



North VA Surgicenter, LLC

COPN Request No. VA-8780

Application for a Certificate of Public Need

To

Establish an Outpatient Surgical Hospital
with Four Operating Rooms

August 1, 2024

SECTION I

FACILITY ORGANIZATION AND IDENTIFICATION

- A. **North VA Surgicenter**
Official Name of Facility
- 13350 Franklin Farm Road # 100**
Address
- Herndon** **Virginia** **20171**
City State Zip
- B. **North VA Surgicenter, LLC**
Legal Name of Applicant
- 13350 Franklin Farm Road # 100**
Address
- Herndon** **Virginia** **20171**
City State Zip
- C. Chief Administrative Officer
- Ryan Miller**
Name
- 13350 Franklin Farm Road # 100**
Address
- Herndon** **Virginia** **20171**
City State Zip
- 720-201-8354**
Telephone
- D. Person(s) to whom questions regarding application should be directed:
- Thomas J. Stallings**
Name
- McGuireWoods LLP, Gateway Plaza, 800 East Canal Street**
Address
- Richmond** **VA** **23219**
City State Zip
- 804-775-1007** **(804) 698-2182** **tstallings@mcguirewoods.com**
Telephone Fax E-mail

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 LLC Identify

(4) X

See Attachment I.E.

Non-Profit

(5)

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

(5)

(6)

(6) Other Identify

(6)

Governmental

(7)

(7) 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

Lease renewable for five-year terms following initial ten-year term

(5)

Other Identify

See Attachment I.F.

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.

North VA Surgicenter, LLC will have 100% ownership of the medical care facility.

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

Surgicare of North VA, LLC is currently the sole member of North VA Surgicenter, LLC. It is expected that North VA Surgicenter, LLC will eventually be owned jointly by Surgicare of North VA, LLC and OrthoVirginia, Inc. The registered agent is CT Corporation System, 4701 Cox Road, Suite 301, Glen Allen, Virginia 23060.

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

None.

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

North VA Surgicenter, LLC's ultimate corporate parent is currently HCA Healthcare, Inc. As discussed in Section I.G above, it is expected that North VA Surgicenter, LLC will eventually be owned jointly by Surgicare of North VA, LLC and OrthoVirginia, Inc.

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: **13,462 square feet**
2. Located in **Fairfax County / PD 8** City/County/Planning District
Address or directions **13350 Franklin Farm Road # 100, Herndon, Virginia 20171**
3. Has site been zoned for type of use proposed:
☒ Yes (attach copy of zoning or use permit) **See Attachment II.A.**
☐ 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) ☐ Other (Identify)

C. Design of the facility

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

North VA Surgicenter does not have a formal, written long range plan.

- (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.

North VA Surgicenter will be a dedicated orthopaedic outpatient surgery center with four general purpose operating rooms ("GPORs"). The project involves converting an existing four-room in-office operatory suite at the Herndon office of OrthoVirginia into a licensed outpatient surgical hospital ("OSH") with four GPORs.

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

The site is conveniently located on Franklin Farms Road off Route 286 between Route 50 and the Dulles Access Road. The Fairfax Connector bus line stops nearby. The Herndon Metro stop is approximately 4 miles away.

- (3) 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.

North VA Surgicenter does not anticipate that the proposed size, shape, contour, and location of this project will pose any problems to the above criteria. The site already has adequate parking and is served existing utilities.

- (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.

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

The renovation will replace the end-of-life cycle existing infrastructure (AHU's, VAVs, Generator) so the project will meet or exceed ASHRAE 90.1 requirements.

- 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,
- (2) National Pollution Discharge Elimination System permits,
- (3) Septic tank permits, or
- (4) Receipts for water and sewer connection and sewer connection fees.

Utilities are already available and currently provided by the landlord pursuant to the space lease. See Attachment II.D.

- 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).

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

See Attachment II.E.

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

The space will meet or exceed the current requirements for Outpatient Surgical Hospitals in the State of Virginia, Americans with Disabilities Act ("ADA") Standards for Accessible Design, National Fire Protection Association 101 Life Safety Code ("NFPA 101"), the International Building Code ("IBC"), the ASHRAE 90.1 Standard,

the Virginia Uniform Statewide Building Code, Facilities Guidelines Institute (“FGI”) 2022, and all other applicable local codes.

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.

See Attachment II.F.

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.

See Attachment II.G.

H. Construction Time Estimates

- | | | |
|----|-------------------------|-------------------------------------|
| 1. | Date of Drawings: | Preliminary: <u>July 2024</u> |
| | | Final: <u>COPN + 9 months</u> |
| 2. | Date of Construction: | Begin: <u>COPN + 13 months</u> |
| | | Completion: <u>COPN + 24 months</u> |
| 3. | Target Date of Opening: | <u>COPN + 25 months</u> |

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.

North VA Surgicenter will be a dedicated orthopaedic outpatient surgery center with four general GPORs. The project involves converting an existing four-room in-office operatory suite at the Herndon office of OrthoVirginia into a licensed OSH with four GPORs. Two of the four GPORs will be relocated from Reston Hospital Center and the other two GPORs will be new. North VA Surgicenter will perform outpatient Medicare, TRICARE, and Medicaid surgical cases that are today typically performed at inpatient hospitals. Shifting these cases out of the hospital setting into the OSH setting will significantly lower the cost to both government payers and patients. Relocation of the two GPORs from Reston Hospital Center to North VA Surgicenter is, therefore, consistent with the SMFP standard under 12VAC5-230-500(B) because relocation will result in the provision of surgical services at a lower cost within PD 8 because the operating rooms will be converted from hospital operating rooms to lower cost ambulatory surgery center operating rooms and will optimize the number of operations in the PD that are performed on an outpatient basis. The addition of the two new GPORs is consistent with established COPN precedent under similar circumstances.

Please see Section IV.A below for a more comprehensive narrative for the project.

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

Like all other HCA-managed affiliates, North VA Surgicenter will implement a continuity of care policy to ensure the continuous integration of each patient's needs with the appropriate level of health care services. North VA Surgicenter will provide copies of records to other providers as necessary for appropriate follow up and continuity of care and as permitted by applicable health records privacy laws. As an HCA-managed affiliate, North VA Surgicenter will be able to take advantage of the support and ancillary services offered within HCA's health system.

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

North VA Surgicenter will have an ongoing, data-driven Quality Improvement Program that integrates peer review, quality improvement activities and risk management to ensure quality of care and improving performance. The program will be broad in scope in order to address clinical, administrative, and cost-of-care performance opportunities, as well as patient safety and result of care. The program will utilize various forms of analysis, internal and external benchmarking, as well as nationally recognized quality measures. The governing body will be responsible for the oversight of the program. In addition, North VA Surgicenter intends to seek accreditation by The Joint Commission.

- 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.

North VA Surgicenter anticipates no issues in maintaining an adequate staffing level or in recruiting additional needed staff for this service. The majority of the staff needed are already working at OrthoVirginia.

HCA has a multi-faceted approach to staff development, which places particular emphasis on expanding the pool of new staff. Among the various aspects of this approach are:

- HCA sponsors and endorses statewide education and outreach programs intended to attract current student enrollees in state nursing schools by offering on-site preceptor clinical training to support student nursing education. The goal of the preceptor programs is to make a positive impact on the labor pool, build relationships with educators while assisting with curriculum development, support nurse training programs, expose students to the world of healthcare, and support the communities that HCA serves. HCA maintains relationships with nursing schools, community colleges, and high schools to recruit staff and encourage nursing and other health professionals as a career choice. HCA also provides additional support through clinical rotation sites and provides adjunct faculty in their health service programs. There are a number of students enrolled in health careers around the Commonwealth who are expected to enter the workforce as HCA employees in the next few years.
- Nurse Residency is an intensive training program designed to provide comprehensive orientation to new graduate nurses. It serves as a robust recruitment tool to attract new graduate nurses to our organization, while also providing them with the means to successfully navigate entry into their nursing career. The program includes specialty tracks in medical/surgical, telemetry, critical care, behavioral health, emergency

department, mother-baby unit, labor and delivery, and perioperative nursing. The specialty tracks vary in length and are comprised of a combination of didactic training, hands-on skills practice, high-fidelity simulation, and clinical preceptorship. At the conclusion of the Nurse Residency program, the learner will enter the professional development phase of their Nurse Residency, which will provide needed support and tools for the first year of hire, reducing burn-out and first-year turnover.

- The *HCA Hope Fund* is an employee-run, employee-supported 501(c)(3) charity. The goal is to help HCA employees and their immediate families who are affected by hardship. This includes disasters, extended illness/injury, and other special situations. The fund provides emergency information, referrals, and/or financial aid. All requests for help are kept confidential. HCA employees, vendors, affiliated physicians, and the general public can make tax-deductible donations to the fund. In 2021, over 30,000 HCA colleagues donated to the fund that helped 4,853 colleagues with \$10.4M in assistance.
- HCA is committed to the support of military families and service members as they transition from military service to the civilian workforce. Since 2019, HCA has hired nearly 10,000 military spouses. HCA has been selected as a Military Friendly Employer and Military Spouse Friendly Employer (Victory Media) for 6 straight years. HCA has been awarded the Lee Anderson Award for our commitment and hiring of military veterans and military spouses. HCA actively works with the Transition Assistance Program (TAP) offices across the US to help their service members with the transition process. HCA representatives attend multiple US Chamber Hiring Expos and Hiring Summits. We are committed to be a consistent presenter to those candidates interested in opportunities in healthcare who attend these summits. HCA is an active partner with the DOD, Military Spouse Employment Partnership (MSEP). HCA is very active in the financial support of veteran-focused non-profits who help veterans in their time of need.
- HCA's Leadership Development Programs are designed to support the ongoing development of our leaders. The programs focus on providing leaders with the knowledge, skills, and resources to improve employee engagement and retention, in addition to helping them achieve their career goals.
- To address short-term fluctuations in staffing or to provide interim staffing solutions for its facilities, HCA outpatient surgical hospitals develop per diem staff and certified "float" pools, which are region-based reserve staff for peaks in volume. This provides outpatient surgical hospitals with a group of highly trained health workers that can be accessed in periods of high demand. Beyond allowing outpatient surgical hospitals to accommodate fluctuating patient volumes with appropriate staffing levels, this approach also serves to reduce costs and create cross-training opportunities.
- Through the years, HCA Virginia Health System has partnered with colleges, universities, and other initiatives and programs for health professional training. HCA Virginia Health System has 11 Graduate Medical Education (GME) programs with 210 physician residents training in the fields of psychiatry, family medicine, general surgery, internal medicine, obstetrics/gynecology, and orthopaedic surgery. HCA Virginia has affiliation agreements for clinical rotations with a number of health professional education programs, including Northern Virginia Community College, Chamberlain University, Brightpoint Community College, Chester Career College, ECPI University, Gallen College of Nursing, James Madison University, Radford University, Regis College, South College, Virginia

Commonwealth University, and Walden University.

- Additionally, HCA Virginia partnered with the Galen College of Nursing, one of the largest educators of nurses in the United States, to establish its first Virginia campus in Richmond. Galen's Virginia campus opened in March 2022 and offers two programs specifically designed to increase the number of RNs in Virginia: a two-year Associate Degree in Nursing program for students wishing to become RNs, and a 15-18 month LPN/LVN to ADN Bridge program for Licensed Practical/Vocational Nurses who want to continue to grow their nursing career by taking the next step to becoming an RN. The initial class consists of 39 students, with the goal of supporting 400-480 students per year when the campus is operating at full capacity. Unique to this program is the rolling admissions process which enables students to enroll each quarter subsequently resulting in an ongoing quarterly graduation model, thereby increasing the number of new graduates in the region available at all times throughout the year. HCA Virginia and Galen College of Nursing announced a second Virginia Galen campus which opened in Roanoke in late 2023. As a single-purpose nursing college with a mission to increase access to quality nursing education, Galen has brought additional educational options to help address Virginia's nursing workforce needs. The Roanoke campus features modern resources, including advanced patient simulation laboratories and classrooms designed to encourage practice-based learning that help create a unique hands-on learning experience. The Roanoke campus offers a 2-year Associate Degree in Nursing (ADN) and a Licensed Practical/ Vocational Nurse to Associate Degree in Nursing Bridge (LPN/LVN to ADN Bridge) that started April 3, 2023. The first class from the new Roanoke campus included 44 students and anticipates its first graduating class in March 2025. Once fully operational, the Roanoke campus is expected to enroll 200 students.
- HCA is one of Virginia's largest employers with approximately 16,600 employees and \$1.45 billion in payroll and benefits. These employees are attracted to HCA for a number of reasons, including its generous benefits package:
 - HCA 401(k) Plan with a 100% match on 3% to 9% of pay (depending on years of service), automatic enrollment and a choice of 19 investment funds.
 - The HCA Employee Stock Purchase Plan, which allows eligible employees to purchase company stock at a discount.
 - A choice of at least four medical benefit plans so employees can choose the best level of coverage to meet their needs.
 - Other health and wellness benefits like prescription, dental and vision benefits, employee and dependent life insurance, wellness resources and flexible spending accounts (health care and day care).
 - Voluntary benefits options for auto and home insurance, legal services, pet insurance, identity theft protection and more.
 - Free counseling and referral services through the Employee Assistance Program.
 - The HCA Time Away From Work Program with paid time off, long- and short-term disability coverage and leaves of absence.
 - The HCA Financial Fitness Program, which offers free financial education and access to Certified Financial Planners.
 - The myFiTage tool, which can help employees estimate when they will be financially ready to retire.
 - Retirement Clearinghouse, which is a free service that can assist with rolling over assets from a previous employer's retirement plan or qualified IRA into the HCA 401(k) Plan.

- The Employee Retirement Assistance Contribution, which provides a 401(k) plan contribution to eligible low-income employees.
- The Employee Health Assistance Fund, which provides free medical coverage to employees with a family income greater than or equal to 200% of the federal poverty levels.
- The Student Loan Assistance Program offers a monthly benefit toward qualifying education loans for eligible, active full-time and part-time employees.
- Additional programs for adoption assistance, consumer discounts, educational assistance, service awards and professional development.

E. Facilities and Services to be Provided (Check)

| | | <u>Existing</u> | <u>This Project To be Added*</u> | <u>This Project to be Discontinued</u> |
|-----|---|---|---|---|
| 1. | Outpatient Surgery | <u> </u> | <u> X </u> | <u> </u> |
| 2. | Post Operative Recovery Room | <u> </u> | <u> X </u> | <u> </u> |
| 3. | Pharmacy with full-time pharmacists part-time pharmacists | <u> </u> <u> </u> | <u> X </u> | <u> </u> |
| 4. | Diagnostic Radio- logical Services | <u> </u> | <u> </u> | <u> </u> |
| | x-ray | <u> </u> | <u> </u> | <u> </u> |
| | radioisotope | <u> </u> | <u> </u> | <u> </u> |
| | CT scanning | <u> </u> | <u> </u> | <u> </u> |
| | MRI scanning | <u> </u> | <u> </u> | <u> </u> |
| 5. | Therapeutic Radiological Services | <u> </u> | <u> </u> | <u> </u> |
| | Specify Source(s) or Type(s) or Equipment Used | <u> </u> | <u> </u> | <u> </u> |
| 6. | Clinical Pathology Laboratory | <u> </u> | <u> </u> | <u> </u> |
| 7. | Blood Bank | <u> </u> | <u> </u> | <u> </u> |
| 8. | Electroencephalo- graphy | <u> </u> | <u> </u> | <u> </u> |
| 9. | Electrocardiography | <u> </u> | <u> X </u> | <u> </u> |
| 10. | Ultrasonography | <u> </u> | <u> X </u> | <u> </u> |
| 11. | Respiratory Therapy | <u> </u> | <u> </u> | <u> </u> |
| 12. | Renal Dialysis chronic outpatient home dialysis training | <u> </u> <u> </u> <u> </u> | <u> </u> <u> </u> <u> </u> | <u> </u> <u> </u> <u> </u> |
| 13. | Alcoholism Service | <u> </u> | <u> </u> | <u> </u> |
| 14. | Drug Addiction Service | <u> </u> | <u> </u> | <u> </u> |
| 15. | Physical Therapy Department | <u> </u> | <u> </u> | <u> </u> |
| 16. | Occupational Therapy Department | <u> </u> | <u> </u> | <u> </u> |
| 17. | Medical Rehabilitation | <u> </u> | <u> </u> | <u> </u> |

- * As noted above, OrthoVirginia has an existing four-room in-office operatory suite at its Herndon office that will be converted into a licensed OSH with four GPORs. The checked services would be provided by North VA Surgicenter and are, with the exception of part-time pharmacy services, provided by OrthoVirginia today.

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

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

 X Yes (Give name of hospital) Reston Hospital Center
 No

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

☒ Yes (Give name of facility) Reston Hospital Center
☐ No

4. Outpatient services are (will be) available 6 am to 5 pm, Monday through Friday

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

☐ Yes (Attach clinic schedule list)
☒ No

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

☒ Yes ☐ No

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

(a) Only by physicians on call: ☐ Yes ☒ No
(b) By full time physicians: ☒ Yes ☐ No
(c) By physicians who limit their practice to this outpatient service? ☐ Yes ☒ No

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

Other than licensure and credentialing, no limitations or restrictions for participation in the services of the facility are anticipated.

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

Projected Cases:

| Year 1 | Year 2 |
|--------|--------|
| 4,436 | 4,524 |

- 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).

| | Current Full Time* | Vacant Positions | Additional Needed Full Time | Total |
|---|--------------------|------------------|-----------------------------|--------------|
| Total number of Full-time staff | 36.08 | | | 38.08 |
| Administration-Business Office | 6.4 | | | 6.4 |
| Registered Nurses | 13.55 | | 2 | 15.55 |
| Licensed Practical Nurses, Nurses Aides, Orderlies/Attendants | | | | |
| Registered Medical Records Librarian | | | | |
| Registered Pharmacists | | | | |
| Laboratory Medical Technologists | | | | |
| ADA Dieticians | | | | |
| Radiologic Technologists | | | | |
| Occupational Therapists | | | | |
| Physical Therapists | | | | |
| Psychologists | | | | |
| Psychiatric Social Workers | | | | |
| Recreational Therapists | | | | |
| Inhalation Therapists | | | | |
| Medical Social Workers | | | | |
| Other | 16.13 | | | 16.13 |

* These FTEs are already working at OrthoVirginia.

- 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.

As noted in Section III.D above, the majority of the staff needed are already working at OrthoVirginia. Additionally, please see Section III.D above, for a discussion of HCA's multi-faceted approach to staff development and recruitment.

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

North VA Surgicenter anticipates no impact on existing facilities.

- 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. North VA Surgicenter will be a new OSH.

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

See Attachment III.K.2.

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

See Attachment III.K.3.

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).

See Attachment III.K.4.

SECTION IV PROJECT JUSTIFICATION AND IDENTIFICATION OF COMMUNITY NEED

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

North VA Surgicenter will be a dedicated outpatient surgery center with four (4) general GPORs. The project involves converting an existing four-room in-office operatory suite at the Herndon office of OrthoVirginia into a licensed OSH with four GPORs. Two of the four GPORs will be relocated from Reston Hospital Center and the other two GPORs will be new.

North VA Surgicenter will perform outpatient Medicare, TRICARE, and Medicaid surgical cases that are today typically performed at inpatient hospitals. As shown in the two tables below, shifting these cases out of the hospital setting into the OSH setting will lower the cost to both Medicare and Medicare patients for many of the most common outpatient orthopaedic surgeries.

| Medicare Facility Fee | | | | |
|-----------------------|---|----------|----------|---------|
| CPT | CPT Description | ASC | Hospital | Savings |
| 29827 | Arthroscopy, shoulder, surgical; with rotator cuff repair | \$ 3,392 | \$ 6,816 | 50% |
| 29881 | Arthroscopy, Knee | \$ 1,518 | \$ 3,084 | 51% |
| 29888 | Arthroscopically aided ACL repair | \$ 4,497 | \$ 6,816 | 34% |
| 25609 | Open treatment of distal radial fracture | \$ 4,603 | \$ 6,816 | 32% |
| 64721 | Neuroplasty and/or transposition | \$ 897 | \$ 1,839 | 51% |
| 29806 | Arthroscopy shoulder | \$ 3,392 | \$ 6,816 | 50% |
| 25447 | Arthroplasty, interposition, intercarpal or carpometacarpal joints | \$ 1,518 | \$ 3,084 | 51% |
| 26055 | Tendon sheath incision | \$ 819 | \$ 1,531 | 47% |
| 23430 | Tenodesis of long tendon of biceps | \$ 4,142 | \$ 6,045 | 31% |
| 29848 | Endoscopy, wrist, surgical with release of transverse carpal ligament | \$ 1,065 | \$ 1,635 | 35% |

| Medicare Patient Responsibility | | | | |
|---------------------------------|---|----------|----------|---------|
| CPT | CPT Description | ASC | Hospital | Savings |
| 29827 | Arthroscopy, shoulder, surgical; with rotator cuff repair | \$ 889 | \$ 1,574 | 77% |
| 29881 | Arthroscopy, Knee | \$ 411 | \$ 724 | 76% |
| 29888 | Arthroscopically aided ACL repair | \$ 1,091 | \$ 1,555 | 43% |
| 25609 | Open treatment of distal radial fracture | \$ 1,129 | \$ 1,572 | 39% |
| 64721 | Neuroplasty and/or transposition | \$ 266 | \$ 454 | 71% |
| 29806 | Arthroscopy shoulder | \$ 887 | \$ 1,572 | 77% |
| 25447 | Arthroplasty, interposition, intercarpal or carpometacarpal joints | \$ 468 | \$ 781 | 67% |
| 26055 | Tendon sheath incision | \$ 221 | \$ 364 | 65% |
| 23430 | Tenodesis of long tendon of biceps | \$ 1,035 | \$ 1,511 | 46% |
| 29848 | Endoscopy, wrist, surgical with release of transverse carpal ligament | \$ 265 | \$ 408 | 54% |

The information in the tables above comes from Medicare's price comparison tool: <https://www.medicare.gov/procedure-price-lookup/> TRICARE has adopted Medicare's fee schedule, so the TRICARE savings should be comparable. Moreover, as illustrated by the table below, savings to Virginia's Medicaid program will also be significant.

| Medicaid Facility Fee | | | | |
|-----------------------|---|--------|----------|---------|
| CPT | CPT Description | ASC | Hospital | Savings |
| 29827 | Arthroscopy, shoulder, surgical; with rotator cuff repair | \$ 917 | \$7,784 | 88% |
| 29881 | Arthroscopy, Knee | \$ 469 | \$3,000 | 84% |
| 29888 | Arthroscopically aided ACL repair | \$ 836 | \$7,784 | 89% |
| 25609 | Open treatment of distal radial fracture | \$ 908 | \$7,513 | 88% |
| 64721 | Neuroplasty and/or transposition | \$ 386 | \$1,881 | 79% |
| 29806 | Arthroscopy shoulder | \$ 910 | \$7,784 | 88% |
| 25447 | Arthroplasty, interposition, intercarpal or carpometacarpal joints | \$ 720 | \$4,898 | 85% |
| 26055 | Tendon sheath incision | \$ 506 | \$1,842 | 73% |
| 23430 | Tenodesis of long tendon of biceps | \$ 643 | \$6,665 | 90% |
| 29848 | Endoscopy, wrist, surgical with release of transverse carpal ligament | \$ 446 | \$3,000 | 85% |

Relocation of the two GPORs from Reston Hospital Center to North VA Surgicenter is, therefore, consistent with the SMFP standard under 12VAC5-230-500(B) because relocation will result in the provision of surgical services at a lower cost within PD 8 because the operating rooms will be converted from hospital operating rooms to lower cost ambulatory surgery center operating rooms and will optimize the number of operations in the PD that are performed on an outpatient basis. As discussed below, the addition of the two new GPORs is consistent with established COPN precedent under similar circumstances.

GPORs are highly utilized at all PD 8 HCA facilities with the sole exception of Reston Hospital Center.

| Facility | Authorized GPORs | 2023 GPOR Hours | GPOR Hours Available | SMFP % | GPORs Needed |
|------------------------------|------------------|-----------------|----------------------|--------|--------------|
| Reston Hospital Center | 17 | 18,697 | 27,200 | 68.7% | 11.7 |
| StoneSprings Hospital Center | 5 | 6,996 | 8,000 | 87.5% | 4.4 |
| Fairfax Surgical Center | 6 | 11,496 | 9,600 | 119.8% | 7.2 |
| Reston Surgery Center | 6 | 9,968 | 9,600 | 103.8% | 6.2 |
| StoneSprings ASC | 2 | 2,553 | 3,200 | 79.8% | 1.6 |
| HCA PD 8 Total | 36 | 49,710 | 57,600 | 86.3% | 31.1 |

As shown in the table above, there are no GPORs available to transfer from any PD 8 HCA facility other than Reston Hospital Center. Fairfax Surgical Center and Reston Surgery Center are operating above the SMFP standard and, therefore, need all their existing GPORs. Volumes at StoneSprings Hospital Center and StoneSprings ASC also require all of the GPORs at those facilities. Specifically, StoneSprings Hospital Center's 2023 GPOR Hours support a need for 4.4 GPORs, which translates to a need for 5 GPORs because 4 would be too few. Similarly, StoneSprings ASC's 2023 GPOR hours support a need for both GPORs at that facility because 1 GPOR would be insufficient to accommodate the volume. Although Reston Hospital Center's 2023 GPOR hours supported the need for only 12 of Reston Hospital Center's 17 authorized GPORs, Reston Hospital Center can only transfer two of its GPORs for this project. Reston Hospital Center will soon be opening its open heart surgery program, which will require use of one room currently included in Reston's GPOR inventory. Additionally, Reston Hospital Center's 2024 utilization is tracking higher than 2023, and approximately a dozen new surgeons are scheduled to join Reston Hospital Center's medical staff before the end of the year. As a result, Reston Hospital Center will, in the near future, require at least 14 GPORs (in addition to the open heart surgery OR).

The Commissioner has held that "[t]he existence of a calculated surplus" of GPORs in a planning district "is not determinative of SMFP inconsistency."¹ The Commissioner has also "repeatedly acknowledged the benefits and clinical appropriateness of single-purposed OSHs, even when the procedures performed therein could be performed in a physician's office."² Additionally, the Commissioner has recognized the advantages of "increase[ing] financial and practical access" for patients covered by Medicare and Medicaid by facilitating performance

¹ September 20, 2021, Commissioner's Decision issuing COPN Request Nos. VA-04756 and -04757 at page 7 of 9 of Adjudication Officer's Recommendation. See Attachment IV.A.

² September 20, 2021, Commissioner's Decision issuing COPN Request Nos. VA-04756 and -04757 at page 5 of 9 of Adjudication Officer's Recommendation. See Attachment IV.A.

of surgical services in lower costs OSHs instead of at hospitals.³ Under these circumstances, rigid adherence to the SMFP's calculated surplus is not warranted when a modest project, like this one, shows great promise to improve access and care. Adding the two new GPORs requested by this application would increase the PD 8 authorized inventory by less than 1% (2 new GPORs ÷ 205 authorized GPORs = 0.009756, which is less than one percent) and, therefore, would not materially change the calculated surplus of GPORs in PD 8.

The project is supported by OrthoVirginia, the Commonwealth's largest provider of orthopaedic services, which writes:

In PD 8, OrthoVirginia is the largest provider of orthopaedic services providing medically necessary care to its patients from 14 sites: Alexandria, Arlington, Ashburn, Fair Oaks, Fairfax, Haymarket, Herndon, Manassas, McLean, North Arlington, Reston, Springfield, Stone Springs, and Tysons. OrthoVirginia works with all the major health systems in PD 8 and is very familiar with the PD 8 healthcare landscape.

Not so many years ago, virtually all orthopaedic surgeries were performed at inpatient hospitals. There is not a sufficient number of lower cost settings available to patients in PD8 who require orthopedic care. While many orthopaedic surgeries continue to require the resources of an inpatient hospital, an increasing number of orthopaedic surgery procedures can now be appropriately performed in a high quality, lower cost outpatient setting. Our experience is consistent with the relevant medical evidence – namely, that most patients receive better, faster, and more-affordable care when their surgery is performed in a dedicated orthopaedic outpatient facility. Moreover, a dedicated orthopaedic outpatient facility provides a better patient experience and results in higher patient satisfaction. Indeed, Virginia's COPN program has long recognized the many benefits of single-specialty OSHs like North VA Surgicenter:

In past decisions, the Commissioner has repeatedly acknowledged the benefits and clinical appropriateness of single-purpose OSHs, even when the procedures performed therein could be performed in a physician's office. In addition, recent medical literature shows that surgeon specialization and concentration of practice have promising effects on outcomes, while significantly reducing complications.

In addition to these important clinical patient care benefits, surgery performed in an outpatient setting is typically significantly less expensive for both the patient and the payer than when the same surgery is performed at a hospital. The differential in a patient's financial responsibility is often hundreds of dollars, and the payer's differential can be in the thousands. Accordingly, outpatient surgery centers remove the significant financial barriers that lead many patients to delay their orthopaedic surgery, during which time their medical condition deteriorates. Even worse, the high cost of surgery in the

³ September 20, 2021, Commissioner's Decision issuing COPN Request Nos. VA-04756 and -04757 at pages 4-5 of 9 of Adjudication Officer's Recommendation. See Attachment IV.A.

hospital setting leads some patients to decide to go without the needed surgery altogether. Our goal is to facilitate timely surgical care so that the patient can return to health as quickly as possible.

Our experience with our existing operatory has been very positive for privately insured patients, who received world-class care from an expert team of professionals focused on optimal outpatient orthopaedic surgery patient care. Patients covered by government insurance programs, like Medicare, Medicaid, and TRICARE are not currently able to benefit from this enhanced level of care because facilities that do not have an outpatient surgical hospital license cannot enroll as an ASC with governmental payers. Instead, most of our governmentally-insured patients receive surgery at one of the area hospitals, which typically have longer wait times, higher costs to both patients and payers, and more challenging accessibility in terms of physical proximity, parking and wayfinding, which can be particularly burdensome for the many orthopaedic patients who have mobility issues as a result of their condition. The Commissioner has recognized the importance of financial access to outpatient surgery, lauding how single-specialty OSHs “increase geographic, financial and practical access to vital health care services for . . . [p]atients without commercial insurance who are covered by Medicare and Medicaid.” Like other COPN-authorized OSHs, North VA Surgicenter, “[i]f approved, . . . would enable patients covered by Medicare and Medicaid to receive . . . surgical services at the resulting OSH.”

Approval of COPN Request No. VA-8780 would enable our Medicare, Medicaid, and TRICARE patients to experience these same clinical and financial benefits at North VA Surgicenter OSH. While the benefit to these patients will be significant, we do not expect approval of COPN Request No. VA-8780 to adversely impact other PD 8 providers in any meaningful way. Today, the governmentally-insured patients who would begin receiving services at North VA Surgicenter are spread across virtually every hospital in PD 8. That means that the impact on any single hospital will be minimal. Additionally, PD 8’s population is both growing and aging, meaning the overall demand for orthopaedic surgery, both in the inpatient and outpatient setting will continue to grow in absolute terms. We continue to recruit new surgeons to our Northern Virginia offices, and OrthoVirginia plans to continue to perform cases at all area PD 8 hospitals. Therefore, we do not anticipate any meaningful diminution of the volumes of cases we perform at area hospitals following approval of COPN Request No. VA-8780.

Attachment IV.H.2 (footnotes omitted).

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.)

North VA Surgicenter's primary service area is expected to be similar to the primary service area for OrthoVirginia's Herndon in-office operatory suite shown at Attachment IV.B.

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

See Attachment IV.B.

- 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)

Page 4 of the May 20, 2024, DCOPN Staff Report on COPN Request No. VA-8746 contained the table appearing on the following page:

Table 3. PD 8, Authorized Inventory, Operating Rooms

| Facility | Total Authorized ORs | GPORs | Adult Open Heart ORs | Pediatric Open Heart ORs | Trauma ORs |
|---|----------------------|------------|----------------------|--------------------------|------------|
| Acute Hospitals | | | | | |
| Inova Alexandria Hospital | 11 | 11 | 0 | 0 | 0 |
| Inova Fair Oaks Hospital | 12 | 12 | 0 | 0 | 0 |
| Inova Fairfax Medical Campus | 53 | 47 | 5 | 1 | 0 |
| Inova Loudoun Hospital | 10 | 10 | 0 | 0 | 0 |
| Inova Mount Vernon Hospital | 7 | 7 | 0 | 0 | 0 |
| Reston Hospital Center | 17 | 16 | 0 | 0 | 1 |
| Sentara Northern Virginia Medical Center | 9 | 9 | 0 | 0 | 0 |
| Stone Springs Hospital Center | 6 | 6 | 0 | 0 | 0 |
| UVA Prince William Medical Center d/b/a UVA Health Haymarket Medical Center | 4 | 4 | 0 | 0 | 0 |
| UVA Prince William Medical Center d/b/a UVA Health Prince William Medical Center | 4 | 4 | 0 | 0 | 0 |
| Virginia Hospital Center | 16 | 13 | 2 | 0 | 1 |
| Total Acute Hospital Operating Rooms | 149 | 139 | 7 | 1 | 2 |
| Outpatient Surgical Hospitals | | | | | |
| Dominion Plastic Surgery, LLC | 2 | 2 | 0 | 0 | 0 |
| Fairfax Surgical Center | 6 | 6 | 0 | 0 | 0 |
| Haymarket Surgery Center | 2 | 2 | 0 | 0 | 0 |
| Healthqare Associates | 2 | 2 | 0 | 0 | 0 |
| Inova Ambulatory Surgery Center at Lorton | 2 | 2 | 0 | 0 | 0 |
| Inova Loudoun Ambulatory Surgery Center | 5 | 5 | 0 | 0 | 0 |
| Inova McLean Ambulatory Surgery Center | 3 | 3 | 0 | 0 | 0 |
| Inova Oakville Ambulatory Surgery Center | 3 | 3 | 0 | 0 | 0 |
| Inova Surgery Center at Franconia-Springfield | 5 | 5 | 0 | 0 | 0 |
| Kaiser Permanente Tysons Corner Surgery Center | 7 | 7 | 0 | 0 | 0 |
| Kaiser Permanente Woodbridge Surgery Center | 4 | 4 | 0 | 0 | 0 |
| Lake Ridge Ambulatory Surgical Center | 1 | 1 | 0 | 0 | 0 |
| Northern Virginia Eye Surgery Center, LLC | 2 | 2 | 0 | 0 | 0 |
| Northern Virginia Surgery Center | 4 | 4 | 0 | 0 | 0 |
| Pediatric Specialists of Virginia | 2 | 2 | 0 | 0 | 0 |
| Prince William Ambulatory Surgery Center | 4 | 4 | 0 | 0 | 0 |
| Reston Surgery Center | 6 | 6 | 0 | 0 | 0 |
| Stone Springs Surgery Center | 2 | 2 | 0 | 0 | 0 |
| VHC Ambulatory Surgery Center | 4 | 4 | 0 | 0 | 0 |
| Total OP Surgical Hospital ORs | 66 | 66 | 0 | 0 | 0 |
| PD 8 Total Authorized | 215 | 205 | 7 | 1 | 2 |

Source: DCOPN Records

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

As explained in Section IV.A above, existing facilities do not meet the current demand for low-cost, high-quality, specialized orthopaedic outpatient surgery. Additionally, consistent with the SMFP standard under 12VAC5-230-500(B), this project will result in the provision of the same surgical services at a lower cost within PD 8 because the operating rooms will be converted from hospital operating rooms to lower cost ambulatory surgery center operating rooms and will optimize the number of operations in the PD that are performed on an outpatient basis.

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

As the population grows and ages, demand for low-cost, high-quality, specialized orthopaedic outpatient surgery is anticipated to grow in the next five years as payors continue to incentivize the provision of outpatient surgical services at OSHs as opposed to a hospital setting and patients prefer the convenience and accessibility of an OSH over navigating the large-hospital complexes.

- 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.

As explained in Section IV.A above, North VA Surgicenter will meaningfully improve access to high-quality, low-cost, specialized orthopaedic outpatient surgical services for many patients, particularly those covered by governmental insurance.

- 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.

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.

Approval of this project will help ensure that surgical services are available within 30 minutes driving time one way. Although surgical services are often available within 30 minutes driving time one way under normal traffic, traffic congestion in and around the North VA Surgicenter site can mean that patients have to travel longer than 30 minutes to reach needed care.

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:

$$\text{FOR} = \frac{((\text{ORV}/\text{POP}) \times (\text{PROPOP})) \times \text{AHORV}}{1,600}$$

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.

Pages 14 and 15 of the May 20, 2024, DCOPN Staff Report on COPN Request No. VA-8746 calculated a surplus of 17 GPORs in PD 8 as follows:

Components of the GPOR need calculation for PD 8 are derived as follows:

| Year | Total Inpatient & Outpatient GPOR Visits |
|---------------------|--|
| 2018 | 143,502 |
| 2019 | 151,050 |
| 2020 | 129,387 |
| 2021 | 153,869 |
| 2022 | 156,671 |
| Total Visits | 734,479 |

Table 9. Inpatient and Outpatient GPOR Visits in PD8: 2018-2022

Table 10. Population of PD 8, 2018 - 2022

| Year | Population |
|--------------|-------------------|
| 2018 | 2,519,355 |
| 2019 | 2,537,498 |
| 2020 | 2,549,839 |
| 2021 | 2,547,686 |
| 2022 | 2,558,969 |
| Total | 12,713,347 |
| 2029 | 2,791,489 |

Source: VHI (2018-2022)

Source: Weldon Cooper Center for Public Service, Demographics Research Group, www.demographics.coopercenter.org, January 2024.

| ORV | ÷ | POP | = | CSUR |
|-------------------------------------|---|---|---|---------------------------------------|
| Total PD 8 GPOR Visits 2018 to 2022 | | PD 8 Historical Population 2018 to 2022 | | Calculated GPOR Use Rate 2018 to 2022 |
| 734,479 | | 12,713,347 | | 0.058 |

| CSUR | X | PROPOP | = | PORV |
|---------------------------------------|---|--------------------------------|---|----------------------------|
| Calculated GPOR Use Rate 2018 to 2022 | | PD 8 Projected Population 2029 | | Projected GPOR Visits 2029 |
| 0.058 | | 2,791,489 | | 161,906.4 |

AHORV is the average hours per operating room visit in the planning district for the most recent year for which average hours per operating room visits has been calculated using information collected by the Virginia Department of Health.

AHORV = 290,250 total inpatient and outpatient operating room hours were reported to VHI in 2022, divided by 156,671 total inpatient and outpatient operating room visits reported to VHI for that same year (**Table 9**) equals 1.853.

The calculation of GPOR need for PD 8 is:

$$\text{FOR} = \frac{((734,479 / 12,713,347) \times (2,791,489)) \times 1.853}{1600}$$

$$\text{FOR} = 300,013 / 1600$$

FOR = 187.5 (188) General Purpose Operating Rooms Needed in PD 8 in 2029

As defined in 12VAC5-230-500, GPORs are operating rooms (ORs) exclusive of those dedicated to caesarian section, those solely for cardiac surgery, and trauma designated. While there are 215 ORs authorized in PD 8, 205 are GPORs under this definition (**Table 3**), yielding a surplus of 17 ORs.

However, approval of the two additional GPORs requested by this project is necessary to achieve the full benefits of the project and, as explained in Section IV.A above, is consistent with established COPN precedent under similar circumstances. The Commissioner has held that “[t]he existence of a calculated surplus” of GPORs in a planning district “is not determinative of SMFP inconsistency.” The Commissioner has also “repeatedly acknowledged the benefits and clinical appropriateness of single-purposed OSHs, even when the procedures performed therein could be performed in a physician’s office.” Additionally, the Commissioner has recognized the advantages of “increase[ing] financial and practical access” for patients covered by Medicare and Medicaid by facilitating performance of surgical services in lower costs OSHs instead of at hospitals. Under these circumstances, rigid adherence to the SMFP’s calculated surplus is not warranted when a modest project, like this one, shows great promise to improve access and care. Adding the two new GPORs requested by this application would increase the PD 8 authorized inventory by less than 1% (2 new GPORs ÷ 205 authorized GPORs = 0.009756, which is less than one percent) and, therefore, would not materially change the calculated surplus of GPORs in PD 8. Additionally, as discussed below, relocation of two GPORs as part of this project is consistent with subsection (B) below.

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.

Two of the four GPORs will be relocated from Reston Hospital Center and the other two GPORs will be new. North VA Surgicenter will perform outpatient Medicare and Medicaid surgical cases that are today performed at inpatient hospitals. As explained in Section IV.A above, shifting these cases out of the hospital setting into the OSH setting will lower the cost to both government payers and patients. Relocation of the two GPORs from Reston Hospital Center to North VA Surgicenter is, therefore, consistent with the SMFP standard under 12VAC5-230-500(B) because relocation will result in the provision of surgical services at a lower cost within PD 8 because the operating rooms will be converted from hospital operating rooms to lower cost ambulatory surgery center operating rooms and will optimize the number of operations in the PD that are performed on an outpatient basis. As discussed in Section IV.A above, the addition of the two new GPORs is consistent with established COPN precedent under similar circumstances.

12VAC5-230-510. Staffing.

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

North VA Surgicenter's surgical services will be under the direction of the highly qualified physicians at OrthoVirginia. See Attachment III.K.4.

End SMFP Analysis

- 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.

As explained in Section IV.A above, this project involves relocation of two GPORs consistent with 12VAC5-230-500(B) and the addition of two GPORs consistent with established COPN precedent under similar circumstances.

- 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.)

HCA Virginia facilities have clearly demonstrated, both formally and informally, the ability to share staff and equipment in an effort to bring economies to the marketplace. Areas such as the business office, materials management, and central scheduling have been formally consolidated and provide a very high level of service to all HCA Virginia facilities. In addition, informal sharing of staff, equipment, and supplies occurs on a routine basis as our hospitals respond to fluctuating demand and patient needs. North VA Surgicenter will

provide copies of records to other providers as necessary for appropriate follow up and continuity of care and as permitted by applicable health records privacy laws.

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).

See Attachment IV.H.1.

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.

See Attachment IV.H.2.

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

See Attachment IV.H.3.

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.

As a new entity, North VA Surgicenter has not yet entered into reimbursement relationships with payors.

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

_____ Yes ☒ No

If yes, specify program _____
Provide a copy of report(s) which provide(s) the basis for comparison.

As a new entity, North VA Surgicenter does not currently participate in VHI, however, it plans to do so after opening.

C. Estimated Capital Costs

Part I – Direct Construction Costs

| | | | |
|----|---|----|-----------|
| 1. | Cost of materials | \$ | 1,810,012 |
| 2. | Cost of labor | \$ | 2,212,238 |
| 3. | Equipment included in construction contract | \$ | |
| 4. | Builder's overhead | \$ | |
| 5. | Builder's profit | \$ | |
| 6. | Allocation for contingencies | \$ | |
| 7. | Sub-total (add lines 1 thru 6) | \$ | 4,022,250 |

Part II – Equipment Not Included in Construction Contract

| | | | |
|----|----------------------------------|----|---------|
| 8. | a. Medical Equipment | \$ | 250,000 |
| | b. IT&S | \$ | 300,000 |
| | c. | \$ | |
| | d. | \$ | |
| | e. | \$ | |
| 9. | Sub-total (add lines 8a thru 8e) | \$ | 550,000 |

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 for the entire term of the initial lease | \$ | 2,304,829 |
| 14. | Additional expenses paid or accrued: | | |
| | a. | \$ | |
| | b. | \$ | |
| | c. | \$ | |
| 15. | Sub-total (add lines 10 thru 14c) | \$ | 2,304,829 |

Part IV – Site Preparation Costs

| | | | |
|-----|----------------------------------|----|--|
| 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)

| | | | |
|-----|---------------|----|--------|
| 24. | Environmental | \$ | 41,000 |
| 25. | Building Fees | \$ | 65,000 |
| 26. | | \$ | |
| 27. | | \$ | |

28. Sub-total (add lines 24 thru 27) \$ 106,000

Part VI – Architectural and Engineering Fees

29. Architect's design fee \$ 291,750
30. Architect's supervision fee \$
31. Engineering fees \$
32. Consultant's fees \$
33. Sub-total (add lines 29 thru 32) \$ 291,750

Part VII – Other Consultant Fees (List each separately)

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

Part VIII – Taxes During Construction

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

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

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. _____ \$ _____
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

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) \$ 4,022,250
97. Sub-total Part II Equipment not included in construction contract (line 9) \$ 550,000
98. Sub-total Part III Site Acquisition Costs (line 15) \$ 2,304,829
99. Sub-total Part IV Site Preparation Cost (line 23) \$ _____
100. Sub-total Part V Off-Site Costs (line 28) \$ 106,000
101. Sub-total Part VI Architectural and Engineering fees (line 33) \$ 291,750
102. Sub-total Part VII Other Consultant fees (line 35) \$ _____
103. Sub-total Part VIII Taxes During Construction (line 38) \$ _____
104. Sub-total Part IX-A HUD-232 Financing (line 53) \$ _____
105. Sub-total Part IX-B Industrial Development Authority Revenue & General Revenue Bond Financing (line 80) \$ _____
106. Sub-total Part IX-C Conventional Loan Financing (line 95) \$ _____
107. **TOTAL CAPITAL COST** (lines 96 thru 106) \$ 7,274,829
108. Percent of total capital costs to be financed 0 %
109. Dollar amount of long term mortgage (line 107 x 108) \$ _____
110. Total Interest Cost on Long Term Financing \$ _____
a. HUD-232 Financing (line 53) \$ _____
b. Industrial Development Authority Revenue & General Revenue Bond Financing (line 79) \$ _____
c. Conventional Loan Financing (line 94) \$ _____
111. Anticipated Bond discount \$ _____
a. HUD-232 Financing (line 53) \$ _____
b. Industrial Development Authority Revenue & General Revenue Bond Financing (line 70) \$ _____
c. Conventional Loan Financing (line 87) \$ _____
112. **TOTAL CAPITAL AND FINANCING COST (ADD LINES 107, 110a, b or c AND 111a, b or c)** \$ 7,274,829

D. 1. Estimated costs for new construction (excluding site acquisition costs) \$ 4,970,000
2. Estimated costs of modernization and renovation (excluding site acquisition costs) \$ _____

E. Anticipated Sources of Funds for Proposed Project Amount
1. Public Campaign \$ _____
2. Bond Issue (Specify Type) _____ \$ _____
3. Commercial Loans \$ _____
4. Government Loans (Specify Type) _____ \$ _____

| | | |
|-----|-----------------------------|--------------|
| 5. | Grants (Specify Type) _____ | \$ _____ |
| 6. | Bequests _____ | \$ _____ |
| 7. | Private Foundations _____ | \$ _____ |
| 8. | Endowment Income _____ | \$ _____ |
| 9. | Internal Resources _____ | \$ 7,274,829 |
| 10. | Other (Identify) _____ | \$ _____ |

- 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 the internal resources of HCA Healthcare, Inc.

- 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.

It is not anticipated that the capital expenditure involved in this project will adversely affect the cost of providing care. To the contrary, as discussed in Section IV.A above, the project will result in substantial costs savings for both governmental payers and patients.

- 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. North VA Surgicenter will only provide outpatient 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.

See Attachment V.H.2.

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.

See Attachment V.H.3.

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 reasonable 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

10054 Sliding Hill Road

Address – Line 1

Ryan Miller

Type or Print Name of Authorizing Officer

Address – Line 2

Chief Administrative Officer

Title of Authorizing Officer

Ashland, Virginia 23005

City, State and Zip

August 1, 2024

Date

720-201-8354

Telephone Number

NORTH VA SURGICENTER, LLC

30 July 2024

OrthoVirginia, Inc.
1115 Boulders Pkwy, Ste. 200
N. Chesterfield, VA 23225
Attention: Dr. David S. Jevsevar, CEO

PCM Properties, LLC
1980 Isaac Newton Square, West
Reston, VA 20190
Attention: David Frederick, Manager

Re: Letter of Support – Lease of 13350 Franklin Farm Road, Herndon VA 20171 (“**Letter of Support**”)

Dear Dr. Jevsevar and Mr. Frederick:

PCM Properties, LLC (“**Landlord**”) owns 13350 Franklin Farm Road, Herndon, Virginia 20171 (the “**Property**”), and is the landlord under that certain Deed of Lease dated April 28, 1998 (as amended, the “**Lease**”), whereby Landlord leases to OrthoVirginia, Inc., a Virginia corporation (“**Tenant**”), certain premises in the Building comprising approximately 19,417 rentable square feet (the “**Premises**”), all as further described in the Lease. The Lease currently expires by its terms on April 30, 2029.

Landlord understands, and Tenant hereby represents to Landlord, that North VA SurgiCenter, LLC (“**Tenant SurgiCenter Affiliate**”) is anticipated to be a joint venture partner of Tenant, and that Tenant, by or through Tenant SurgiCenter Affiliate, is interested in potentially shifting the current outpatient orthopedic surgical facility center located in the Premises from an in-office operator to a licensed ambulatory surgery center (or “**ASC**”). Landlord further understands, and Tenant hereby represents to Landlord, that in order for Tenant to accomplish this shift, Tenant (or Tenant SurgiCenter Affiliate) is required by Virginia law to obtain a Certificate of Public Need (“**COPN**”) from the Virginia State Health Commissioner (or through its regulatory agency, the Health Systems Agency of Northern Virginia).

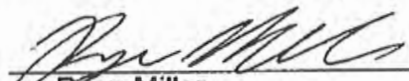
Tenant SurgiCenter Applicant has applied for the COPN on 01 August 2024 pursuant to COPN Request No. VA-8780 (“**COPN Application**”). Tenant represents to Landlord that in order for the COPN Application to be approved, the portion of the Property currently used or maintained by Tenant in connection with its outpatient orthopedic surgical facility, which portion is approximately 13,462 sq ft (the “**Facility Property**”), would be made available to Tenant SurgiCenter Affiliate to establish the outpatient surgical hospital proposed by the COPN Application.

In accordance with the foregoing, and subject to the terms and conditions of any definitive agreements to be entered into by the applicable parties, Landlord hereby agrees that it is willing to consider a license or sublease by Tenant to Tenant SurgiCenter Affiliate of the portion of the Premises consisting of the Facility Property in order for Tenant SurgiCenter Affiliate to operate an ASC. Further subject to the terms and conditions of any definitive agreements to be entered by the applicable parties, Landlord is further willing to consider approval and collaboration with Tenant on improvements and alterations made to the Facility Property by Tenant for such purposes. Landlord understands that, in addition to the agreement to permit the foregoing sublease or license to Tenant SurgiCenter Affiliate and approval of alterations and improvements to the Premises for the ASC, Tenant is interested in an extension of the term of the Lease by another 5 years, with an option to renew for an additional 5-year terms.

The parties hereby expressly understand and agree that this letter is a non-binding expression of interest and understanding and Tenant hereby represents to Landlord, Neither Tenant or Landlord are bound by, nor is the Lease amended or modified in any way, by the terms herein. If the foregoing reflects Tenant's and Landlord's understanding regarding the matters herein, please countersign below. We look forward to working with you.


Sincerely,

NORTH VA SURGICENTER, LLC


By: 
Name: Ryan Miller
Title: Vice President

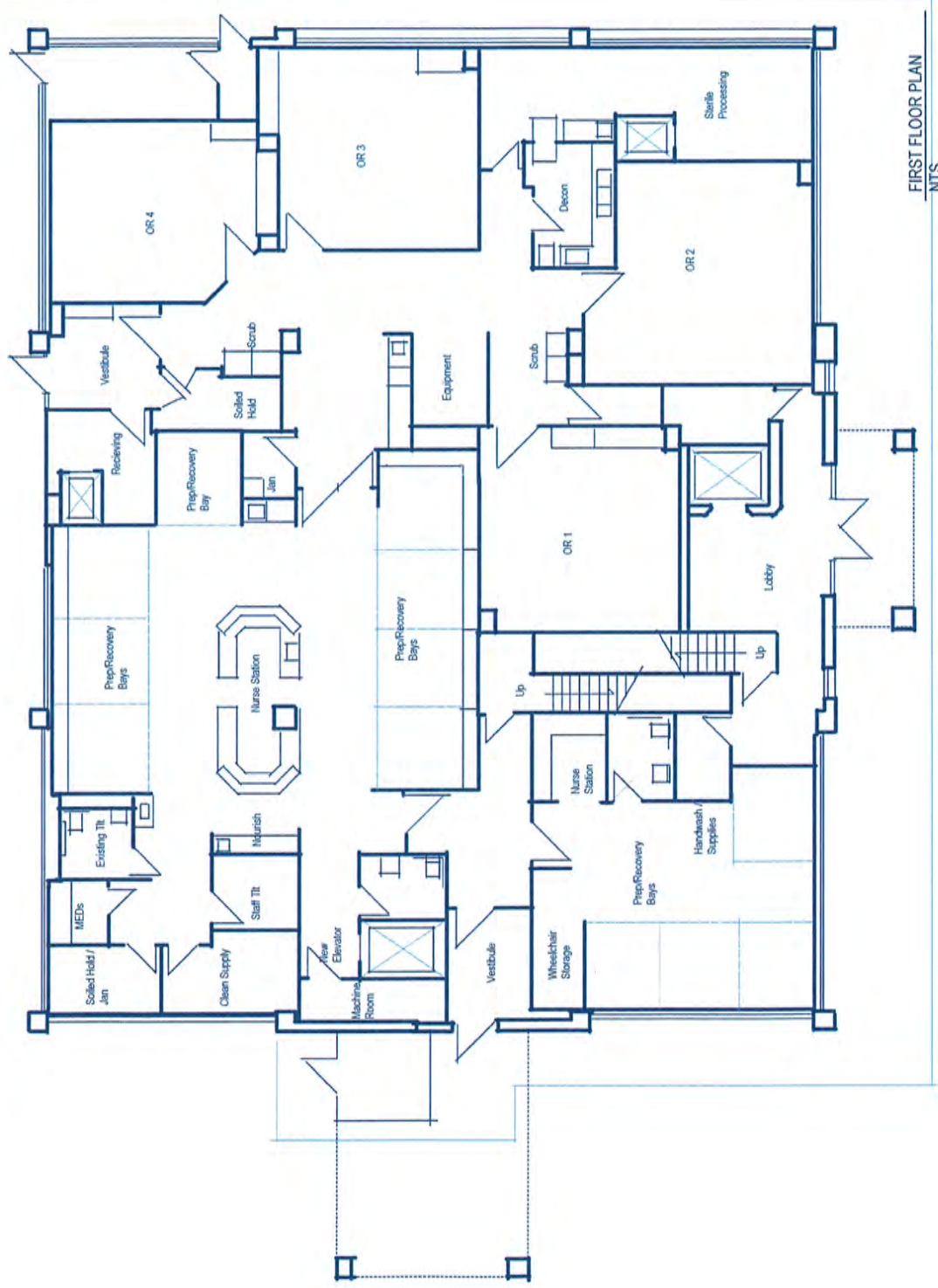
Agreed and Accepted this 30th day of July 2024:

ORTHOVIRGINIA, INC.

By: 
Name: David Jevsevar, MD
Title: CEO, OrthoVirginia, Inc.

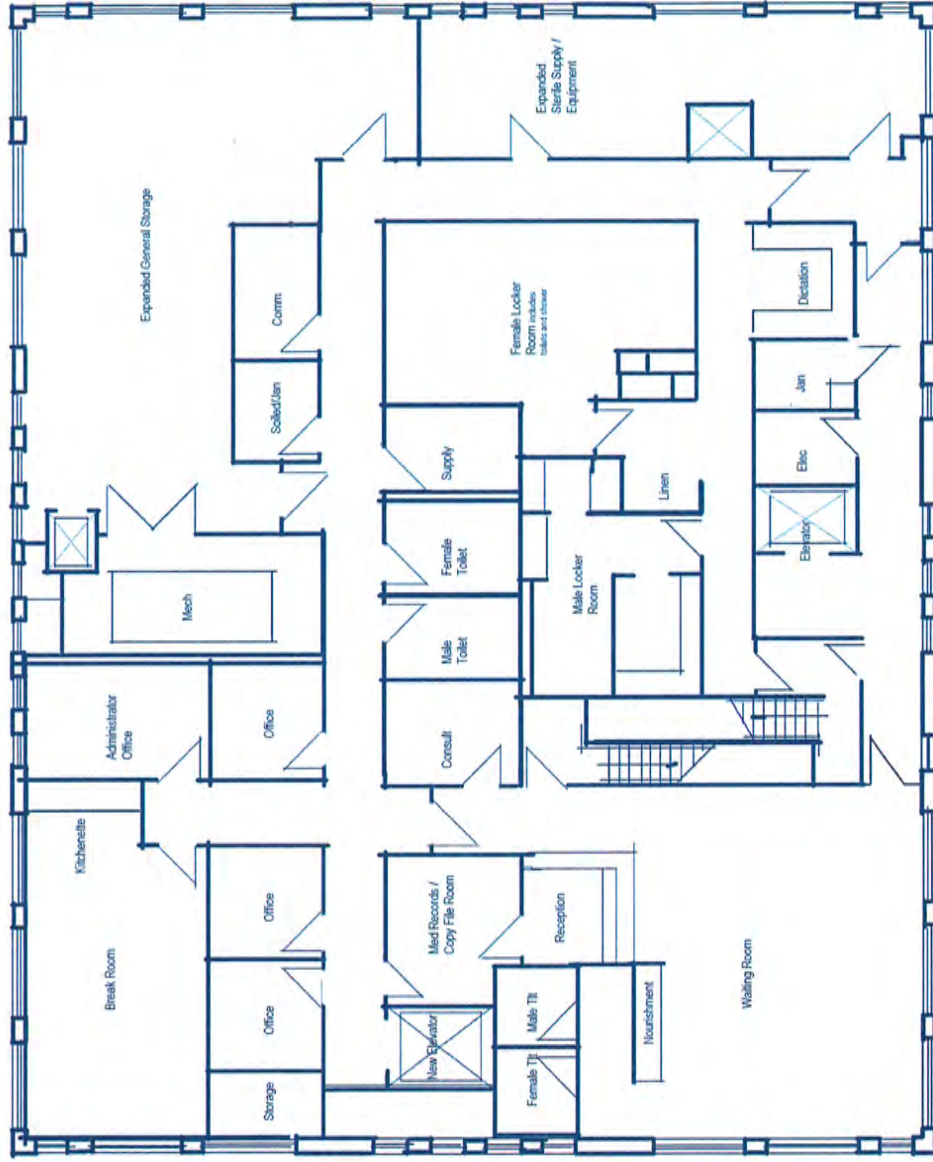
PCM PROPERTIES, LLC

By: 
Name: David Frederick
Title: Manager



▲ **NORTH VA SURGICENTER** FIRST FLOOR RENOVATION
HERNDON, VA



FIRST FLOOR PLAN
NTS



SECOND FLOOR PLAN
NTS

► **NORTH VA SURGICENTER** SECOND FLOOR RENOVATION HERNDON, VA

IV.B

 North VA Surgicenter
 Primary Service Area

Primary Service Area (2 of 2)

Cases by Zip Code

| Zip Code | City | Cases | % of Total | Running Total |
|----------|-------------|-------|------------|---------------|
| 20171 | Herndon | 185 | 5.26% | 5.26% |
| 20147 | Ashburn | 108 | 3.07% | 8.34% |
| 20170 | Herndon | 107 | 3.04% | 11.38% |
| 22030 | Fairfax | 96 | 2.73% | 14.11% |
| 20152 | Chantilly | 93 | 2.65% | 16.76% |
| 20148 | Ashburn | 93 | 2.65% | 19.40% |
| 20191 | Reston | 88 | 2.50% | 21.91% |
| 20105 | Aldie | 82 | 2.33% | 24.24% |
| 22033 | Fairfax | 81 | 2.30% | 26.54% |
| 20165 | Sterling | 76 | 2.16% | 28.71% |
| 22015 | Burke | 73 | 2.08% | 30.78% |
| 22101 | McLean | 72 | 2.05% | 32.83% |
| 22180 | Vienna | 65 | 1.85% | 34.68% |
| 22003 | Annandale | 64 | 1.82% | 36.50% |
| 20120 | Centreville | 64 | 1.82% | 38.32% |
| 22207 | Arlington | 61 | 1.74% | 40.06% |
| 22182 | Vienna | 60 | 1.71% | 41.76% |
| 20169 | Haymarket | 59 | 1.68% | 43.44% |
| 20151 | Chantilly | 59 | 1.68% | 45.12% |
| 20190 | Reston | 59 | 1.68% | 46.80% |
| 22066 | Great Falls | 58 | 1.65% | 48.45% |
| 20175 | Leesburg | 56 | 1.59% | 50.04% |
| 20164 | Sterling | 52 | 1.48% | 51.52% |
| 20194 | Reston | 49 | 1.39% | 52.92% |
| 20155 | Gainesville | 48 | 1.37% | 54.28% |

| Zip Code | City | Cases | % of Total | Running Total |
|--------------------|-----------------|--------------|----------------|---------------|
| 22032 | Fairfax | 45 | 1.28% | 55.56% |
| 22102 | McLean | 44 | 1.25% | 56.81% |
| 20176 | Leesburg | 43 | 1.22% | 58.04% |
| 22204 | Arlington | 43 | 1.22% | 59.26% |
| 22201 | Arlington | 42 | 1.19% | 60.46% |
| 20121 | Centreville | 41 | 1.17% | 61.62% |
| 22124 | Oakton | 40 | 1.14% | 62.76% |
| 22042 | Falls Church | 40 | 1.14% | 63.90% |
| 20136 | Bristow | 39 | 1.11% | 65.01% |
| 22310 | Alexandria | 38 | 1.08% | 66.09% |
| 22314 | Alexandria | 37 | 1.05% | 67.14% |
| 22031 | Fairfax | 33 | 0.94% | 68.08% |
| 22039 | Fairfax Station | 33 | 0.94% | 69.02% |
| 20124 | Clifton | 32 | 0.91% | 69.93% |
| 22043 | Falls Church | 31 | 0.88% | 70.81% |
| 22205 | Arlington | 29 | 0.83% | 71.64% |
| 22153 | Springfield | 29 | 0.83% | 72.46% |
| 22181 | Vienna | 29 | 0.83% | 73.29% |
| 22046 | Falls Church | 29 | 0.83% | 74.11% |
| 22152 | Springfield | 28 | 0.80% | 74.91% |
| 22315 | Alexandria | 28 | 0.80% | 75.70% |
| Other | | 854 | 24.30% | |
| Grand Total | | 3,515 | 100.00% | |

IV.H.1

The map displays the following medical facilities and locations:

- Inova Loudoun Hospital** (20874)
- Inova Loudoun Ambulatory Surgery Center** (20875)
- Stone Springs Hospital Center** (20105)
- Stone Springs Surgery Center** (20152)
- Reston Surgery Center** (20166)
- Reston Hospital Center** (20194)
- Inova McLean Ambulatory Surgery Center** (22102)
- Kaiser Permanente Tysons Center** (22108)
- VHC Ambulatory Surgery Center** (22101)
- North VA Surgicenter** (20171)
- Inova Fairfax Medical Campus** (22042)
- Inova Fairfax Hospital** (22043)
- Northern Virginia Eye Surgery Center, LLC** (22027)
- Northern Virginia Surgery Center** (22031)
- Pediatric Specialists of Virginia** (22033)
- Fairfax Surgical Center** (22035)
- UVA Prince William Medical Center d/b/a UVA Health Haymarket Medical Center** (20120)
- Haymarket Surgery Center** (20121)
- UVA Prince William Medical Center d/b/a UVA Health Prince William Medical Center** (20124)
- Prince William Ambulatory Surgery Center** (20136)
- Inova Alexandria Hospital** (22302)
- Inova Mount Vernon Hospital** (20744)
- Inova Surgery Center at Francisand Springfield** (22310)
- Inova Ambulatory Surgery Center at Lorton** (22060)
- Lake Ridge Ambulatory Surgical Center** (22192)
- Kaiser Permanente Woodbridge Surgery Center** (22191)
- Sentara Northern Virginia Medical Center** (22193)

Hospitals (11)

Hospitals (11)

H Hospitals (11)
▲ Outpatient Surgical Hospitals (19)

IV.H.2

July 31, 2024

Karen Shelton, MD FACOG
State Health Commissioner
Virginia Health Department
109 Governor Street, 13th floor
Richmond, VA 23219

Re: COPN Request No. VA-8780
North VA Surgicenter, LLC
Planning District 8
Establish an outpatient surgical hospital with 4 operating rooms

Dear Commissioner Shelton,

OrthoVirginia, Inc. (OrthoVirginia) fully supports COPN Request No. VA-8780 to establish North VA Surgicenter as an outpatient surgical hospital (OSH) with 4 operating rooms in Herndon.

OrthoVirginia is Virginia's largest provider of orthopaedic services, with more than 150 orthopaedic specialists in over 35 locations in Northern Virginia, Richmond, Hampton Roads, Lynchburg, and Southwest Virginia. As one of the largest orthopaedic specialty practices in the country, OrthoVirginia's nationally recognized physicians provide advanced surgical and non-surgical care to patients of all ages. OrthoVirginia delivers high value, patient-centered, outcome-focused care, powered by the latest research, innovation, and a team of expert orthopedic specialists.

In PD 8, OrthoVirginia is the largest provider of orthopaedic services providing medically necessary care to its patients from 14 sites: Alexandria, Arlington, Ashburn, Fair Oaks, Fairfax, Haymarket, Herndon, Manassas, McLean, North Arlington, Reston, Springfield, Stone Springs, and Tysons. OrthoVirginia works with all the major health systems in PD 8 and is very familiar with the PD 8 healthcare landscape.

Not so many years ago, virtually all orthopaedic surgeries were performed at inpatient hospitals. There is not a sufficient number of lower cost settings available to patients in PD8 who require orthopedic care. While many orthopaedic surgeries continue to require the resources of an inpatient hospital, an increasing number of orthopaedic surgery procedures can now be appropriately performed in a high quality, lower cost outpatient setting. Our experience is consistent with the relevant medical evidence – namely, that most patients receive better, faster, and more-affordable care when their surgery is performed in a dedicated orthopaedic outpatient facility. Moreover, a dedicated orthopaedic outpatient facility provides a better patient experience and results in higher patient satisfaction. Indeed, Virginia's COPN program has long recognized the many benefits of single-specialty OSHs like North VA Surgicenter:



In past decisions, the Commissioner has repeatedly acknowledged the benefits and clinical appropriateness of single-purpose OSHs, even when the procedures performed therein could be performed in a physician's office. In addition, recent medical literature shows that surgeon specialization and concentration of practice have promising effects on outcomes, while significantly reducing complications.¹

In addition to these important clinical patient care benefits, surgery performed in an outpatient setting is typically, significantly less expensive for both the patient and the payer than when the same surgery is performed at a hospital. The differential in a patient's financial responsibility is often hundreds of dollars, and the payer's differential can be in the thousands. Accordingly, outpatient surgery centers remove the significant financial barriers that lead many patients to delay their orthopaedic surgery, during which time their medical condition deteriorates. Even worse, the high cost of surgery in the hospital setting leads some patients to decide to go without the needed surgery altogether. Our goal is to facilitate timely surgical care so that the patient can return to health as quickly as possible.

Our experience with our existing operatory has been very positive for privately insured patients, who received world-class care from an expert team of professionals focused on optimal outpatient orthopaedic surgery patient care. Patients covered by government insurance programs, like Medicare, Medicaid, and TRICARE are not currently able to benefit from this enhanced level of care because facilities that do not have an outpatient surgical hospital license cannot enroll as an ASC with governmental payers. Instead, most of our governmentally insured patients receive surgery at one of the area hospitals, which typically, have longer wait times, higher costs to both patients and payers, and more challenging accessibility in terms of physical proximity, parking and wayfinding, which can be particularly burdensome for the many orthopaedic patients who have mobility issues as a result of their condition. The Commissioner has recognized the importance of financial access to outpatient surgery, lauding how single-specialty OSHs "increase geographic, financial and practical access to vital health care services for . . . [p]atients without commercial insurance who are covered by Medicare and Medicaid."² Like other COPN-authorized OSHs, North VA Surgicenter, "[i]f approved, . . . would enable patients covered by Medicare and Medicaid to receive . . . surgical services at the resulting OSH."³

Approval of COPN Request No. VA-8780 would enable our Medicare, Medicaid, and TRICARE patients to experience these same clinical and financial benefits at North VA Surgicenter OSH. While the benefit to these patients will be significant, we do not expect approval of COPN Request No. VA-8780 to adversely impact other PD 8 providers in any meaningful way. Today, the governmentally-insured patients who would begin receiving services at North VA Surgicenter are spread across virtually every hospital in PD 8. That means that the impact on any single hospital will be minimal. Additionally, PD 8's population is both growing and aging, meaning the overall demand for orthopaedic surgery, both in the inpatient and outpatient setting will continue to grow in absolute terms. We continue to recruit new surgeons to our Northern Virginia offices, and OrthoVirginia plans to continue to perform cases at all area PD 8 hospitals. Therefore, we do not anticipate any meaningful diminution of the

¹ September 21, 2021, Commissioner's decision issuing COPN Nos. VA-04756 and -04757, Adjudication Officer's Recommendation at page 5 of 9 (Attachment IV.A to the North VA Surgicenter COPN application).

² September 21, 2021, Commissioner's decision issuing COPN Nos. VA-04756 and -04757, Adjudication Officer's Recommendation at page 4 of 9 (Attachment IV.A to the North VA Surgicenter COPN application).

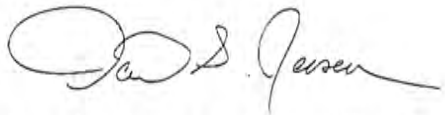
³ September 21, 2021, Commissioner's decision issuing COPN Nos. VA-04756 and -04757, Adjudication Officer's Recommendation at page 4 of 9 (Attachment IV.A to the North VA Surgicenter COPN application).

volumes of cases we perform at area hospitals following approval of COPN Request No. VA-8780.

OrthoVirginia intends to staff North VA Surgicenter upon its opening as an OSH and will provide one or more highly qualified physicians to provide medical direction and supervision of the surgical services provided at North VA Surgicenter.

On behalf of our patients, we respectfully request your approval of North VA Surgicenter's COPN Request No. VA-8780 to establish an OSH with 4 operating rooms. Thank you very much for your consideration of this important project.

Sincerely,

A handwritten signature in black ink, appearing to read "David S. Jevsevar". The signature is fluid and cursive, with a large initial "D" and "J".

David S. Jevsevar, M.D., MBA, FAAOS
Chief Executive Officer, OrthoVirginia, Inc.

cc: Erik O. Bodin, III
Dean Montgomery

HPR II Charity Care Contributions: 2022

| Hospitals | Gross Patient Revenue | Adjusted Charity Care Contribution | Percent of Gross Patient Revenue |
|---|------------------------------|---|---|
| Sentara Northern Virginia Medical Center | \$ 944,136,646 | \$ 32,219,014 | 3.4% |
| Inova Mount Vernon Hospital | \$ 641,472,447 | \$ 17,706,001 | 2.8% |
| Inova Alexandria Hospital | \$ 1,197,261,807 | \$ 29,115,795 | 2.4% |
| Virginia Hospital Center | \$ 1,986,450,290 | \$ 47,061,276 | 2.4% |
| Inova Fairfax Hospital | \$ 5,214,506,184 | \$ 112,511,358 | 2.2% |
| Inova Loudoun Hospital | \$ 1,228,076,373 | \$ 24,600,105 | 2.0% |
| Inova Fair Oaks Hospital | \$ 872,902,867 | \$ 16,322,254 | 1.9% |
| Reston Hospital Center | \$ 1,890,705,104 | \$ 16,603,148 | 0.9% |
| Stone Springs Hospital Center | \$ 442,376,284 | \$ 3,383,896 | 0.8% |
| UVA Health Prince William Medical Center | \$ 329,053,447 | \$ 704,161 | 0.2% |
| UVA Health Haymarket Medical Center | \$ 183,865,488 | \$ 174,114 | 0.1% |
| Total Inpatient Hospitals | \$ 14,930,806,937 | \$ 300,401,122 | 2.0% |
| Lake Ridge Ambulatory Surgery Center, LLC | \$ 12,134,108 | \$ 210,500 | 1.7% |
| Stone Springs Ambulatory Surgery Center | \$ 3,999,113 | \$ 59,669 | 1.5% |
| Northern Virginia Eye Surgery Center, LLC | \$ 14,479,800 | \$ 63,197 | 0.4% |
| Haymarket Surgery Center | \$ 51,205,003 | \$ 50,954 | 0.1% |
| Northern Virginia Surgery Center | \$ 59,865,180 | \$ 47,316 | 0.1% |
| Reston Surgery Center | \$ 140,221,295 | \$ 58,510 | 0.0% |
| Prince William Ambulatory Surgery Center | \$ 50,752,301 | \$ 4,623 | 0.0% |
| Fairfax Surgical Center | \$ 141,540,392 | \$ 209 | 0.0% |
| HealthQare Services ASC, LLC | \$ 8,526,020 | \$ - | 0.0% |
| Inova Ambulatory Surgery Center at Lorton, LLC | \$ 1,977,872 | \$ - | 0.0% |
| Inova Loudoun Ambulatory Surgery Center, LLC | \$ 86,732,059 | \$ - | 0.0% |
| Inova Surgery Center @ Franconia-Springfield | \$ 86,936,077 | \$ - | 0.0% |
| Kaiser Permanente - Woodbridge Surgery Center (AKA Caton Hill Center) | \$ 10,357,476 | \$ - | 0.0% |
| Kaiser Permanente Tysons Corner Surgery Center | \$ 55,063,020 | \$ - | 0.0% |
| McLean Ambulatory Surgery Center, LLC | \$ 38,502,416 | \$ - | 0.0% |
| Pediatric Specialists of Virginia Ambulatory Surgery Center | \$ 9,138,277 | \$ - | 0.0% |
| Total Ambulatory Surgery Centers | \$ 771,430,409 | \$ 494,978 | 0.1% |
| HPR II Totals | \$ 15,702,237,346 | \$ 300,896,100 | 1.9% |

Source: VHI FY 2022 Hospital and Ambulatory Financials



1 / 1



100%



Edit



Add Text



Add Image



Link



Crop Pages



Header & Footer



Watermark



More

Surgicenter Income and Expenses

| | Year 1 | Year 2 |
|-----------------------|----------------|----------------|
| | 4,436 | 4,524 |
| Revenue | \$ 156,852,476 | \$ 162,342,313 |
| Qual Adjustments | 133,324,605 | 137,990,966 |
| | 2,980,197 | 3,084,504 |
| | 329,390 | 340,919 |
| Revenue | \$ 20,218,284 | \$ 20,925,924 |
| | 4,713,508 | 4,902,048 |
| Benefits | 1,213,087 | 1,261,611 |
| | 10,254,910 | 10,665,107 |
| Maintenance | 346,210 | 354,866 |
| | 17,373 | 17,807 |
| ion | 628,258 | 658,258 |
| | 385,377 | 357,305 |
| ther | 1,465,961 | 1,490,110 |
| nd State Income Taxes | 465,504 | 475,337 |
| Operating Expense | \$ 19,490,188 | \$ 20,182,448 |
| ne | \$ 728,096 | \$ 743,476 |

ASSUMPTIONS

based on projection methodology set forth in the application

Qual adjustments are based on historical ASC experience

are based on historical ASC experience

holder for purposes of this proforma, charity was calculated at 1.9% of gross revenues, which the applicant calculates HPR average based on the most-recent available VHI data (attached as next page). The applicant intends to accept the percentage of the regional average based on the CMS provider reimbursement methodology when regional charity care is implemented under the CMS methodology becomes available to DCOPN.



Search

