

**Health Systems Agency of Northern Virginia**

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February 18, 2026

Douglas Harris, J.D.  
Adjudication Officer  
Virginia Department of Health  
109 Governor Street, 13<sup>th</sup> Floor  
Richmond, VA 23219

Re: Franconia Springfield Surgery Center II, Establish Outpatient Surgical Hospital  
COPN Request VA-8835  
Informal Fact-Finding Conference, Proposed Findings

Dear Mr. Harris,

In accordance with the schedule established at the January 21, 2026, informal fact-finding conference on COPN Request VA-8835, Franconia Springfield Surgery Center II's proposal to establish an outpatient surgical hospital in Springfield, Virginia, HSA NV submits the enclosed proposed findings and recommendation.

Sincerely,



Dean Montgomery  
Health Systems Agency of  
Northern Virginia

Enclosure

cc: Elizabeth Breen, Hunton Andrews Kurth, Counsel, Inova Health System  
Paul Dryer, Senior Director, Strategy & Planning, Inova Health System  
Mark Hedberg, Hunton Andrews Kurth, Counsel, Inova Health System  
Allison Kagle, Analyst, DCOPN, Virginia Department of Health  
Pam Kincheloe, RN, JD, Chairperson, HSA NV

## Introduction

Franconia Springfield Surgery Center II (FSSC II), a recently formed subsidiary of Inova Health System, seeks COPN authorization to establish an outpatient surgical hospital with four general purpose operating rooms in Springfield, Virginia. The project is to be part of the medical care complex Inova Health System is developing in Springfield. It is located and sized to serve principally residents of southeastern Fairfax County, Virginia.

The Health Systems Agency of Northern Virginia (HSANV) reviewed the FSSC II application (COPN Request VA-8835) on September 15, 2025. HSANV recommends approval of the application as submitted. The HSANV analysis of the project, minutes of the HSANV meeting at which the application was considered, and related documents are in the record.

Virginia Department of Health Division of Certificate of Public Need (DCOPN) published its review of the application on September 19, 2025. DCOPN recommended, and the Virginia Commissioner of Health approved, part of the application. The approval authorizes an outpatient surgical hospital in Springfield with two general purpose operating rooms transferred from Inova Ambulatory Surgery Center-Lorton. The proposed transfer of two general purpose operating rooms from Inova Mount Vernon Hospital to FSSC II was denied. The DCOPN analysis, and the Commissioner's decision, are in the record.

Franconia Springfield Surgery Center II accepted partial approval of its application. It appealed denial of the transfer of two operating rooms from Inova Mount Vernon hospital.

The principal concerns leading to denial of the transfer of Inova Mount Vernon Hospital (IMVH) operating rooms to FSSC II are discussed below.

## I. VDH/DCOPN Concerns

### *IMVH Surgery Capacity & Service Volume*

Concerns about the transfer of licensed surgery capacity from Inova Mount Vernon Hospital (IMVH) to FSSC II in Springfield, Virginia are summed up in the stated reasons for recommending denial of that part of COPN Request VA-8835:

“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.”  
**Source: DCOPN Staff Analysis Report, COPN Request No. VA – 8835, p. 24.**

The claim that transferring licensed operating room capacity from IMVH to FSSC II “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”<sup>1</sup> appears to be grounded in the assumption and/or belief that the Virginia SMFP surgery service volume standard is a measure of operating capacity rather than a nominal workload threshold useful in providing guidance in regional surgery capacity development and management.

The related expectation that “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”<sup>2</sup> is supposition. It, too, is grounded in the assumption that the Virginia SMFP surgery service planning standard of 1,600 hours per room per year is a measure of actual capacity.

This interpretation and application of the SMFP surgery service volume standard/threshold, though widely held and frequently argued, is misplaced, particularly when applied to Inova Health System (Inova) surgery services. Inova hospitals routinely report surgery workloads substantially higher than the Virginia SMFP nominal planning standard of 1,600 hours per operating room annually.

The Inova pattern and practice is possible, and workable, because the Virginia SMFP regional operating room public need determination algorithm is generous. It defines operating room capacity as 80% of an eight-hour day, five-days a week, and fifty-weeks year work schedule. This definition of capacity builds in a 23% margin/cushion. In addition, it does not take into account, or adjust for, cases handled outside the defined time frame, e.g., evening and weekend cases. The net effect of this formulation is that there is a more than 25% difference between actual capacity and the SMFP defined (nominal) capacity.

Inova hospital surgery services routinely report operating room use substantially higher than the service volume standard. In 2024, for example, Inova’s five hospitals reported average operating room use at 123.8% of the Virginia SMFP threshold.<sup>3</sup> This pattern of use is not an anomaly and does not constitute “over utilization”. It has been policy and practice for more than a decade, for example:

- In 2014, Inova Hospitals reported average surgery service use 111.3% of the SMFP standard/threshold, compared with average use for all Northern Virginia hospitals of 94.1% of the standard and average use among non-Inova hospitals of 86.5%.
- In 2016, Inova Hospitals reported average surgery service use 120.5% of the SMFP standard/threshold, compared with average use for all Northern Virginia hospitals of 103.6% of the standard and average use among non-Inova hospitals of 80.1%.
- In 2017, Inova Hospitals reported average surgery service use 119.2% of the SMFP standard/threshold, compared with average use for all Northern Virginia hospitals of 99.5% of the standard and average use among non-Inova hospitals of 82.2%.
- In 2022, Inova Hospitals reported average surgery service use 118.2% of the SMFP standard/threshold, compared with average use for all Northern Virginia hospitals of 99.7% of the standard and average use among non-Inova hospitals of 72.4%.
- In 2024, Inova Hospitals reported average surgery service use 123.8% of the SMFP standard/threshold, compared with average use for all Northern Virginia hospitals of 108.2% of the standard and average use among non-Inova hospitals of 75.4%.<sup>4</sup>

As these data show, Inova hospital surgery service caseloads/volumes, more than two-thirds of which are outpatient cases, routinely exceed the Virginia SMFP nominal surgery service planning threshold/standard by about 20%. Their average service volumes routinely are between 30% and 50%

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<sup>1</sup> DCOPN Staff Analysis Report, COPN Request No. VA-8835, p. 24.

<sup>2</sup> *Ibid.*

<sup>3</sup> VHI, ALSD 2024 Surgery Services Spreadsheet. HSANV tabulations and calculations.

<sup>4</sup> VHI ALSD Surgery Service Spreadsheets, 2014-2024, HSANV tabulations and calculations.



The relatively high poverty rate (about 12%) of IMVH's home zip code is notable. It is atypical, considerably higher than the rest of primary service area population. IMVH gets about 12% of its patients from this zip code area population (Zip Code 22306) but attracts less than half of residents from the area hospitalized each year. Arguably, surgical outpatients from this area would be better served by obtaining care at freestanding surgery centers, e.g., FSSC II, where costs and charges would be lower for most cases.

Inova Mount Vernon Hospital Nearby Service Area Population Characteristics							
Zip Code	Relationship to IMVH	Population	Median Household Income	Median Home Value	Poverty	% of IMVH	Percent of Zip Code
22306	Home	33,330	\$95,026	\$583,200	12%	10.84%	37.70%
22303	Contiguous	16,109	\$103,822	\$547,300	7%	2.54%	23.21%
22307	Contiguous	10,271	\$140,559	\$752,700	4%	3.25%	40.18%
22308	Contiguous	13,935	\$204,177	\$870,700	2%	4.35%	48.26%
22309	Contiguous	33,773	\$101,556	\$539,700	8%	10.95%	39.97%
22310	Contiguous	29,611	\$160,872	\$627,400	3%	2.65%	13.67%
22315	Contiguous	28,184	\$156,230	\$609,000	4%	1.53%	8.88%
22060	Contiguous	9,677	\$102,162	\$647,900	6%	1.66%	48.25%
22,079	PSA	35,225	\$140,817	\$600,800	6%	4.58%	23.09%
22150	PSA	27,955	\$120,406	\$617,600	8%	1.30%	4.62%
22151	PSA	18,026	\$160,187	\$636,200	5%	0.58%	4.31%
22191	PSA	74,189	\$107,993	\$432,600	8%	1.43%	2.76%
22192	PSA	60,299	\$122,005	\$465,500	7%	1.59%	3.78%

Source: U.S. Census; VHI Patient level Data Base; HSA NV Calculations

Firfax county poverty rate 6% 2023

## II. Proposed Findings

Information and data in the record support the following findings with respect to the Franconia Springfield Surgery Center II application:

1. The proposal, which entails the reconfiguration of Inova Health System (Inova) licensed surgery capacity in southeastern Fairfax County, Virginia, is surgery capacity neutral. Consequently, the project is not inconsistent with Section 12VAC5-230-500 of the Virginia State Medical Facilities Plan.
2. Repositioning four general purpose operating rooms among Inova surgery services in southeastern Fairfax County would have minimal regional health system effects. Measurable change in surgery referral patterns and service volumes would be among local Inova services.
3. Inova hospital surgery services routinely have caseloads substantially more than the nominal Virginia SMFP volume planning standard of 1,600 hours per operating room annually.
4. Recent and projected Inova Mount Vernon Hospital (IMVH) surgery caseloads are well within the Inova hospital norm.
5. The Virginia SMFP surgery service planning standard of 1,600 hours per operating per year is not a true measure of capacity. As shown (reported) routinely by Inova hospitals, and by some other surgery services, practical surgery capacity is more than 25% greater than the nominal SMFP standard.
6. Virginia SMFP surgery facility planning guidance of 1,600 hours per operating room per year is a minimum requirement for consideration in adding regional surgery capacity, not a measure of actual operating capacity. Efficient surgery services routinely attain, and maintain, service volumes substantially higher than the threshold.
7. Patient origin and patient destination data show that relocation of surgery capacity from IMVH to FSSC II will increase geographic access to ambulatory surgery in southeastern Fairfax County, Virginia. About two-thirds of those now using IMVH surgery services reside closer to the FSSC II Springfield site than to the hospital.
8. Bounded by the Potomac River on the east, IMVH has an atypical service area. It retains a smaller percentage of those hospitalized from its home and contiguous zip code populations than other northern Virginia hospitals. Except for contiguous zip code area populations, all Virginia residents of IMVH's primary and secondary service areas reside closer to the proposed FSSC site than to IMVH.
9. Inova Health System charity care policies are system wide. They apply equally to IMVH and FSSC II patients. There is no material difference in the charity care level of IMVH and other Inova services. Relocating operating rooms from IMVH to FSSC II will not reduce access to surgical care at the hospital or elsewhere.
10. The most practical, and likely, alternative to the project, is a COPN proposal to expand FSSC II from two operating rooms to four (or more) rooms under the "institutional need" provision of the Virginia SMFP.

### III. Conclusions

There is no near-term public need for additional surgery facilities or operating rooms in northern Virginia (PD 8). Virginia State Medical Facilities Plan (SMFP) surgery service planning guidance (Section 12VAC5-230-500) suggests there is likely to be a surplus of more than a dozen general purpose operating rooms (GPORs) in the planning region over the next five years.

The FSSC II project is consistent with current and expected market conditions. It calls for repositioning four general purpose operating rooms in southeastern Fairfax County. There would be no change in the number of surgery services or in the number of licensed operating rooms. The operating room relocations would be among Inova facilities with overlapping service areas (Inova Mount Vernon Hospital, Inova Alexandria Hospital, Inova Ambulatory Surgery Center-Lorton, Inova Surgery Center, Franconia-Springfield, Inova Fairfax Hospital).

Patient origin and patient destination data indicate that any change in referral patterns and surgery facility service areas would take place among Inova surgery services. Potential effects on surgery service volumes at Sentara Northern Virginia Medical Center (Woodbridge) and Virginia Hospital Center (Arlington) would be minimal, likely unmeasurable.

Inova's share of the local surgery market, already dominant, is not likely to change. The evident rationale for the project, which entails a substantial capital outlay, is to permit more effective and efficient use of Inova surgery services.

There is no indication that the project is inconsistent with applicable provisions of the Virginia SMFP and related planning considerations that have been applied to similar proposals.

Inova hospital surgery services typically and routinely report surgery service use levels substantially above the nominal Virginia SMFP planning standard. This reflects efficient use of authorized capacity. This practice should be encouraged and supported where possible.

Recent patient origin and patient destination data indicate access to outpatient surgical care should be enhanced, geographic access significantly and economic access marginally. There is no indication, or reason to believe that reducing the number of operating rooms at IMVH is likely to affect negatively service to low-income residents of the IMVH primary service area.

VDH/DCOPN concerns about the relocation of operating rooms from IMVH to FSSC II are understandable, but misplaced. The FSSC application should be approved as submitted.

## **Consistency with Required Statutory Review Considerations**

### **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 considered when applicable.

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

The project entails the reconfiguration of Inova Health System surgery services, closing the underused Lorton service (two operating rooms) and reducing capacity at Inova Mount Vernon Hospital by two rooms. Though there would be no net increase in licensed capacity, the restructuring is expected to permit more efficient use of Inova surgery services, specifically those in, and those serving, southeastern Fairfax County.

Northern Virginia residents have ready access to surgical services, inpatient and outpatient. Given the size, location, and nature of the FSSC-II proposal, it would not have substantial health system effects.

Arguably, geographic access to surgical care in southeastern Fairfax County would be enhanced. Economic access to care would not change is not likely to change materially..

- 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.**

As is the case with most certificate of public need applications, community knowledge of and support for the project is limited. There is no known community or other public 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.**

Inova Health System has served residents of northern Virginia for decades. There is no indication or suggestion that it has not responded to the evolving medical needs of the populations served. Inova subsidiaries can be expected to continue to respond to the perceived needs of the communities they serve.

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



The Health Systems Agency of Northern Virginia (HSANV) found the project to be warranted as submitted. HSANV recommends approval of the proposed transfer to two general purpose operating rooms from IMVH to FSSC II.

**(iv) Any costs and benefits of the project.**

The capital cost of the project is relatively high, but within the range seen for similar projects in northern Virginia. It is worth noting that the capital expense for hospital and surgery center transfers of capacity amounts to, is essentially the same as building a new surgery facility.

The principal benefit of the project is more effective and efficient Inova surgery services in southeastern Fairfax County. In addition, geographic access to outpatient surgery services would be enhanced.

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

Economic access to surgical care would not change significantly. Inova Health System charity care policies and practices would apply at FSSC II.

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

The proposal is capacity neutral. There would be no net change in the number of licensed surgery facilities or operating rooms. The project is not inconsistent with any applicable provision of the plan, including Section 12VAC5-230-500.

**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.**

Though the project would establish a new surgery service, there would be no net increase in the number of operating rooms or of surgery capacity generally. The redistribution of licensed capacity proposed is within Inova Health System services. There would be no new competitor.

Competitive effects, if any, of local surgery services, including ambulatory surgery centers, are difficult to discern, and even more difficult to assess. There is no indication, or reason to believe, that the project would encourage increased price competition among surgery service providers.

**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**

Reconfiguration of Inova surgery services by developing an ambulatory surgery center on its Springfield medical campus, within the primary service area of its southeastern Fairfax County services, is compatible with natural, organic growth of its surgery services. It does not conflict with the orderly development of the regional operating room complement consistent with population growth and related demographic changes.

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

Though costly, the project is financially feasible. It would be financed with internal Inova funds, with no direct financing expense. Inova, the parent corporation, has access to capital markets at favorable rates. The implicit financing expense is essentially the corporate bonds rate for entities with strong credit ratings.

FSSC II's *pro forma* budget anticipates substantial operating margins and high returns on investments that will increase over the useful life of the project.

- 7. The extent to which the project provides improvements or innovations in the financing and delivery of health services, as demonstrated by:**

- (i) The introduction of new technology that promotes quality, cost effectiveness, or both in the delivery of health care services.**
- (ii) The potential for provision of services on an outpatient basis.**
- (iii) Any cooperative efforts to meet regional health care needs.**
- (iv) At the discretion of the Commissioner, any other factors as may be appropriate.**

The project would not introduce new or innovative economic arrangements, financing methods or other noteworthy practices that warrant consideration.

- 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**

This consideration is not applicable to the application.