

COMMONWEALTH OF VIRGINIA

APPLICATION FOR A

MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

(CHAPTER 4, ARTICLE 1:1 OF TITLE 32.1,

SECTIONS 32.1 – 102.1 THROUGH 32.1 – 102.12 OF

THE CODE OF VIRGINIA OF 1950, AS AMENDED)

OUTPATIENT FACILITIES

COPN Request No. VA – 8835

Franconia-Springfield Surgery Center II, LLC

**Establish an Outpatient Surgical Hospital with Four General Purpose Operating
Rooms**

July 31, 2025

SECTION I FACILITY ORGANIZATION AND IDENTIFICATION

A. Franconia-Springfield Surgery Center II

Official Name of Facility

7000 Beulah Street, Level 2

Address

Alexandria

City

VA

State

22315

Zip

571-472-3727

Telephone

B. Franconia-Springfield Surgery Center II, LLC

Legal Name of Applicant

8095 Innovation Park Drive

Address

Fairfax,

City

VA

State

22031

Zip

C. Chief Administrative Officer

Loren Rufino, Senior Vice President, Perioperative Services, Surgery and Musculoskeletal Service Lines, Inova Health System

Name

8095 Innovation Park Drive

Address

Fairfax,

City

VA

State

22031

Zip

571-472-3727

Telephone

D. Person(s) to whom questions regarding application should be directed:

Paul Dreyer, Senior Director, Strategy & Planning, Inova Health System

Name

8095 Innovation Park Drive

Address

Fairfax,

City

VA

State

22031

Zip

703-403-7598

Telephone

- E. Type of Control and Ownership (Complete appropriate section for both owner and operator.)

Will the facility be operated by the owner? Yes **X** No _____

Owner of the Facility
(Check one)

Proprietary

Operator of Facility
(Check one)

(1) _____

(1) Individual

(1) _____

(2) _____

(2) Partnership-attach copy of Partnership Agreement and receipt showing that agreement has been recorded

(2) _____

(3) _____

(3) Corporate-attach copy of Articles of Incorporation and Certificate of Incorporation

(3) _____

(4) **X**

(4) Other **Limited Liability Company (LLC)**

(4) **X**

Please see Attachment A for the Articles of Organization and Certificate of Organization.

Non-Profit

(5) _____

(5) Corporation-attach copy of Articles of Incorporation and Certificate of Incorporation

(5) _____

(6) _____

(6) Other _____ Identify

(6) _____

Governmental

(7) _____

(6) State

(7) _____

(8) _____

(8) County

(8) _____

(9) _____

(9) City

(9) _____

(10) _____

(10) City/County

(10) _____

(11) _____ (11) Hospital Authority or Commission (11) _____

(12) _____ (12) Other _____ Identify (12) _____

F. Ownership of the Site (Check one and attach copy of document)

- (1) _____ Fee simple title held by the applicant
(2) _____ Option to purchase held by the applicant
(3) _____ leasehold interest for not less than _____ years
(4) X Renewable lease, renewable every 10 years
(5) _____ Other _____ Identify

Inova Health Care Services (“IHCS”) will own the medical building where the Franconia-Springfield Surgery Center II (“Surgery Center”) will be located and will enter into a space lease with Franconia-Springfield Surgery Center II, LLC (“FSSC II LLC”) for the space to be occupied by the proposed Surgery Center. Please see Attachment B for a memorandum of understanding documenting the planned lease arrangement between IHCS and FSSC II LLC.

G. Attach a list of names and addresses of all owners or persons having a financial interest of five percent (5%) or more in the medical care facility.

IHCS is the sole member of FSSC II LLC.

**Inova Health Care Services
8095 Innovation Park Drive
Fairfax, Virginia 22031**

(a) In the case of proprietary corporation also attach:

- (1) A list of the names and addresses of the board of directors of the corporation.
(2) A list of the officers of the corporation.
(3) The name and address of the registered agent for the corporation.

Not applicable.

(b) In the case of a non-profit corporation also attach:

- (1) A list of the names and addresses of the board of directors of the corporation
(2) A list of the officers of the corporation
(3) The name and address of the registered agent for the corporation

Not applicable.

(c) In the case of a partnership also attach:

- (1) A list of the names and addresses of all partners.
- (2) The name and address of the general or managing partner.

Not applicable.

(d) In the case of other types of ownership, also attach such documents as will clearly identify the owner.

The Surgery Center will be owned by FSSC II LLC. IHCS is the sole member of FSSC II LLC, holding all of the ownership interests in the LLC. Membership interests may be offered to physician investors in the future, but in the aggregate, any future physician investors would own less than 50% of the LLC's membership interests.

H. List all subsidiaries wholly or partially owned by the applicant.

FSSC II LLC has no subsidiaries.

I. List all organizations of which the applicant is wholly or partially owned subsidiary.

FSSC II LLC is wholly owned by IHCS. IHCS is wholly owned by Inova Health System Foundation d/b/a Inova Health System. IHCS and Inova Health System each have other subsidiaries and affiliates. Please see Attachment C for a comprehensive corporate organization chart for the Inova Health System.

J. If the operator is other than the owner, attach a list of the names(s) and addresses of the operator(s) of the medical care facility project. In the case of a corporate operator, specify the name and address of the Registered Agent. In the case of the partnership operator, specify the name and address of the general or managing partner.

Not applicable.

K. If the operator is other than the owner, attach an executed copy of the contract or agreement between the owner and the operator of the medical care facility.

Not applicable.

SECTION II ARCHITECTURE AND DESIGN

A. Location of the Proposed Project

1. Size of site: 21.6 acres
2. Located in Springfield / Fairfax County / Planning District ("PD") 8
City/County/Planning District
3. Address or directions 7000 Beulah Street, Level 2, Alexandria, VA 22315
4. Has site been zoned for type of use proposed:

X Yes (attach copy of zoning or use permit) Please see Attachment D

 No

If no, explain status _____

B. Type of project for which Certificate of Public Need is requested. (Check one)

- (1) New construction
- (2) Remodeling/modernization of an existing facility
- (3) No construction or remodeling/modernization
- (4) X Other (Identify)

Establishment of an outpatient surgical hospital ("OSH") with four (4) general purpose operating rooms ("GPORs") within leased space in a to-be-constructed medical building. Two (2) GPORs will be relocated from Inova Mount Vernon Hospital and two (2) GPORs will be relocated from the Inova Ambulatory Surgery Center at Lorton. Accordingly, approval of the Surgery Center will not increase the number of COPN-authorized GPORs in PD 8.

C. Design of the facility

- (1) Does the facility have a long range plan? If yes, attach a copy.

Long range planning is guided by the mission, vision and values of Inova Health System, set forth in Attachment E.

Inova Health System's mission is:

To provide world-class healthcare – every time, every touch – to each person in every community we have the privilege to serve.

Our vision is:

To be among the leading healthcare systems in the nation.

- (2) Briefly describe the proposed project with respect to location, style and major design features, and the relationship of the current proposal to the long range plan.

The proposed Surgery Center will be situated on the 21.6-acre Inova Franconia-Springfield Medical Campus at which Inova has offered outpatient services for well over 20 years. This campus is home to the existing Inova Springfield HealthPlex offering freestanding emergency department and diagnostic imaging services, an existing freestanding multi-specialty ambulatory surgery center, more than 100,000 square feet of existing medical office space, and the COPN-approved, under-development Inova Franconia-Springfield Hospital, which will partially replace Inova Alexandria Hospital.

The proposed Surgery Center will be located on the second floor of a to-be-constructed five-story, 136,000 square foot medical building to be known as the Inova Health Center – 7000 (“Health Center”). In addition to housing the Surgery Center, the Health Center will provide a variety of complementary health services to meet the healthcare needs of the surrounding community. The first floor of the Health Center will house a Pre-Surgical Evaluation Clinic with a connection to the adjacent Inova Franconia-Springfield Hospital. Through this connection, patients and visitors will have access to a Health Commons specifically designed to welcome community members with patient information resources, health events, community education, and wellness programs. The third, fourth and fifth floors of the Health Center will house orthopedic and surgical specialties.

The Health Center, including the proposed establishment of the Surgery Center, is consistent with Inova’s mission, vision and values as further discussed in Section II.C.(1) above.

- (3) Describe the relationship of the facility to public transportation and highway access.

The site of the proposed Surgery Center is well situated to public transportation and highway access. It is located along a major vehicular access road, the Franconia-Springfield Parkway, with easy access to both I-95 and I-495. Multiple bus routes serve nearby Walker Lane and Beulah Street and the site is located one-half mile from both the Franconia-

Springfield blue-line Metro station as well as the Fredericksburg VRE line station.

- (4) Relate the size, shape, contour and location of the site to such problems as future expansion, parking, zoning and the provision of water, sewer and solid waste services.

Three main entrances to the Inova Franconia-Springfield Medical Campus will connect to an internal circulation “Road B,” which will provide vehicular access to all buildings. The existing entrance will remain at Walker Lane and continue to provide primary access to the Inova Springfield HealthPlex as well as a new above grade parking garage. A new entrance located off Beulah Street to the east will be added to serve as the main entrance for the Inova Franconia-Springfield Hospital, the Health Center, and below grade parking. A third entrance primarily intended for emergency department visitors and ambulance access, as well as additional campus exit capacity, will be added to the north side of the campus accessed from Jasper Lane.

In addition to the three entrances to the campus, a service drive, accessible from the western portion of the campus, will be created to the south of the Inova Franconia-Springfield Hospital and parking garage. The service drive will provide access to the waste service compactor/container, a loading dock, and the central utility plant (to be located L1 on the south side of the hospital), allowing for larger trucks and utility services to be separated from the major visitor circulation routes on the campus.

Water and sewer for the hospital will be provided at both the north and south below the main internal roads.

- (5) If this proposal is to replace an existing facility, specify what use will be made of the existing facility after the new facility is completed.

Not applicable. The proposed Surgery Center will be located in a to-be-constructed medical building on the Inova Franconia-Springfield Medical Campus. As discussed in Section II.C.4 above, the new OSH will have four (4) GPORs. Two (2) GPORs will be relocated from Inova Mount Vernon Hospital and two (2) GPORs will be relocated from the Inova Ambulatory Surgery Center at Lorton.

Upon opening of the proposed Surgery Center, two (2) GPORs at Inova Mount Vernon Hospital will be converted to use as procedure rooms. Similarly, the Inova Ambulatory Surgery Center at Lorton's two (2) GPORs will be converted to procedure rooms for the performance of procedures (e.g., certain gastroenterological procedures) that do not constitute "surgery" requiring performance in a GPOR or OSH setting.

- (6) Describe any design features which will make the proposed project more efficient in terms of construction costs, operating costs, or energy conservation.

Architecture

The Health Center where the Surgery Center will be located is pursuing LEED v4 Healthcare certification, with a minimum target of Silver, and will employ a variety of sustainable design features in the site, building systems, interior environment, and exterior envelope, all leading to a reduction in operating costs and energy usage when compared to minimum code requirements. A few of the more notable design initiatives include protecting/restoring the natural habitat, rainwater management, indoor and outdoor water efficiency, optimizing energy performance, material selections leading to building life-cycle impact reductions and sustainable sourcing of raw materials, indoor air quality, daylighting, and views to the exterior.

Heating, Ventilation and Air Conditioning (HVAC)

Energy efficiency is a key consideration for the mechanical, electrical, and plumbing (MEP) design. To reduce fuel demands for the heating plant, the central cooling plant will utilize heat-recovery electric chillers that capture waste heat from the cooling process and utilize it to offset the building heating loads. The central air-handling units will incorporate total energy recovery wheels to reclaim the energy from the outgoing relief air to precondition incoming ventilation air. The building's temperature control system will include vacancy sensors and adjustable occupancy schedules, which will allow for unoccupied spaces to set back temperatures and airflows. Low-flow and low-flush plumbing fixtures

will help reduce total building water usage. Premium efficiency motors are specified for all major equipment.

Lighting

Interior and exterior lighting will be designed to enhance comfort and safety for patients, visitors, and staff. Light levels will be consistent with the recommendations published by the Illuminating Engineering Society of North America (IESNA) Lighting Handbook 10th Edition, and lighting design will include decorative, accent, and architectural lighting to reinforce the architectural design. Among other initiatives, lighting will be designed specifically to meet the following objectives:

- Support visual tasks - to ensure that doctors, nurses, and other staff have adequate and appropriate lighting to carry out their work in caring for patients;
- Clarify circulation paths and highlight destinations making it easier and safer for patients and visitors to navigate unfamiliar areas; and
- Provide positive visual distraction in public spaces, patient rooms, and selected services with long patient procedure times to help patients and visitors feel more comfortable and relaxed.

Lighting equipment will be architectural grade for photometric performance and durability. LED sources will be used throughout for energy efficiency and simplified lighting maintenance thereby minimizing operating costs.

Building controls will be provided by a digital lighting control management system, which will optimize energy usage. Lighting will be zoned and controlled with dimming switches to allow occupants to adjust light levels to suit their individual tasks, enhancing comfort and overall experience. Lighting along windows and beneath skylights will automatically dim in response to available daylight. All spaces will be provided with occupancy or vacancy sensors for automatic shutoff, except for locations where automatic shutoff would negatively impact space function. The digital lighting control management system will be capable of automatically operating window shades, if required. Emergency egress lighting will be provided via selected luminaires connected to an emergency generator.

- D. Describe and document in detail how the facility will be provided with water, sewer and solid waste services. Also describe power source to be used for heating and cooling purposes. Documentation should include, but is not limited to:
- (1) Letters from appropriate governmental agencies verifying the availability and adequacy of utilities,

Please see Attachment F.

- (2) National Pollution Discharge Elimination System permits,

Please see Attachment G for the Virginia Pollutant Discharge Elimination System (VPDES) permit for the Inova Franconia-Springfield Medical Campus.

- (3) Septic tank permits, or

Not applicable. The project will connect all sanitary waste to the Fairfax County sewer system. The site will not include any septic tanks.

- (4) Receipts for water and sewer connection and sewer connection fees.

Please see Attachment F for documentation from Fairfax Water.

E. Space tabulation – (show in tabular form)

1. If Item #1 was checked in II-B, specify:

- a. The total number of square feet (both gross and net) in the proposed facility.
- b. The total number of square feet (both gross and net) by department and each type of patient room (the sum of the square footage in this part should equal the sum of the square footage in (a) above and should be consistent with any preliminary drawings, if available).

Please see Attachment H.

2. If Item #2 was checked in II-B, specify:

- a. The total number of square feet (both gross and net) by department and each type of patient room in the existing facility.
- b. The total number of square feet (both gross and net) to be added to the facility.
- c. The total number square feet (both gross and net) to be remodeled, modernized, or converted to another use.
- d. The total number of square feet (both gross and net) by department and each type of patient room in the facility upon completion. (The sum of square footage in this part should equal the sum of the square footages in parts (a) and (b) above and should be consistent

with any preliminary drawings, if available. (The department breakdown should be the same as in (a) above.)

Not applicable.

3. Specify design criteria used or rationale for determining the size of the total facility and each department within the facility.

The design criteria for this project are based on, and conform to, the standards adopted by the Virginia Department of Health and the FGI (Facilities Guidelines Institute) *Guidelines for Design and Construction of Outpatient Facilities (2018)*.

F. Attach a plot plan of the site which includes at least the following:

1. The courses and distances of the property line.
2. Dimensions and location of any buildings, structures, roads, parking areas, walkways, easements, right-of-way or encroachments on the site.

Please see Attachment I.

G. Attach a preliminary design drawing drawn to a scale of not less than 1/16"=1'0" showing the functional layout of the proposed project which indicates at least the following:

1. The layout of each typical functional unit.
2. The spatial relationship of separate functional components to each other.
3. Circulatory spaces (halls, stairwells, elevators, etc.) and mechanical spaces.

Please see Attachment J.

H. Construction Time Estimates

1. Date of Drawings: Preliminary **March 1, 2024** Final **June 28, 2024**
2. Date of Construction: Begin **April 2026*** Completion **Feb. 2028***
3. Target Date of Opening: **January 2029***

***Pending timely COPN approval**

SECTION III

SERVICE DATA

- A. In brief narrative form describe the kind of services now provided and and/or the kind of services to be available after completion of the proposed construction or equipment installation.

FSSC II LLC seeks COPN approval to establish an OSH with four (4) GPORs on the Inova Franconia-Springfield Medical Campus through the relocation of existing GPOR capacity within the Inova Health System. Two (2) GPORs will be relocated from Inova Mount Vernon Hospital and two (2) GPORs will be relocated from the Inova Ambulatory Surgery Center at Lorton. The new Surgery Center will operate as a Medicare-certified ambulatory surgery and will be configured for, and primarily focus on, musculoskeletal surgical cases, such as joint replacement, sports medicine, and spine.

The Inova Franconia-Springfield Medical Campus is an existing, well-established, and well-utilized medical campus. The site, which is comprised of 21.6-acres, is home to the Inova Springfield HealthPlex offering freestanding emergency department and diagnostic imaging services, an existing freestanding multi-specialty ambulatory surgery center, more than 100,000 square feet of existing medical office space, and the COPN-approved, under-development Inova Franconia-Springfield Hospital. The proposed Surgery Center will occupy approximately 29,223 square feet on the second floor of a to-be-constructed five-story, 136,000 square foot Health Center medical building. Design features will include larger operating rooms to accommodate orthopedic-specific equipment and flexible infrastructure to support evolving orthopedic robotics and technology. There will be a dedicated post-operative physical therapy gym located within the Surgery Center to enable patients to commence physical therapy before they go home. Additional design features include a dedicated implant room directly adjacent to the operating rooms for quick access and efficient storage of large equipment.

The Surgery Center's location on the second floor of the Health Center will provide a seamless pre-, intra-, and post-operative experience for patients. The first floor of the Health Center will house a Pre-Surgical Evaluation Clinic for streamlined surgical clearance and patient education. Directly above the Surgery Center, on the third, fourth and fifth floors will be orthopedic and specialty clinics.

It is the policy of Inova Health System to deliver services to all patients in need without regard to their ability to pay or the payment source. The proposed Surgery Center will accept all patients without regard to their ability to pay or payment source.

Please see Section IV.A for a detailed discussion of the proposed project.

- B. Describe measures used or steps taken to assure continuity of care.

The Surgery Center will use continuity of care measures currently in place at all other Inova-affiliated ambulatory surgery centers. Upon scheduling each case, staff contact the patient to review a pre-admission checklist and provide detailed instructions that address any testing or preparation necessary prior to surgery. Pre-admission testing is available at a variety of locations depending on the test and will be available at the Pre-Surgical Evaluation Clinic conveniently located on the first floor of the Health Center where the Surgery Center will be located. The day following surgery, staff contact each patient to ensure the patient is not having any complications and to answer any questions that the patient may have at that time.

- C. What procedures are utilized in quality care assessment?

All Inova-affiliated ambulatory surgery centers, including the proposed Surgery Center, utilize the same quality care assessment protocols and procedures. These protocols and procedures have been reviewed by the Virginia Department of Health, are utilized at other outpatient surgery centers locally and nationally and are approved by the Accreditation Association for Ambulatory Health Care, a national accreditation organization.

- D. Describe the plan for obtaining additional medical, nursing and paramedical personnel required to staff the project following completion and identify the sources from which such personnel are expected to be obtained.

It is anticipated that some clinical employees currently working at Inova facilities, including Inova Mount Vernon Hospital (from which two (2) of the GPORs will be relocated), would decide to work at the Surgery Center.

The Surgery's Center 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.), and in geographic areas well outside Northern Virginia, expanding the pool of available workers, without draining resources from other facilities.**
- 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.**
- Inova has created targeted fellowship programs for nurses in both the perioperative and peri anesthesia areas to attract both new graduate**

nurses and new specialty practitioners.

- Inova actively engages with four accredited surgical technology programs (ECPI Manassas, Frederick Community College, Lord Fairfax Community College and Prince Georges Community College) in the community to develop surgical technologists for staffing our operating rooms.

E. Facilities and Services to be Provided (Check)

	<u>Existing</u>	<u>This Project To be Added</u>	<u>This Project to to be Discontinued</u>
1. Outpatient Surgery	_____	<u>X</u>	_____
2. Post Operative Recovery Room	_____	<u>X</u>	_____
3. Pharmacy with full-time pharmacists	_____	_____	_____
part-time pharmacists	_____	_____	_____
4. Diagnostic Radio- logical Services			
x-ray	_____	_____	_____
radioisotope	_____	_____	_____
CT scanning	_____	_____	_____
5. Therapeutic Radio- logical Services	_____	_____	_____
Specify Source(s) or Type(s) or Equipment Used	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
6. Clinical Pathology Laboratory	_____	_____	_____
7. Blood Bank	_____	_____	_____
8. Electroencephalo- graphy	_____	_____	_____

9.	Electrocardiography	_____	_____	_____
10.	Ultrasonography	_____	_____	_____
11.	Respiratory Therapy	_____	_____	_____
12.	Renal Dialysis			
	chronic outpatient	_____	_____	_____
	home dialysis training	_____	_____	_____
13.	Alcoholism Service	_____	_____	_____
14.	Drug Addiction Service	_____	_____	_____
15.	Physical Therapy Department	_____	<u> X </u>	_____
16.	Occupational Therapy Department	_____	_____	_____
17.	Medical Rehabilitation outpatient	_____	_____	_____
18.	Psychiatric Service	_____	_____	_____
	outpatient	_____	_____	_____
	emergency service	_____	_____	_____
19.	Clinical Psychology	_____	_____	_____
20.	Outpatient Emergency Service	_____	_____	_____
21.	Social Service	_____	_____	_____
22.	Family Planning Service	_____	_____	_____
23.	Genetic Counseling Service	_____	_____	_____
24.	Abortion Service	_____	_____	_____
25.	Pediatric Service	_____	_____	_____

26.	Obstetric Service	_____	_____	_____
27.	Gynecological Service	_____	_____	_____
28.	Home Care Service	_____	_____	_____
29.	Speech Pathology Service	_____	_____	_____
30.	Audiology Service	_____	_____	_____
31.	Paramedical Training Program	_____	_____	_____
32.	Dental Service	_____	_____	_____
33.	Podiatric Service	_____	_____	_____
34.	Pre-Admission Testing	_____	_____	_____
35.	Pre-Discharge Planning	_____	_____	_____
36.	Multiphasic Screening	_____	_____	_____
37.	Other (Identify)	_____	_____	_____
		_____	_____	_____
		_____	_____	_____
		_____	_____	_____

F. Program

1. Is (will) this outpatient facility (be) a department, unit or satellite of a hospital?

_____ Yes (Give name of hospital) _____

 X No (**The Surgery Center will be a Medicare-certified ambulatory surgery center licensed in Virginia as an OSH.**)

2. Is this outpatient facility affiliated with or does it have a transfer agreement with a hospital?

X Yes (Give name of hospital) **Inova Franconia-Springfield Hospital, Inova Alexandria Hospital (the partial replacement hospital under development at the former site of the Landmark Mall), Inova Fairfax Hospital**

 No

3. Is (will) there (be) an arrangement whereby medical records can readily be transferred between this outpatient facility and an inpatient facility (ies)?

 X Yes (Give name of facility) **Inova Franconia-Springfield Hospital, Inova Alexandria Hospital (the partial replacement hospital under development at the former site of the Landmark Mall), Inova Fairfax Hospital**

 No

4. Outpatient services are (will be) available from **6 a.m. to 6 p.m. 5 days a week.**

5. Does (will) the facility operate scheduled clinics?

 Yes (Attach clinic schedule list)

 X No

6. Are there other organized outpatient services in your primary service area?

 X Yes No

7. The outpatient facility is (will be) staffed:

(a) Only by physicians on call: Yes **X** No

(b) By full time physicians: Yes **X** No

(c) By physicians who limit their practice to this outpatient service? Yes **X** No

The Surgery Center will be staffed by physicians who are appropriately credentialed at the facility.

8. State specifically any limitations or restrictions for participation in the services of the facility.

Physicians who participate in the services of the facility will be required to maintain privileges at a local Medicare-certified hospital.

- G. Please provide historical and/or project utilization statistics for the facility including number of patients, number of patient visits and number of patient services.

As a proposed facility, the Surgery Center has no historical utilization. Projected utilization for the Surgery Center's first two years of operation reflects utilization equivalent to 75% of the State Medical Facilities Plan's ("SMFP") utilization standard (an average of 1,600 hours per GPOR) in year 1 of operation and 83% of the SMFP utilization standard in year 2 of operation. Inova projects that approximately 50% of the surgical cases performed in the Surgery Center will be joint replacement surgeries and that approximately 50% of the surgical cases will consist of other types of musculoskeletal cases. Based on Inova's actual 2024 experience for these types of surgical cases, Inova assumes an average case time of 2.03 hours per case (inclusive of preparation and clean up). The projected GPOR case volumes and utilization projections are as follows:

Franconia-Springfield Surgery Center II Projections

	<u>Year 1: 2029</u>	<u>Year 2: 2030</u>
GPOR Cases	2,361	2,612
GPOR Hours	4,800	5,312
GPORs	4	4
% SMFP	75%	83%

It is expected that 57% of surgical cases performed in the Surgery Center will shift from Inova Mount Vernon Hospital and that the remaining cases will shift from Inova Alexandria Hospital. These projections assume appropriate outpatient musculoskeletal, elective ASA 1 and 2 surgical cases will shift from Inova Mount Vernon Hospital and Inova Alexandria Hospital to the proposed Surgery Center. The ASA is the American Society of Anesthesiologists, which maintains a physical status classification system to determine the health of a person before a surgical procedure that requires anesthesia. Typically, individuals with an ASA 1 or 2 are considered healthy and appropriate candidates to receive surgical services in the ambulatory surgery center setting.

Franconia-Springfield Surgery Center II - Sources of Surgical Cases

	<u>Year 1: 2029</u>	<u>Year 2: 2030</u>
GPOR Cases	2,361	2,612
Transfer from IMVH (57%)	1,346	1,489
Transfer from IAH (43%)	1,015	1,123

In 2024, Inova Alexandria Hospital's eleven (11) GPORs operated at 126% of the SMFP standard. Redeployment of appropriate elective, outpatient surgical volume from Inova Alexandria Hospital to the proposed Surgery Center will help decant busy GPORs at Inova Alexandria Hospital and will facilitate the provision of such surgeries, in a lower cost, dedicated ambulatory setting.

In 2024, Inova Mount Vernon's seven (7) GPORs operated at 115% of the SMFP standard. Similar to Inova Alexandria Hospital, redeployment of appropriate elective, outpatient surgical volume from Inova Mount Vernon will facilitate the provision of such surgeries in a lower cost, dedicated ambulatory setting. With the relocation of two (2) GPORs and the shift in surgical cases to the proposed Surgery Center, Inova Mount Vernon Hospital expects the remaining five (5) GPORs can accommodate the hospital's remaining projected surgical volume. Below are the GPOR volume and hour projections for Inova Mount Vernon Hospital for the first two (2) years following completion of the Surgery Center. The following assumptions were used to calculate these projections:

- **Used 2024 as the baseline year and grew inpatient cases 0.7% per year and outpatient cases 2.7% per year from 2024-2030, consistent with Sg2's projections for PD 8. Sg2 is a national health care analytics and consulting company.**
- **As reflected in COPN Request No. VA-8613, 215 cases are projected to shift from Inova Mount Vernon to the Inova Franconia-Springfield Hospital in 2029.**
- **Average outpatient hours per case will go from 2.56 to 2.03 when the appropriate musculoskeletal cases shift from the hospital to the proposed Surgery Center.**

Inova Mount Vernon Hospital GPOR - Volume and Hours Projections

	<u>2024</u>	<u>Year 1: 2029</u>	<u>Year 2: 2030</u>
GPOR Cases	5,009	3,910	3,832
GPOR Hours	12,861	8,423	8,265
GPORs	7	5	5
% SMFP	115%	105%	103%

H. Staffing of Existing and/or Proposed Facility

In the following categories, indicate the number of full time equivalent personnel (at least 35 hours per week).

Position	Current		Additional	Total
	Full Time	Vacant Positions	Full Time	
Administration-Business Office	n/a	n/a	10	10
Registered Nurses	n/a	n/a	13	13
Certified Registered Nurse Anesthetist	n/a	n/a	5	5
Operating Room Techs	n/a	n/a	5	5
Nursing Assistants	n/a	n/a	4	4
X-Ray Tech	n/a	n/a	2	2
Sterile Processing Techs*	n/a	n/a	3	3
Perioperative Interview Registered Nurses	n/a	n/a	3	3
Total	n/a	n/a	45	45

* Sterile Processing will be covered by the Inova Franconia-Springfield Hospital's Sterile Processing Department. The Surgery Center will receive a chargeback for the FTE expense.

- I. Present a plan for obtaining all additional personnel required to staff the project following completion and identify the sources from which such personnel are expected to be obtained.

It is anticipated that some clinical employees currently working at Inova facilities, including Inova Mount Vernon Hospital (from which two (2) of the GPORs will be relocated), would decide to work at the Surgery Center.

The Surgery's Center 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.), and in geographic areas well outside Northern Virginia, expanding the pool of available workers, without draining resources from other facilities.**
- **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.**
- **Inova has created targeted fellowship programs for nurses in both the perioperative and peri anesthesia areas to attract both new graduate nurses and new specialty practitioners.**
- **Inova actively engages with four accredited surgical technology programs (ECPI Manassas, Frederick Community College, Lord Fairfax Community College and Prince Georges Community College) in the community to develop surgical technologists for staffing our operating**

rooms.

- J. Describe the anticipated impact that the project will have on the staffing of other facilities in the service area.

Staffing of the proposed facility is not expected to impact staffing of other facilities in the service area.

- K. Attach the following information or documents:

1. Copy of most recent licensing report from State Agency (existing facilities, excluding public health centers).

Not applicable. COPN Request No. VA-8835 seeks approval to establish a new OSH with four (4) GPORs.

2. Current accreditation status and copy of latest accreditation report from Joint Commission on Accreditation of Hospitals (existing facilities excluding public health centers).

Not applicable.

3. Roster of medical staff (existing facilities). Indicate their specialty, Board Certification, Board eligibility and staff privileges (active, associate, etc.).

Not applicable.

4. Copies of letters of commitment or statement of intent from physicians indicating they will staff the proposed new facility or service upon completion (existing and proposed facilities).

Please see Attachment K.

SECTION IV PROJECT JUSTIFICATION AND IDENTIFICATION OF COMMUNITY NEED

- A. Please provide a comprehensive narrative description of the proposed project.

Background - About the Proposed Surgery Center

FSSC II LLC seeks COPN approval to establish an OSH with four (4) GPORs on the Inova Franconia-Springfield Medical Campus through the relocation of existing GPOR capacity within the Inova Health System. Two (2) GPORs will be relocated from Inova Mount Vernon Hospital and two (2) GPORs will be relocated from the Inova Ambulatory Surgery Center at Lorton. The new Surgery Center will operate as a Medicare-certified ambulatory surgery and will be configured for, and primarily focus on, musculoskeletal surgical cases, such as joint replacement, sports medicine, and spine.

The Inova Franconia-Springfield Medical Campus is an existing, well-established, and well-utilized medical campus. The site, which is comprised of 21.6-acres, is home to the Inova Springfield offering freestanding emergency department and diagnostic imaging services, an existing freestanding multi-specialty ambulatory surgery center, more than 100,000 square feet of existing medical office space, and the COPN-approved, under development Inova Franconia-Springfield Hospital. The proposed Surgery Center will occupy approximately 29, 223 square feet on the second floor of a to-be-constructed five-story, 136,000 square foot Health Center medical building. Design features will include larger operating rooms to accommodate orthopedic-specific equipment and flexible infrastructure to support evolving orthopedic robotics and technology. There will be a dedicated post-operative physical therapy gym located within the Surgery Center to enable patients to commence physical therapy before they go home. Additional design features include a dedicated implant room directly adjacent to the operating rooms for quick access and efficient storage of large equipment.

The Surgery Center's location on the second floor of the Health Center will provide a seamless pre-, intra-, and post-operative experience for patients. The first floor of the Health Center will house a Pre-Surgical Evaluation Clinic for streamlined surgical clearance and patient education. Directly above the Surgery Center, on the third, fourth and fifth floors will be orthopedic and specialty clinics.

It is the policy of Inova Health System to deliver services to all patients in need without regard to their ability to pay or the payment source. The proposed Surgery Center will accept all patients without regard to their ability to pay or payment source.

Growing Demand for Musculoskeletal Cases in an ASC

Over the last decade, there has been a significant shift in musculoskeletal surgical cases being performed in the inpatient to the outpatient setting, especially in joint replacements. Advances in minimally invasive surgical techniques, technological advancements, improved post-op pain management, and improvements in surgical practice patterns/processes have resulted in more musculoskeletal care being performed in the outpatient setting.

Continued advancements and the rapidly aging population will continue to drive significant growth in outpatient musculoskeletal surgeries. Sg2, a national health care analytics and consulting company projects outpatient orthopedic surgeries will grow 23.5% and outpatient joint replacements will grow 60% in PD 8 between 2024-2030.

According to the Advisory Board, another nationally recognized healthcare analytics and consulting company, outpatient spine and joint replacement procedures are steadily shifting to the ambulatory surgery center setting across the country. According to the Advisory Board, nationally, there was a 304% increase in joint replacement surgeries performed at ambulatory surgery centers between 2018 and 2022. Joint replacement surgeries performed in the ambulatory surgery center setting are projected to grow by an additional 70% between 2023 and 2028. Spine fusion surgeries are also increasingly being performed in the ambulatory surgery center setting. The Advisory Board reports a 24% increase in spine fusion surgeries performed in ambulatory surgery centers between 2018 and 2022, with an additional 47% growth projected for period 2023 to 2028.

In addition to the surgical innovations and technological enhancements discussed above, the Centers for Medicare and Medicaid Services' (CMS) expansion of the ASC covered procedures list to include more types of joint replacement and spine surgeries is also a significant driving force in the shift of such surgical cases from the hospital to the ambulatory surgery setting. In 2018, for example, CMS removed total knee arthroplasty from the inpatient only list, making it reimbursable in hospital outpatient departments, and in 2020 added the procedure to the ASC covered procedures list. Similarly, in 2020 total hip arthroplasty was removed from the inpatient only list and in 2021 was added to the ASC covered procedure list.

The growth in and shift of orthopedic cases from the hospital to ambulatory surgery center setting are being driven by a combination of factors related to cost, patient preference, regulatory changes, and technological advancements. As these factors continue to evolve, Inova expects the shift

toward performance of musculoskeletal procedures in the ambulatory setting to continue to grow.

Projected Utilization of the Proposed Surgery Center

Projected utilization for the Surgery Center's first two years of operation reflect utilization equivalent to 75% of the SMFP utilization standard (an average of 1,600 hours per GPOR) in year 1 of operation and 83% of the SMFP utilization standard in year 2 of operation. Inova projects that approximately 50% of the surgical cases performed in the Surgery Center will be joint replacement surgeries and that approximately 50% of the surgical cases will consist of other types of musculoskeletal cases.

Please see Section III.G for detailed projections and methodology.

Relocation of Capacity

As discussed throughout this COPN application, the proposed four (4) GPOR Surgery Center would be established through the relocation of two (2) GPORs from Inova Mount Vernon Hospital and two (2) GPORs from the Inova Ambulatory Surgery Center at Lorton.

Relocation of two (2) GPORs from Inova Mount Vernon Hospital

Inova Mount Vernon Hospital's seven (7) GPORs operated at 115% of the SMFP utilization standard in 2024. Redeployment of appropriate elective, outpatient surgical volume from Inova Mount Vernon will facilitate the provision of such surgeries in a lower cost, dedicated ambulatory setting.

With the relocation of two (2) GPORs and the shift in surgical cases to the proposed Surgery Center, Inova Mount Vernon Hospital expects the remaining five (5) GPORs can accommodate the hospital's remaining projected surgical volume. Below are the GPOR volume and hour projections for Inova Mount Vernon Hospital for the first two (2) years following completion of the Surgery Center. The following assumptions were used to calculate these projections:

- Used 2024 as the baseline year and grew inpatient cases 0.7% per year and outpatient cases 2.7% per year from 2024-2030, consistent with Sg2's projections for PD 8. Sg2 is a national health care analytics and consulting company.
- As reflected in COPN Request No. VA-8613, 215 cases are projected to shift from Inova Mount Vernon to the Inova Franconia-Springfield Hospital in 2029.

- Average outpatient hours per case will go from 2.56 to 2.03 when the appropriate musculoskeletal cases shift from the hospital to the proposed Surgery Center.

Inova Mount Vernon Hospital GPOR - Volume and Hours Projections

	<u>2024</u>	<u>Year 1: 2029</u>	<u>Year 2: 2030</u>
GPOR Cases	5,009	3,910	3,832
GPOR Hours	12,861	8,423	8,265
GPORs	7	5	5
% SMFP	115%	105%	103%

Upon opening of the proposed Surgery Center, two (2) GPORs at IMVH would be converted to procedure rooms.

Relocation of two (2) GPORs from Inova Ambulatory Surgery Center at Lorton

Inova Ambulatory Surgery Center at Lorton's two (2) GPORs operated at 29% of the SMFP utilization standard in 2024. Despite Inova's sustained efforts, the location has not been well utilized by patients or surgeons. Accordingly, rather than propose new GPOR capacity for the Surgery Center, this project seeks to relocate the Inova Ambulatory Surgery Center at Lorton's two (2) GPORs to the proposed Surgery Center on the Inova Franconia-Springfield Medical campus, where they will be well utilized.

Upon opening of the Surgery Center, the Inova Ambulatory Surgery Center at Lorton's two (2) GPORs will be converted to procedure rooms for the performance of procedures (e.g., certain gastroenterological procedures) that do not constitute "surgery" requiring performance in a GPOR or OSH setting.

B. Identification of Community Need

1. Describe the geographic boundaries of the facility's primary service area. (Note: Primary service area may be considered to be geographic area from which 75% of patients are expected to originate.)

The zip codes below comprise the projected primary service area (PSA) of the Surgery Center. These zip codes are based on the combined patient origin for the outpatient orthopedic surgery cases performed at Inova Mount Vernon Hospital and Inova Alexandria Hospital in 2024.

Zip Code	City	County	State	Cases	% of Total	Cumulative %
22309	Alexandria	Fairfax County	VA	189	5%	4.6%
22314	Alexandria	Alexandria City County	VA	177	4%	8.9%
22304	Alexandria	Alexandria City County	VA	165	4%	12.9%
22315	Alexandria	Fairfax County	VA	128	3%	16.0%
22079	Lorton	Fairfax County	VA	120	3%	18.9%
22306	Alexandria	Fairfax County	VA	117	3%	21.8%
22153	Springfield	Fairfax County	VA	115	3%	24.6%
22192	Woodbridge	Prince William County	VA	115	3%	27.4%
22003	Annandale	Fairfax County	VA	114	3%	30.1%
22015	Burke	Fairfax County	VA	112	3%	32.9%
22152	Springfield	Fairfax County	VA	111	3%	35.6%
22308	Alexandria	Fairfax County	VA	101	2%	38.0%
22150	Springfield	Fairfax County	VA	94	2%	40.3%
22310	Alexandria	Fairfax County	VA	89	2%	42.5%
22039	Fairfax Station	Fairfax County	VA	88	2%	44.6%
22191	Woodbridge	Prince William County	VA	85	2%	46.7%
22193	Woodbridge	Prince William County	VA	83	2%	48.7%
22312	Alexandria	Fairfax County	VA	74	2%	50.5%
20744	Fort Washington	Prince Georges County	MD	73	2%	52.2%
22302	Alexandria	Alexandria City County	VA	73	2%	54.0%
22030	Fairfax	Fairfax City County	VA	61	1%	55.5%
22032	Fairfax	Fairfax County	VA	57	1%	56.9%
22307	Alexandria	Fairfax County	VA	56	1%	58.3%
22301	Alexandria	Alexandria City County	VA	55	1%	59.6%
22305	Alexandria	Alexandria City County	VA	48	1%	60.8%
22303	Alexandria	Fairfax County	VA	48	1%	61.9%
20112	Manassas	Prince William County	VA	43	1%	63.0%
22311	Alexandria	Alexandria City County	VA	43	1%	64.0%
22041	Falls Church	Fairfax County	VA	42	1%	65.0%
22151	Springfield	Fairfax County	VA	40	1%	66.0%
22031	Fairfax	Fairfax County	VA	40	1%	67.0%
22025	Dumfries	Prince William County	VA	39	1%	67.9%
22042	Falls Church	Fairfax County	VA	37	1%	68.8%
20735	Clinton	Prince Georges County	MD	32	1%	69.6%
22202	Arlington	Arlington County	VA	32	1%	70.4%
20748	Temple Hills	Prince Georges County	MD	32	1%	71.2%
22026	Dumfries	Prince William County	VA	28	1%	71.8%
22206	Arlington	Arlington County	VA	26	1%	72.5%
20124	Clifton	Fairfax County	VA	23	1%	73.0%
22172	Triangle	Prince William County	VA	22	1%	73.6%
20745	Oxon Hill	Prince Georges County	MD	21	1%	74.1%
20121	Centreville	Fairfax County	VA	20	0%	74.6%
22060	Fort Belvoir	Fairfax County	VA	18	0%	75.0%

2. Provide patient origin, discharge diagnosis or utilization data appropriate for the type of project proposed.

Please see Attachment L for a listing of Inova Mount Vernon Hospital and Inova Alexandria Hospital's 2024 outpatient orthopedics surgery patient origin by zip code.

- C. 1. Is (are) the service(s) to be offered presently being offered by any other existing facility(ies) in the Health Planning Region?

Yes

2. If Yes,

a. Identify the facility(ies)

Authorized GPORs in PD 8

Source: November 19, 2024 DCOPN Staff Report plus recently approved COPN No.VA-04914 (Eisenhower, LLC) and COPN No.VA-04916 (North VA Surgicenter, LLC) – both approved on December 30, 2024

Facility Name	Authorized GPORs
Inova Alexandria Hospital	11
Inova Fair Oaks Hospital	14
Inova Fairfax Hospital	47
Inova Loudoun Hospital	10
Inova Mount Vernon Hospital	7
Reston Hospital Center (HCA)	14
Sentara Northern Virginia Medical Center	9
Stone Spring Medical Center (HCA)	6
UVA Health Haymarket Medical Center	4
UVA Health Prince William Medical Center	4
Virginia Hospital Center	13
Total Hospital GPORs	139
Dominion Plastic Surgery	2
Eisenhower, LLC ASC	2
Fairfax Surgical Center	6
Haymarket Surgery Center	2
HealthQare Services ASC, LLC	2
Inova Ambulatory Surgery Center at Lorton, LLC	2
Inova Loudoun Ambulatory Surgery Center, LLC	5
Inova Oakville Ambulatory Surgery Center	3
Inova Surgery Center at Franconia-Springfield	5
Kaiser Permanente - Woodbridge Surgery Center	4
Kaiser Permanente Tysons Corner Surgery Center	7
Lake Ridge Ambulatory Surgery Center, LLC	1
McLean Ambulatory Surgery Center, LLC	3
McLean Tysons Orthopedic Surgery Center, LLC	4
North VA Surgicenter, LLC	4
Northern Virginia Eye Surgery Center, LLC	2
Northern Virginia Surgery Center	4
Pediatric Specialists of Virginia Ambulatory Surgery Center	2
Prince William Ambulatory Surgery Center	4
Reston Surgery Center	6
Stone Springs Ambulatory Surgery Center	2
Total ASCs	72
Total Operating and Reporting GPORs - PD8	211

Not included in GPOR count:

- **Inova Fairfax Hospital = 6 Cardiac Operating Rooms**
- **Virginia Hospital Center = 2 Cardiac Operating Rooms & 1 Trauma Operating Room**
- **Reston Hospital Center = 1 Trauma Operating Room**

- b. Discuss the extent to which the facility(ies) satisfy(ies) the current demand for the service(s).

In 2023, the most recent year for which utilization data is publicly available from VHI, the 211 COPN-authorized GPORs in PD 8 experienced average utilization of 93% of the SMFP standard of 1,600 hours per GPOR. This project, however, is inventory neutral and will not add to the number of COPN-authorized GPORs in PD 8. The new Surgery Center will be established through the relocation of two (2) GPORs from Inova Mount Vernon Hospital and two (2) GPORs from the Inova Ambulatory Surgery Center at Lorton.

As discussed throughout this COPN application, the new Surgery Center will be configured for, and primarily focus on, musculoskeletal surgical cases, such as joint replacement, sports medicine, and spine. Design features will include larger operating rooms to accommodate orthopedic-specific equipment, and flexible infrastructure to support evolving orthopedic robotics and technology. There will be a dedicated post-operative physical therapy gym located within the Surgery Center to enable patients to commence physical therapy before they go home. Additional design features include a dedicated implant room directly adjacent to the operating rooms for quick access and efficient storage of large equipment.

Establishment of the Surgery Center will facilitate the relocation of certain musculoskeletal surgeries from the hospital setting to the lower-cost ambulatory surgery center setting. It is expected that 57% of surgical cases performed in the Surgery Center will shift from Inova Mount Vernon Hospital and that the remaining cases will shift from Inova Alexandria Hospital. By year two of operation, it is expected that the Surgery Center's four (4) GPORs will operate at 83% of the SMFP utilization standard.

Although there is an existing ambulatory surgery center located on the Inova Franconia-Springfield Medical campus, that facility - the Inova Franconia-Springfield Ambulatory Surgery Center – is a multi-specialty ambulatory surgery center designed to accommodate a variety of surgical specialties and unlike the proposed Surgery Center does not have a musculoskeletal focus. Moreover, the facility is heavily utilized. In 2024, the Inova Franconia-Springfield Ambulatory

Surgery Center's five (5) GPORs operated at 100% of the SMFP utilization standard.

- c. Discuss the extent to which the facility(ies) will satisfy the demand for services in five years.

PD 8 is projected to have a computational surplus of 11.5 GPORs by 2030, based on the SMFP calculation set forth in 12 VAC 5-230-500 discussed below. The proposed Surgery Center, however, is inventory neutral and will not add to the number of COPN-authorized GPORs in PD 8. Establishment of the Surgery Center through relocation of existing GPOR capacity will, as discussed above, facilitate the relocation of certain musculoskeletal surgeries from the hospital setting to the lower cost ambulatory surgery center setting.

As the population continues to grow in PD 8, and more specifically in the Surgery Center's PSA, the demand for surgical services, including musculoskeletal surgeries, will continue to increase. Establishment of the Surgery Center will improve access for this growing population to easily accessible and highly efficient ambulatory surgical services.

- D. Discuss how project will fill an unmet need in the delivery of health care in the service area including, where applicable, geographic barriers to access.

The proposed Surgery Center will be the only musculoskeletal-focused ASC in the eastern part of PD 8, facilitating the relocation of appropriate musculoskeletal surgeries from the hospital setting (specifically Inova Mount Vernon Hospital and Inova Alexandria Hospital) to the lower cost ambulatory surgery center setting and improving access for Inova's patient population residing in the Surgery Center's PSA. As discussed above, it is expected that 57% of surgical cases performed in the Surgery Center will shift from Inova Mount Vernon Hospital and that the remaining cases will shift from Inova Alexandria Hospital. By year two of operation, it is expected that the Surgery Center's four (4) GPORs will operate at 83% of the SMFP utilization standard.

- E. Discuss the consistency of the proposed project with applicable Regional Health Plan, State Health Plan, State Medical Facilities Plan, or other plans promulgated by State agencies.

Part IV: 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.

Surgical services are available in PD 8 within 30 minutes driving time of 95% of the population. The proposed project will improve access to surgical services in PD 8, particularly musculoskeletal surgeries in the Surgery Center's proposed PSA, without adding to the number of COPN-authorized GPORs in PD 8.

12VAC5-230-500. Need for new service.

- 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:*

$$\frac{FOR = ((ORV/POP) \times (PROPOP)) \times AHORV}{1600}$$

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.

The most recent five-year period for which VHI published surgery use data are available is the period 2019-2023. Please see the table below for the values and applicable sources used in the calculation, which reflects a computational surplus of 11.5 GPORs. Notably, the proposed Surgery Center is inventory neutral and will not add to the number of COPN-authorized GPORs in PD 8.

Formula Variable	Value	Source
ORV (2019 - 2023)	755,852	VHI
POP (2019 - 2023)	12,760,475	Weldon Cooper Center for Public Service
PROPOP (2030)	2,828,990	Weldon Cooper Center for Public Service
AHORV	1.905	VHI
FOR = $((755,852/12,760,475) \times (2,828,990) \times 1.905/1,600) = 199.5$		
COPN Authorized GPORs = 211		
GPORs Needed by 2030 = 199.5		
Surplus = 11.5 GPORs		

- 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.*

COPN Request No. VA-8835 seeks to establish an OSH with four (4) GPORs on the Inova Franconia-Springfield Medical Campus. The new OSH will be established through the relocation of existing GPOR capacity. Two (2) GPORs will be relocated from Inova Mount Vernon Hospital and two (2) GPORs will be relocated from the Inova Ambulatory Surgery Center at Lorton. The new Surgery Center will operate as a Medicare-certified ambulatory surgery and will be configured for, and primarily focus on, musculoskeletal surgical cases, such as joint replacement, sports medicine, and spine.

The proposed Surgery Center will be the only musculoskeletal-focused ASC in the eastern part of PD 8, facilitating the relocation of appropriate musculoskeletal surgeries from the hospital setting (specifically Inova Mount Vernon Hospital and Inova Alexandria Hospital) to the lower cost

ambulatory surgery center setting and improving access for Inova's patient population residing in the Surgery Center's PSA. As discussed above, it is expected that 57% of surgical cases performed in the Surgery Center will shift from Inova Mount Vernon Hospital and that the remaining cases will shift from Inova Alexandria Hospital. By year two of operation, it is expected that the Surgery Center's four (4) GPORs will operate at 83% of the SMFP utilization standard.

2VAC5-230-510. Staffing.

Surgical services should be under the direction or supervision of one or more qualified physicians.

The proposed surgical service will be under the direction of a board certified physician medical director.

- F. Show the method and assumptions used in determining the need for additional beds, new services or deletion of service in the proposed project's service area.

Please see Section III.G.

- G. Coordination and Affiliation with Other Facilities.

Describe any existing or proposed formal agreements or affiliations to share personnel, facilities, services or equipment. (Attach copies of any formal agreements with another health or medical care facility.)

Inova Health System is a broad-based, regional healthcare system and provides a comprehensive and coordinated range of acute, ambulatory, and tertiary services.

Pediatric Specialists of Virginia, LLC ("PSV"), a non-profit private pediatric medical group, is a 50-50 joint venture between Inova and Children's National Medical Center. Starting in the fall of 2013, PSV began providing a variety of pediatric specialties including gastroenterology, genetics, hematology oncology, nephrology and orthopedics. Please see Attachment M for legal documentation of the joint venture.

H. Attach copies of the following documents:

1. A map of the service area indicating:
 - a. Location of proposed project.
 - b. Location of other existing medical facilities (by name, type (hospital, nursing home, outpatient clinic, etc.) and number of beds in each inpatient facility).

Please see Attachment N.

2. Any material which indicates community and professional support for this project; i.e. letter of endorsement from physicians, community organizations, local government, Chamber of Commerce, medical society, etc.

Please see Attachment K.

3. Letters to other area facilities advising of the scope of the proposed project.

Please see Attachment O.

SECTION V**FINANCIAL DATA**

It will be the responsibility of the applicant to show sufficient evidence of adequate financial resources to complete construction of the proposed project and provide sufficient working capital and operating income for a period of not less than one (1) year after the date of opening:

- A. Specify the per diem rate for all existing negotiated reimbursement contracts and proposed contracts for patient care with state and federal governmental agencies, Blue Cross/Blue Shield Plans, labor organizations such as health and welfare funds and membership associations.

This question requires the disclosure of confidential and proprietary information.

- B. Does the facility participate in a regional program which provides a means for facilities to compare its costs and operations with similar institutions?

 X Yes No

If yes, specify program **VHI**

Provide a copy of report(s) which provide(s) the basis for comparison.

Once operational, the Surgery Center will participate in VHI. Because the proposed new OSH would be established through the relocation of two (2) GPORs from Inova Mount Vernon Hospital and two (2) GPORs from the Inova Ambulatory Surgery Center at Lorton, Attachment P includes Inova Mount Vernon Hospital's and Inova Ambulatory Surgery Center at Lorton's 2024 VHI submission.

- C. Estimated Capital Costs

Please see "Instructions for Completing Estimated Capital Costs" Section of the Certificate of Need application for detailed instructions for completing this question (attached)

Part I – Direct Construction Costs

- | | | |
|----|---|----------------------------------|
| 1. | Cost of materials | <u>\$5,750,494</u> |
| 2. | Cost of labor | <u>\$8,625,741</u> |
| 3. | Equipment included in construction contract | <u>N/A</u> |
| 4. | Builder's overhead | <u>Included in line 5</u> |

5.	Builder's profit	<u>\$388,547</u>
6.	Allocation for contingencies	<u>\$777,094</u>
7.	Sub-total (add lines 1 thru 6)	<u>\$15,541,876</u>

Part II – Equipment Not Included in Construction Contract

If leasehold, lease expense over entire term of lease

(List each separately)

8.	a. <u>Ambulatory Surgical Area</u>	<u>\$9,582,943</u>
	b. <u>Pre/post Surgical Area</u>	<u>\$1,262,018</u>
	c. _____	\$ _____
	d. _____	\$ _____
	e. _____	\$ _____
9.	Sub-total (add lines 8a thru 8e)	<u>\$10,844,961</u>

Part III – Site Acquisition Costs

10.	Full purchase price	\$ _____
11.	For sites with standing structures	\$ _____
	a. purchase price allocable to structures	\$ _____
	b. purchase price allocable to land	\$ _____
12.	Closing costs	\$ _____
13.	If leasehold, lease expense over entire term of lease	<u>\$15,410,411</u>

Please see Attachment B for a memorandum of understanding documenting the planned lease arrangement between the Surgery Center and the landlord, IHCS.

14.	Additional expenses paid or accrued:	
	a. _____	\$ _____
	b. _____	\$ _____

c. _____ \$ _____

15. Sub-total (add lines 10 thru 14c) **\$15,410,411**

Part IV – Site Preparation Costs (Not Applicable)

16. Earth work \$ _____

17. Site utilities \$ _____

18. Roads and walks \$ _____

19. Lawns and planting \$ _____

20. Unusual site conditions:

a. _____ \$ _____

b. _____ \$ _____

21. Accessory structures \$ _____

22. Demolition costs \$ _____

23. Sub-total (add lines 16 thru 22) \$ _____

Part V – Off-site Costs (List each separately) (Not Applicable)

24. _____ \$ _____

25. _____ \$ _____

26. _____ \$ _____

27. _____ \$ _____

28. Sub-total (add lines 24 thru 27) \$ _____

Part VI – Architectural and Engineering Fees

29. Architect's design fee **\$644,000**

30. Architect's supervision fee **\$72,000**

31. Engineering fees **\$318,325**

32. Consultant's fees **\$209,025**

33. Sub-total (add lines 29 thru 32) **\$1,243,350**

Part VII – Other Consultant Fees (List each separately) (Not Applicable)

34. a. _____ \$ _____
 b. _____ \$ _____
 c. _____ \$ _____
 35. Sub-total (add lines 34a thru 34c) \$ _____

Part VIII – Taxes During Construction (Not Applicable)

36. Property taxes during construction \$ _____
 37. List other taxes:
 a. _____ \$ _____
 b. _____ \$ _____
 38. Sub-total (add lines 36 thru 37b) \$ _____

Part IX-A – HUD Section 232 Financing (Not Applicable)

39. Estimated construction time(in months) _____
 40. Dollar amount of construction loan \$ _____
 41. Construction loan interest rate _____ %
 42. Estimated construction loan interest costs \$ _____
 43. Term of financing (in years) _____
 44. Interest rate on permanent loan _____ %
 45. FHA mortgage insurance premium \$ _____
 46. FHA mortgage fees \$ _____
 47. Financing fees \$ _____
 48. Placement fees \$ _____

49. AMPO (non-profit only) \$ _____
50. Title and recording fees \$ _____
51. Legal fees \$ _____
52. Total interest expense on permanent mortgage loan \$ _____
53. Sub-total Part IX-A HUD Section 232 Financing (add lines 42, 45, 46, 47, 48, 49, 50 and 51) \$ _____

Part IX-B – Industrial Development Authority Revenue and General (Not Applicable)

Obligation Bond Financing

(Circle selected method of financing)

54. Method of construction financing (construction loan, proceeds of bond sales, if other, specify) _____
If construction is to be financed from any source other than bond sale proceeds, answer question 56 through 58. Otherwise, proceed to question 59.
55. Estimated construction time (in months) _____
56. Dollar amount of construction loan \$ _____
57. Construction loan interest rate _____ %
58. Estimated construction loan interest cost \$ _____
59. Nature of bond placement (direct, underwriter, if other, specify) _____
60. Will bonds be issued prior to the beginning of construction? _____ Yes _____ No
61. If the answer to question 60 is yes, how long before (in months)? _____
62. Dollar amount of bonds expected to be sold prior to the beginning of construction \$ _____
63. Will principal and interest be paid during construction or only interest? _____

64. Bond interest expense prior to the beginning of construction(in dollars) \$ _____
65. How many months after construction begins will last bond be sold? _____
66. Bond interest expense during construction \$ _____
67. What percent of total construction will be financed from bond issue? \$ _____
68. Expected bond interest rate _____ %
69. Anticipated term of bond issued (in years) _____
70. Anticipated bond discount (in dollars) _____
71. Legal costs \$ _____
72. Printing costs \$ _____
73. Placement fee \$ _____
74. Feasibility study \$ _____
75. Insurance \$ _____
76. Title and recording fees \$ _____
77. Other fees (list each separately)
- a. _____ \$ _____
- b. _____ \$ _____
- c. _____ \$ _____
78. Sinking fund reserve account (Debt Service Reserve) \$ _____
79. Total bond interest expenses (in dollars) \$ _____
80. Sub-total Part IX_B (add lines 58, 64, 66, 71, 72, 73, 74, 75, 76, 77a, b, c and 78) \$ _____

Part IX_C – Conventional Mortgage Loan Financing (Not Applicable)

81.	Estimated construction time (in months)	_____
82.	Dollar amount of construction loan	\$ _____
83.	Construction loan interest rate	_____ %
84.	Estimated construction loan interest cost (in dollars)	\$ _____
85.	Term of long term financing (in years)	_____
86.	Interest rate on long term loan	_____ %
87.	Anticipated mortgage discount (in dollars)	\$ _____
88.	Feasibility study	\$ _____
89.	Finder's fee	\$ _____
90.	Legal fees	\$ _____
91.	Insurance	\$ _____
92.	Other fees (list each separately)	
	_____	\$ _____
93.	_____	\$ _____
94.	Total permanent mortgage loan interest expense (in dollars)	\$ _____
95.	Sub-total Part IX_C (add lines 84 & 88 thru 93)	\$ _____

Financial Data Summary Sheet

96.	Sub-total Part I	Direct Construction Cost (line 7)	<u>\$15,541,876</u>
97.	Sub-total Part II	Equipment not included in construction contract (line 9)	<u>\$10,844,961</u>
98.	Sub-total Part III	Site Acquisition Costs (line 15)	<u>\$15,410,411</u>
99.	Sub-total Part IV	Site Preparation Cost (line 23)	<u>\$0</u>

100.	Sub-total Part V	Off-Site Costs (line 28)	<u>\$0</u>
101.	Sub-total Part VI	Architectural and Engineering fees (line 33)	<u>\$1,243,350</u>
102.	Sub-total Part VII	Other Consultant fees (line 35)	<u>\$0</u>
103.	Sub-total Part VIII	Taxes During Construction (line 38)	<u>\$0</u>
104.	Sub-total Part IX-A	HUD-232 Financing (line 53)	<u>\$0</u>
105.	Sub-total Part IX-B	Industrial Development Authority Revenue & General Revenue Bond Financing (line 80)	<u>\$0</u>
106.	Sub-total Part IX-C	Conventional Loan Financing (line 95)	<u>\$0</u>
107.	TOTAL CAPITAL COST (lines 96 thru 106)		<u>\$43,040,598</u>

About 36% of the total costs are attributable to the aggregate lease expenses over the 10 year initial term of the lease.

108.	Percent of total capital costs to be financed	<u>0%</u>
109.	Dollar amount of long term mortgage (line 107 x 108)	<u>\$0</u>
110.	Total Interest Cost on Long Term Financing	<u>\$0</u>
	a. HUD-232 Financing (line 53)	<u>\$0</u>
	b. Industrial Development Authority Revenue & General Revenue Bond Financing (line 79)	<u>\$0</u>
	c. Conventional Loan Financing (line 94)	<u>\$0</u>
111.	Anticipated Bond discount	
	a. HUD-232 Financing (line 53)	<u>\$0</u>
	b. Industrial Development Authority Revenue & General Revenue Bond Financing (line 70)	<u>\$0</u>
	c. Conventional Loan Financing (line 87)	<u>\$0</u>

- 112. TOTAL CAPITAL AND FINANCING COST**
(ADD LINES 107, 110a, b or c AND 111a, b or c) **\$43,040,598**
- D. 1. Estimated costs for new construction (excluding site acquisition costs) **\$15,541,876**
2. Estimated costs of modernization and renovation (excluding site acquisition costs) **\$0**
- E. Anticipated Sources of Funds for Proposed Project Amount
1. Public Campaign **\$0**
2. Bond Issue (Specify Type) _____ **\$0**
3. Commercial Loans **\$0**
4. Government Loans (Specify Type) _____ **\$0**
5. Grants (Specify Type) _____ **\$0**
6. Bequests **\$0**
7. Private Foundations **\$0**
8. Endowment Income **\$0**
9. Accumulated Reserves **\$43,040,598**
10. Other (Identify) _____ **\$0**
- F. Describe in detail the proposed method of financing the proposed project, including the various alternatives considered. Attach any documents which indicate the financial feasibility of the project.
- The project will be funded through accumulated reserves of Inova Health System.**
- G. Describe the impact the proposed capital expenditure will have on the cost of providing care in the facility. Specify total debt service cost and estimated debt service cost per patient day for the first two (2) years of operation. (Total debt service cost is defined as total interest to be paid during the life of the loan (s). Estimate debt service cost per patient day by dividing estimated total patient days

for year one into amount of debt service for that year. Repeat for year two.) Please attach an amortization schedule showing how the proposed debt will be repaid.

The proposed project will be funded through accumulated reserves and, as such, there are no debt service costs associated with the project. Capital costs of the project are not expected to impact the cost of care.

H. Attach a copy of the following information of documents.

1. The existing and/or proposed room rate schedule, by type of accommodation.

Not applicable. The Surgery Center will be a Medicare-certified ambulatory surgery center that is licensed as an OSH. It will not offer any inpatient services.

2. The audited annual financial statements for the past two (2) years of the existing facility or/if a new facility without operating experience, the financial state of the owner (s). Audited financial statements are required, if available.

Please see Attachment Q for the most recent audited financial statements for Inova Health System.

3. Copy of the proposed facility's estimated income, expense and capital budget for the first two years of operation after the proposed project is completed.

Please see Attachment R.

SECTION VI**ASSURANCES**

I hereby assure and certify that:

- a. The work on the proposed project will be initiated within the period of time set forth in the Certificate of Public Need; and
- b. completion of the proposed project will be pursued with diligence; and
- c. the proposed project will be constructed, operated and maintained in full compliance with all applicable local, State and Federal laws, rules, regulations and ordinances.

I hereby certify that the information included in this application and all attachments are correct to the best of my knowledge and belief and that it is my intent to carry out the proposed project as described.



Signature of Authorizing Officer

Inova Health System

Address – Line 1

Paul Dreyer

Type/Print Name of Authorizing Officer

8095 Innovation Park Drive

Address – Line 2

Senior Director, Strategy & Planning

Title of Authorizing Officer

Fairfax, VA 22031

City/State/Zip

703-403-7598

Telephone

July 31, 2025

Date

Copies of this request should be sent to :

- A. **Virginia Department of Health
Division of Certificate of Public Need
9960 Mayland Drive – Suite 401
Henrico, Virginia 23233**
- B. **The Regional Health Planning Agency if one is currently designated by the Board of Health to serve the area where the project would be located.**