 from IAH I, 1 from HealthPlex)
MRI units	2 (1 from IAH I)	1 (from IAH I)	2 (1 from HealthPlex)	2 (1 from IAH I, 1 from HealthPlex)
Linear Accelerators	2 (all from IAH I)	2 (all from IAH I)	N/A	N/A
Brachytherapy Program	Relocated from IAH I	Relocated from IAH I	N/A	N/A
Specialty Level Neonatal Program	Relocated from IAH I	Relocated from IAH I	N/A	N/A
Cardiac Catheterization Labs	2 (Relocated from IAH I)	2 (all from IAH I)	N/A	N/A

Source: COPN Request No. VA-88612 and VA-88613 and DCOPN records

*IAH I = Inova Alexandria Hospital I, IMVH = Inova Mount Vernon Hospital, Healthplex = Inova HealthPlex Franconia/Springfield

Table 2 displays data for 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 2** does not include those restricted to open heart or designated trauma ORs, only general and ambulatory ORs. **Table 3** 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 104.90% of the threshold of 1,600 hours per OR set forth 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 2. 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, 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 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.

Table 3. 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

Inova Health Care Systems operated 85 GPORs in its acute care hospitals and 18 GPORs in its OSHs in 2024 (**Table 2**). Inova Health Care Systems' facilities had an average of 1,902 hours per OR an average of 118.9% of the SMFP standard. It is important to note that one facility, Inova Ambulatory Surgery Center- Lorton, had a utilization of only 29.3% which is much lower than all of the other facilities in the PD. If this facility is removed (which will be the case should this project be approved), the average hours per OR in the PD increases to 1,930 and the average utilization per OR rises to 120.6% of the SMFP threshold to add GPORs.

According to 2025 DCOPN licensure records Inova Health Care Systems was licensed for 87 GPORs in its acute care hospitals and 22 GPORs in its OSHs (**Table 4**). This brings IHCS' total to 109 GPORs system-wide, which is 52.2% of the total number of GPORs in PD 8. Since this proposed project involves moving existing ORs to the new facility, this number would not change. **Table 5** below shows the difference between the 2024 VHI report and the current DCOPN inventory records. This mainly captures ORs that have been added since the VHI data was collected, as well as ones that are licensed but not in use. Taking these into account, there were 209 licensed GPORs in PD 8 at the time of this report.

Table 4. 2025 DCOPN Records, Licensed Inova GPORS

Facility Name	# of ORs
Inova Alexandria Hospital I ²	11
Inova Fair Oaks Hospital	14
Inova Fairfax Medical Campus	47
Inova Loudoun Hospital	8
Inova Mount Vernon Hospital	7
Inova Ambulatory Surgery Center at Lorton	2
Inova Loudoun Ambulatory Surgery Center	5
Inova McLean Ambulatory Surgery Center	3
Inova Oakville Ambulatory Surgery Center	3
Inova Surgery Center at Franconia-Springfield	5
Inova Northern Virginia Surgery Center	4
Total	109

Source: DCOPN Record

² Upon completion of Inova Alexandria Hospital II and Inova Franconia-Springfield Hospital, all eleven ORs will be moved from Inova Alexandria Hospital I to the new facilities under COPN No. VA-4793 and COPN No. VA-4832.

Table 5. Difference in Count of PD 8 GPORs, 2024 VHI vs DCOPN Inventory

Facility	GPORs	Notes
Reported to VHI, 2024	196	
Inova Fair Oaks Hospital	2	COPN No. VA-04890 authorized the addition of 2 GPORs, completed in 2025.
Inova Oakville Ambulatory Surgery Center, LLC	3	COPN No. VA-04770 authorized this OSH, completed in 2024.
Inova McLean Ambulatory Surgery Center, LLC	1	COPN No. VA-04845 authorized the addition of one GPOR, completed in 2025
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.
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.
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
Kaiser Permanente - Woodbridge Surgery Center (AKA Caton Hill Center)	1	Reported 3 GPORs to VHI, authorized for 4.
Kaiser Permanente Tysons Corner Surgery Center	-1	Reported 8 GPORs to VHI, authorized for 7.
Total Difference in Count of GPORs	13	
Authorized GPORs in PD 8 Inventory	209	

Source: DCOPN Record

Proposed Project

Franconia-Springfield Surgery Center II proposes to establish an OSH with four GPORs on the Inova Franconia-Springfield Medical Campus through the relocation of existing GPORs in the Inova Healthcare System. Should this project be approved, two GPORs will be relocated from Inova Mount Vernon Hospital, and two will be relocated from the Inova Ambulatory Surgery Center-Lorton. The applicant states that this new OSH will be configured specifically for musculoskeletal surgical cases such as joint replacement, sports medicine, and spine, which Inova Health Care System currently performs at the Inova Ambulatory Surgery Center- Lorton and Inova Mount Vernon Hospital facilities.

Should this project be approved, Inova Health Care System is planning to convert the two existing ORs at Inova Ambulatory Surgery Center- Lorton into procedure rooms (not COPN-reviewable) and will relinquish the associated licenses for those ORs. Inova Mount Vernon Hospital's surgical program would continue to operate with the five remaining GPORs.

Fairfax County, where the proposed project would be located, borders Loudoun County and Prince William County to its west and Arlington County and the City of Alexandria to its east (**Figure 1**). Located within the borders of Fairfax County are the City of Fairfax and the City of Falls Church. **Figure 1** shows Franconia-Springfield Surgery Center II would be located in the south-eastern part of Fairfax County (indicated by the red star).

Figure 1. Counties in Northern Virginia



Source: novaregion.org/233/Northern-Virginia-Map

The proposed OSH will occupy 28,223 square feet of a to-be-constructed five story, 136,000 square foot Health Center medical building. Projected capital costs of the project are \$43,040,598 (**Table 8**), funded with Inova Healthcare System's operating income and accumulated reserves such that no financing costs accrue. Should the proposed project be approved, the target date of opening is January 2029.

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.**

Franconia-Springfield Surgery Center II is situated in south-eastern Fairfax County with convenient access to major roadways and public transportation. The Franconia-Springfield Parkway provides easy access to both 1-95 and 1-495. Multiple bus routes serve nearby Walker Lane and Beulah Street, and the site is located less than half a mile from both the Franconia-Springfield blue-line metro station and the Fredericksburg VRE line station.

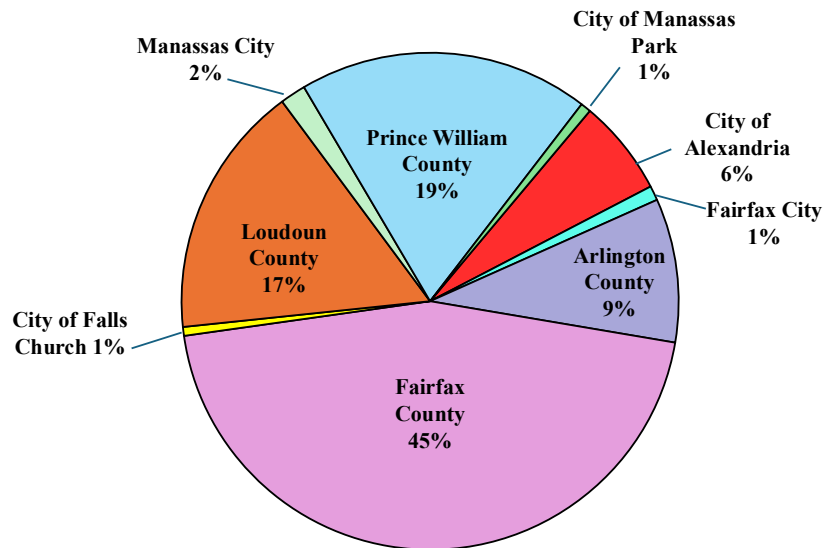
PD 8 had a population of about 2.5 million in 2020 and is projected to grow by just under 300,000 people, a 10.9% increase, by 2030. This is nearly double the population growth rate projected for the Commonwealth of Virginia during this decade, 5.8% (**Table 6**). Fairfax County, where the proposed project is located, is the largest county in PD 8 and 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 6**). 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 65+ population is expected to grow by 195,132 people (a 23% increase) (**Table 6 & Figure 3**). **Figure 2** shows that Fairfax County makes up 45% of the population of PD 8.

Table 6. 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%
Virginia	8,631,393	9,129,002	497,609	5.8%	1,395,291	1,762,641	367,350	26.3%

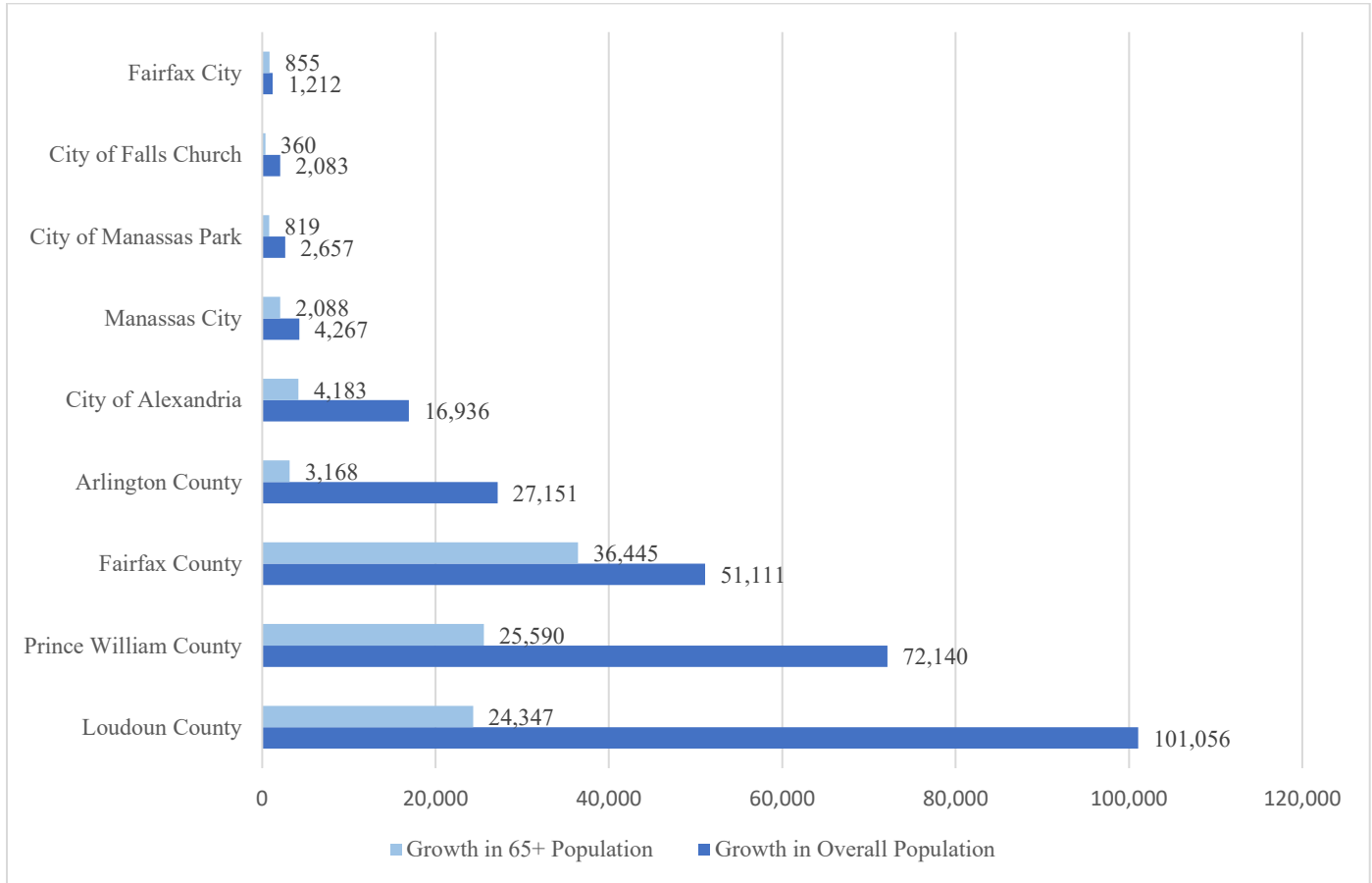
Source: Weldon-Cooper Data, updated June 2025

Figure 2. Percent of PD 8 Population by Locality



Source: Weldon-Cooper Data, updated June 2025

Figure 3. 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, 10.2% (**Table 7**). Fairfax County has a poverty rate comparable to the rest of PD 8 at 6.1%.

Table 7. 2023 Poverty Rates, PD 8

Locality	Percent in Poverty
City of Alexandria	8.5%
Arlington County	7.1%
Fairfax County	6.1%
City of Fairfax	7.4%
City of Falls Church	5.1%
Loudoun County	4.1%
Manassas City	10.7%
City of Manassas Park	7.7%
Prince William County	6.7%
PD 8	6.2%
<i>Virginia</i>	<i>10.2%</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 several letters in support of the proposed project from various providers with the Inova Health System and its affiliates. The letters in aggregate are as follows:

- The proposed project will not impact the currently operational Inova-Franconia Springfield Ambulatory Surgery Center, as Franconia Springfield Surgery Center II's primary focus will be musculoskeletal cases.
- The non-hospital-based setting will lead to lower costs and overall improved experiences for patients.
- The Inova Ambulatory Surgery Center-Lorton, from which two ORs would be taken, is underutilized, and Franconia-Springfield Surgery Center II will be in a much better and more easily accessible location.

Public Hearing

DCOPN provided notice to the public regarding this project inviting public comment on September 10, 2025. The public comment period closed on October 25, 2025. §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 September 15, 2025, the Health Systems Agency of Northern Virginia (HSANV) held a public hearing for the proposed project. Elizabeth Breen, Franconia-Springfield Surgery Center II counsel, presented the project, along with other members of the Inova Health Systems

leadership. Other than the letters of support referenced above, no members of the public commented. There is no known opposition to the project.

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

A reasonable alternative to the project would be for Franconia-Springfield Surgery Center II to establish an OSH with two ORs relocated from Inova Ambulatory Surgery Center- Lorton only, for a total of two ORs. This amended project would leave Inova Mount Vernon Hospital with all seven of its ORs. This alternative is based on Inova Mount Vernon Hospital's current GPORs utilization, which was at 114.8% of the SMFP threshold for expansion in 2024. As will be discussed in greater detail later, even with Inova Healthcare System's projections that 1,346 surgical cases will be shifted from Inova Mount Vernon Hospital to Franconia-Springfield Surgery Center II by 2029, calculations show that the remaining caseload would increase utilization of Inova Mount Vernon Hospital's remaining 5 ORs from 1,837 to 1,883 average hours per GPOR, 117.7% of the SMFP threshold (**Table 12**). Additionally, Inova Mount Vernon Hospital is located adjacent to the Hybla Valley area of Fairfax County, which has one of the highest poverty rates in the county at 15.6%³. The Kingstowne area, where the proposed project is located, has a much lower poverty rate at 4.3%⁴ which is below both the county and Commonwealth average. The proposed project would relocate resources away from a lower-income area 25 minutes away to a higher-income area. **Figure 4** below shows patient origin data for orthopedic surgery procedures done at Inova Mount Vernon Hospital in 2024. According to the map, the highest number of cases were done on patients that lived in a directly adjacent zip code to Inova Mount Vernon Hospital.

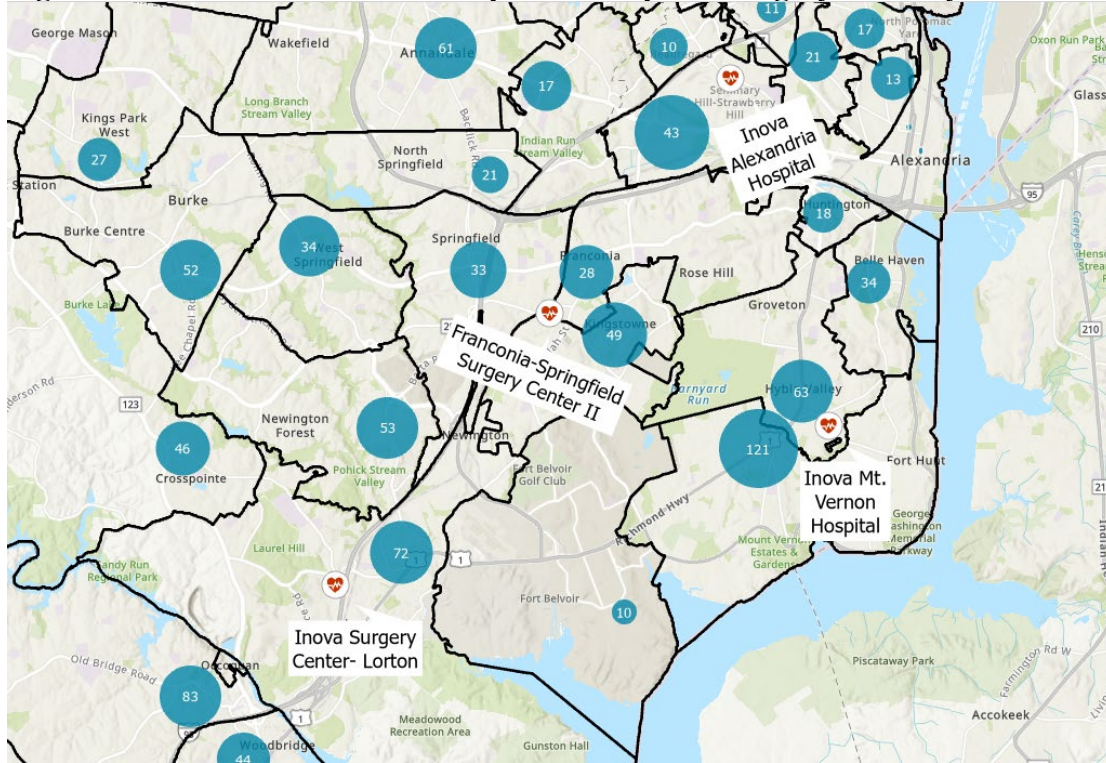
This being said, DCOPN does see the benefit of moving the two ORs from the under-utilized Inova Ambulatory Surgery Center- Lorton. In 2024 Inova Ambulatory Surgery Center- Lorton only reported utilization that was 29.3% (**Table 2**) of the SMFP threshold for expansion, meaning the relocation of ORs would not greatly impact the surrounding community.

With this, DCOPN finds that the reasonable alternative of moving only the two ORs from Inova Ambulatory Surgery Center- Lorton is more beneficial to the PD than the entire project, which would involve taking the additional two already over-utilized ORs from Inova Mount Vernon Hospital.

³ Source: ACS, 2023

⁴ Source: ACS, 2023

Figure 4. Inova Mount Vernon Hospital Orthopedic Surgery Cases by Patient Origin, 2024



Source: COPN Request No. VA-8835

- (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 September 15, 2025, meeting.

The Board voted nine in favor, and none opposed 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 September 15, 2025, public hearing, and on several findings and conclusions, including:

1. The proposed project would not increase the number of operating rooms in PD 8.
2. Inova Healthcare System's local market share would not increase.
3. This project would allow a more efficient use of Inova Healthcare System's resources.
4. There is overlap between the service areas of Inova Mount Vernon Hospital and the proposed site.

The HSANV board stated multiple times, however, that there is no projected long-term need for additional GPORs in PD 8, and that the PD will continue to have an OR surplus in the coming years.

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

As demonstrated by **Table 8**, the projected capital costs of the proposed project are \$43,040,598, which will be funded by accumulated reserves, so there are no financing costs on this project. Direct construction costs are estimated to be \$15,541,876 or 36% of total costs, and averages \$3,885,469 per OR. This is similar to recently approved similar projects COPN VA-04914 and COPN VA-04916 which ranged from \$1,800,000 and \$4,500,000 per OR respectively. The applicant states that 36% of the total costs are attributable to the aggregate lease expenses over 10 years of the initial term of the lease.

Table 8. Capital Costs Franconia Springfield Surgery Center II

Direct Construction Cost	\$ 15,541,876
Equipment not included in construction contract	\$ 10,844,961
Site Acquisition Costs	\$ 15,410,411
Architectural and Engineering	\$ 1,243,350
Total Capital Cost	\$ 43,040,598

Source: COPN Request No. VA-8835

DCOPN is aware that Inova Healthcare System will be using an additional \$467,395,934 from its accumulated reserves to construct Inova Alexandria Hospital II and Inova Franconia-Springfield Hospital⁵. Reviewing the Inova Healthcare System's audited financial statements from 2024, the applicant reported having enough in its accumulated reserves to fund another \$43,040,598 project.

(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 its ability to pay for services or the payment source. Since this would be a new facility, the applicant does not yet have charity care data. The Pro Forma Income Statement provided by the applicant proffered a charity care contribution equal to 4.1% of gross patient services revenue⁶. This amount is higher than the 1.9% HPR V charity care average (**Table 9**) and is consistent with Inova's system-wide charity care condition currently in place⁷. Accordingly, should the Commissioner approve the proposed project, the 4.1% system-wide charity care condition will apply.

⁵ Source: COPN Request No. VA-8612 and VA-8613

⁶ Source: COPN Request No. VA-8835

⁷ 4.1% System-wide condition established pursuant to COPN No. VA-04381 in 2013

Table 9. HPR II Charity Care Contributions: 2023

HPR II	2023 at 200%		
	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%
HPR II Inpatient Hospital Median			2.1%
HPR II Total Inpatient \$ & Mean %	\$ 18,066,411,944	\$365,287,523	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%
HPR II Outpatient Hospital Median			0.0%
HPR II Total Outpatient Hospital \$ & Mean %	\$ 936,112,929	\$ 1,956,378	0.2%
HPR II Hospital Median			1.2%
HPR II Total Hospital \$ & Mean %	\$ 19,002,524,873	367,243,901	1.9%

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 the addition of inpatient beds. They are as follows:

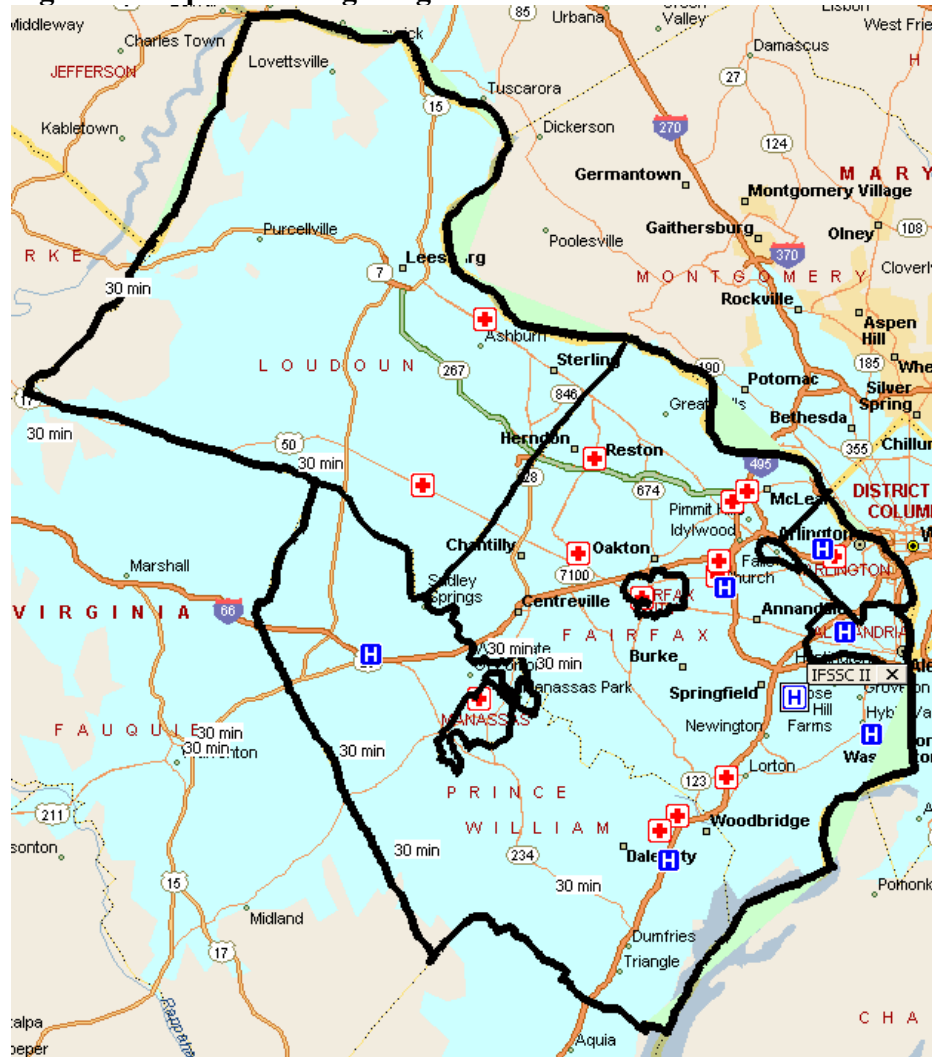
**Part VI
General Surgical Services**

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 5** 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 existing outpatient surgical hospital sites in PD 8. The white symbols with a blue “H” locate the proposed project, labeled. The light blue shaded area in **Figure 5** 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 driving time in the PD.

Figure 5. Map of Existing Surgical Providers in PD 8



Source: 2024 VHI

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 10. 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 11. 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
2030	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 2030		Projected GPOR Visits 2030
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 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 5**, there are 209 GPORs in PD 8 as of the time of this report, yielding a **surplus of 10 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.

Distribution of surgical services

This project involves the relocation of four ORs from two locations: Inova Mount Vernon Hospital and Inova Ambulatory Surgery Center-Lorton. According to VHI, in 2024 Inova Mount Vernon Hospital had seven operating rooms complete which were utilized at 114.8% of the SMFP threshold for expansion (**Table 2**). With this, DCOPN again expresses concern with two operating rooms being taken from Inova Mount Vernon Hospital since they are being utilized above the SMFP threshold for expansion. According to the applicant, Franconia-Springfield Surgery Center II is expected to take 1,346 surgical cases from Inova Mount Vernon Hospital by 2029 should the project be approved. Using 2024's VHI data, we can calculate that each case at Inova Mount Vernon Hospital takes approximately 2.57 hours to complete⁸. **Table 12** below shows estimated utilization calculations for Inova Mount Vernon Hospital should the two ORs be transferred. It is evident that the transfer of the musculo-skeletal cases from Inova Mount Vernon Hospital to Franconia-

⁸ In 2024, Inova Mount Vernon Hospital reported 12,861 GPOR hours and 5,009 GPOR cases. 12,861/5,009= 2.57 average hours per procedure.

Springfield Surgery Center II is not enough to offset the loss of two ORs, and that the hospital's ORs would be at a utilization that is even higher than they currently are (117.7%).

Table 12. Inova Mount Vernon Hospital Current and Projected Utilization

Number of ORs	Number of Cases	Total Hours	Hours per OR	Utilization
7	5,009	12,861	1,837	114.8%
5	3,663	9,413	1,883	117.7%

Source: VHI, 2024 & COPN Request No. VA-8835.

In addition to this, the campus where Franconia-Springfield Surgery Center II is located already has Inova Ambulatory Surgery Center at Franconia-Springfield, which has five ORs, and the Inova Franconia-Springfield Hospital, which will have eight ORs upon opening. The relocation of two ORs from Inova Mount Vernon Hospital to Franconia-Springfield Surgery Center II would not improve access to services in the PD.

Inova Ambulatory Surgery Center- Lorton had two operating rooms in 2024 which were utilized at 29.3% of the SMFP threshold for expansion (**Table 2**). Because of this, relocating two ORs to the more well utilized Inova HealthPlex Franconia/Springfield site and closing Inova Ambulatory Surgical Center-L would be an improvement in the distribution of OR services in the PD.

Lower cost to surgical patients

One of the applicant's main justifications for relocating the two ORs specifically from Inova Mount Vernon Hospital was to provide surgical services at a lower cost than if they were to be done in an inpatient hospital setting. The Centers for Medicare and Medicaid Services (CMS) recently started allowing for reimbursement on several musculoskeletal surgeries in outpatient, ambulatory surgery centers, meaning outpatient surgical services can be offered at a lower cost.

Optimization of Outpatient Surgery

This project would partially shift hospital-based surgical cases to an ambulatory surgery center setting. According to the applicant, by 2029 57% of cases performed at Franconia-Springfield Surgery Center II would be relocated from Inova Mount Vernon Hospital and 43% of cases would be relocated from Inova Alexandria Hospital I⁹. The transfer of these cases would increase the number of ASC surgeries performed in the PD, and decrease the number done in a hospital setting.

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.

⁹ Source: COPN Request No. VA-8835

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 2024 VHI data, Inova Healthcare System controls about 52.5% of operating rooms in the PD 8 inventory, nearly three times the number of the next largest provider of surgical services in the PD. Inova Healthcare System's GPORs are well-utilized, having 107.9% of the SMFP threshold of 1600 hours per GPOR in 2024 (**Table 13**), the latest year for which such data are available. Inova's current inventory is 109 GPORs, while HCA has 34 GPORs and VHC has 19 GPORs¹⁰.

This project does not increase competition in PD 8, but it is an inventory-neutral project, so Inova would not expand its already dominant share of ORs.

Table 13. Inova GPOR Counts, Volumes and Hours, PD 8

Facility Name	GPORs	Hours	Average Hrs. per OR	% of SMFP Threshold
Inova 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%
Inova Acute Hospital Totals and Averages	85	168,417	2,032	127%
Inova Outpatient Surgical Hospital				
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 @ Franconia-Springfield	5	7,971	1,594	99.6%
McLean Ambulatory Surgery Center, LLC	2	3,501	1,751	109.4%
Northern Virginia Surgery Center	4	5,501	1,375	86.0%
Inova OP Surgical Hospital Totals and Averages	18	27,450	1,419	88.7%
Inova Totals and Averages	103	195,867	1,726	107.9%

Source: VHI 2024

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.**

The proposed Franconia-Springfield Surgery Center II is an OSH within Inova's health system. Inova is the dominant health care provider in PD 8, controlling 60.71% of hospital based GPORs and 32.14% of those in OSH's, according to 2024 VHI data. Inova's surgical services are well-utilized, operating at an average of 107.9% of the SMFP standard across all of its sites.

There are seven facilities located within ten miles of the proposed Franconia-Springfield Surgery Center II site, six of which are Inova facilities (**Table 15**). Of these, five offer some form of musculo-skeletal surgery, while the other two are not yet open. Of note is that Inova Surgery

¹⁰ Source: DCOPN Records

Center at Franconia-Springfield, which is located on the same campus as the proposed Franconia Springfield Surgery Center II, currently performs orthopedic procedures including total joint, knee, and shoulder replacement. This location is currently operating at 99.6% of the SMFP threshold, however. In fact, the rest of the facilities that are in the vicinity of the proposed site are all operating over 110%, with the exception of Inova Ambulatory Surgery Center- Lorton, from which the applicant is looking to move 2 ORs.

Table 15. Surgical Facilities Located within 10 miles of Proposed Site

Facility	Miles	Minutes	2024 OR Utilization	Offers musculo-skeletal surgery services?
Inova Surgery Center at Franconia-Springfield	0	0	99.6%	Yes
Inova Franconia-Springfield Hospital*	0	0	N/A	N/A
VHC Ambulatory Surgery Center- Alexandria*	5.5	18	N/A	N/A
Inova Alexandria Hospital	7.5	19	125.5%	Yes
Inova Mount Vernon Hospital	8.6	27	114.8%	Yes
Inova Fairfax Hospital	8.8	20	118.8%	Yes
Inova Surgery Center at Lorton	9.4	21	29.3%	Yes

Source: Google Maps

*Authorized, but not open

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 given the scope. The proforma (Table 16) projects positive income of over \$700,000 in its first year of operation and \$1,000,000 in its second years of operation.

For staffing, the proposal requires 45 Full-Time Equivalent (FTE) staff members, including 13 registered nurses (RNs). The applicant states that should this project be approved, they expect some employees that currently work at the Inova Mount Vernon Hospital will relocate to Inova Franconia-Springfield Surgery Center II should the ORs be moved. Inova Healthcare System assures DCOPN that they also have strong recruitment strategies that will allow it to find additional personnel without affecting other facilities.

Table 16. Franconia-Springfield Surgery Center II OR Addition Proforma		
	Year 1	Year 2
Gross Revenue	\$ 53,997,807	\$ 60,799,546
Charity Care	\$ 1,064,391	\$ 1,245,337
Bad Debts	\$ 1,373,438	\$ 1,400,907
Contractual Deductions	\$ 25,464,655	\$ 28,557,440
Net Revenue	\$ 27,468,761	\$ 30,996,769
Expenses	\$ 26,723,670	\$ 29,361,343
Income/Loss	\$ 745,091	\$ 1,635,426
Source: COPN Request No. VA-8835		

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 provisions of health care services on an outpatient basis.

Regarding the provision of health care services on an outpatient basis, DCOPN notes that the proposed project would partially shift surgical services from an inpatient setting to an OSH, reducing costs to patients.

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

Inova Health Care Services proposes to establish an outpatient surgical hospital with four operating rooms, two relocated from Inova Mount Vernon Hospital and two from the Inova Ambulatory Surgery Center - Lorton. The proposed site is located at 7000 Beulah Street in Alexandria. The proposed project would be on the campus of the Inova HealthPlex-Franconia/Springfield which houses an emergency room, another outpatient surgical hospital, medical offices, and the Inova Franconia-Springfield Hospital (to be completed in 2028). Projected capital costs of the project are reasonable, and there is no known opposition

DCOPN finds the portion of the project that would relocate two ORs from the Inova Ambulatory Surgery Center - Lorton to be generally consistent with the SMFP and the Eight Required Considerations of the Code of Virginia.

DCOPN finds the portion of the project that would relocate two ORs from the Inova Mount Vernon Hospital to be generally inconsistent with the SMFP and the Eight Required Considerations of the Code of Virginia.

DCOPN Staff Recommendation

The Division of Certificate of Public Need recommends **partial conditional approval** of Franconia-Springfield Surgery Center II's Certificate of Public Need request to establish an Outpatient Surgical Hospital. Recommended for approval is the relocation of two general purpose operating rooms from the Inova Ambulatory Surgery Center - Lorton.

1. The project is generally consistent with the applicable criteria and standards of the State Medical Facilities Plan and the eight Required Considerations of the Code of Virginia.
2. The relocation of the two ORs is more advantageous than the status quo.
3. Establishing a specialized musculoskeletal ambulatory surgical center will allow specialized services to be performed for a lower cost.

4. The proposed project is unlikely to have a significant negative impact upon 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. HSAHV has recommended approval of the project.

DCOPN's recommendation is contingent upon Franconia-Springfield Surgery Center II's agreement to the following charity care condition:

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.

The Division of Certificate of Public Need recommends **denial** of that portion of Franconia Springfield Surgery Center II's Certificate of Public Need request to relocate two general purpose operating rooms from Inova Mount Vernon Hospital.

1. The proposed project is generally inconsistent with the applicable criteria and standards of the State Medical Facilities Plan and the Eight Required Considerations of the Code of Virginia.
2. Moving two operating rooms from Inova Mount Vernon Hospital would lead to the hospital facing a higher patient to operating room ratio, leading to higher wait times, and lower patient satisfaction.
3. There is a reasonable alternative to the proposed project, including maintaining the status quo.