

**Health Systems Agency of Northern Virginia  
Board of Directors Meeting  
Video Conference Meeting  
March 14, 2022**

**Members Present**

Michael Carrasco  
Tom Fonseca  
Pamela Kincheloe, RN  
Patrice Lepczyk  
Michelle Kimmel  
Sally Patterson  
Andrew Wankum  
Terry West  
Maria Zlotnick

**Staff Present**

Ann McFeeley  
Dean Montgomery

**Guests (Partial List)**

Canek Acuirre, Councilman, City of Alexandria  
Rina Bansal, MD, President, Inova Alexandria Hospital  
Elizabeth Breen, Hunton Andrews Kurth, Counsel, Inova Health System  
Alison Decourcey, President, CEO, United Community  
Paul Dryer, Senior Director, Inova Strategy & Planning, Inova Health System  
Lisa Gould, Programming and Design Advisor, Inova Health System  
Stephen Jones, MD, President, CEO, Inova Health System  
Judy Randal Hines, Loudoun County  
Rodney Lusk, Supervisor, Fairfax County Board of Supervisors  
Heather Russell, Vice President, Eastern Region, Inova Health System  
Thomas Stallings, Counsel, HCA of Virginia  
Adrian Stanton, Vice President and Chief Marketing Officer, Virginia Hospital Center

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**I. Call to Order**

Tom Fonseca, Chairperson, Health Systems Agency of Northern Virginia (HSANV), called the meeting to order at 7:33 PM. He welcomed those present and reviewed the agenda.

Fonseca indicated that, among other matters, the Board would hold public hearings on two certificate of public need (COPN) applications:

- Inova Health Care Services, Replace and Relocate Inova Alexandria Hospital, COPN Request VA-8612, and
- Inova Health Care Services, Replace and Relocate Inova Alexandria Hospital, COPN Request VA-8613.

Given interrelated and complementary nature of the proposals, Fonseca invited the IHCS representatives to address both applications during their presentation. There was general agreement to hear a full joint presentation and to vote on the proposals separately.

## **II. Previous Minutes**

Minutes of the January 24, 2022 meeting were approved as written.

## **III. Conflicts of Interest**

Fonseca followed established HSANV conflict of interest procedures to determine whether any member of the Board had a conflict of interest on either of the applications on the agenda. No conflicts were declared, alleged, or otherwise identified.

## **IV. Public Hearings: Inova Health Care Services, Replace and Relocate Inova Alexandria Hospital, COPN Request VA-8612 Inova Health Care Services, Replace and Relocate Inova Alexandria Hospital, COPN Request VA-8613**

### **Staff Review/Report**

Dean Montgomery discussed the HSANV staff assessment of the Inova Health Care Services (IHCS) applications. He noted that they are distinctive in that, though they are submitted by the same applicant as complementary replacement and relocation of Inova Alexandria Hospital (IAH) projects, under Virginia certificate of public need regulations they are construed as competing proposals. Neither proposal would increase licensed bed capacity. Individually and collectively they call for a licensed bed for licensed bed replacement of IAH within its primary service area.

Examination of the proposals, in the context of required COPN planning considerations and the regional acute care community hospital market, indicates that:

- Local hospital use rates remain low, with inpatient discharge and patient day rates far below national, state and Washington metropolitan area rates. Inpatient service volumes and annual occupancy levels are below nominal planning standards. There is no indication of a near term *regional need* for additional hospitals or hospital beds.
- Though regional rates are unusually low, hospital use among residents of the IAH primary service, the city of Alexandria and southeast Fairfax County, are comparatively high, about 30% higher than the regional average.
- IAH is a dated facility and poorly located to continue to serve the greater Alexandria area.
- Independent evaluation of the IAH campus and the structures and clinical spaces on it indicate that the hospital needs to be replaced with a modern, properly sized facility or facilities.
- There is strong opposition to replacing the hospital onsite from the residential community that surrounds the IAH campus.

- Inova and the City of Alexandria have not been able to identify an acceptable site within Alexandria that would permit replacement of an appropriately sized facility at a single location.
- The sites selected for the proposed replacement facilities are within the hospital’s primary service area, near the center of the population it has served for decades.
- The IHCS proposals appear to satisfy the requirements specified in the Virginia State Medical Facilities Plan for the replacement and relocation of hospitals.
- Projected capital costs of both projects are extraordinarily high for the space and number of beds proposed.
- Two local service providers, HCA of Virginia (HCA) and Virginia Hospital Center (VHC) oppose the proposal to develop a replacement facility in Springfield, VA. Neither oppose the Landmark replacement application. Copies of their statements of opposition have been distributed to interested parties (Attachments 2 & 3).

Based on these considerations and findings, and on the data and argument presented in the applications, staff concluded that the proposals appear to comply with planning requirements governing the replacement and relocation of hospitals.

**Inova Health Care Services Presentation**

Paul Dryer, Senior Director, Strategy & Planning, Inova Health System, introduced himself and other IHCS representatives present to discuss the applications: Stephen Jones, MD, President, CEO, Inova Health System; Lisa Gould, Programming and Design Advisor, Inova Health System; Heather Russell, Vice President, Eastern Region, Inova Health System; Rina Bansal, MD, President, Inova Alexandria Hospital; and Elizabeth Breen, Hunton Andrews Kurth, Counsel, Inova Health System.

Dryer, Jones, Gould, and Russell discussed the nature and substance of the projects, the history and status of Inova Alexandria Hospital, and the reasons for offsite replacement in the locations proposed. Their key points are summarized in a series of slides they presented (Attachment 1). Among other considerations, they emphasized that:

- Inova Alexandria Hospital is an essential component of the local network of hospitals and related health and medical facilities and services maintained by Inova Health System.
- Though IAH continues to provide excellent community oriented medical care, it is increasingly difficult to do so with the dated facilities and on the current site (Seminary Road).
- Most of the hospital’s structures and core services are aged, near or beyond their expected useful lives, and increasing obsolete. Most need to be replaced as soon as possible.
- Professional evaluations of the IAH campus and facilities indicate the hospital needs to be replaced, that serial renovation and modernization projects are impractical, and inadvisable even if possible.
- Replacing and “right sizing” the hospital, which is substantially undersized to serve its current inpatient, outpatient and emergency service caseloads, onsite is strongly opposed by the residential community in which IAH is located.
- Inova Health System and City of Alexandria officials have tried for many years to identify a site in the City of Alexandria to replace the hospital. An appropriate location has not been found.
- The two sites proposed, one made available by the City of Alexandria (Landmark) and one adjacent to an existing Inova facility (Franconia-Springfield HealthPlex) in Springfield, VA make partial replacement and modernization of the hospital possible and practical.

- Both replacement locations are within IAH's primary service area, the area where the hospital has the highest market penetration and the strongest community allegiance.
- IHCS does not anticipate a significant change in the hospital's primary services area after replacement.
- Projected service volumes are expected to increase consistent with population growth within the hospital's service area.
- The locations and licensed capacities of the replacement facilities indicate that there should be not affect demand or service volumes at competing hospitals and health systems.

### **Board Questions, Discussion**

In response to board questions, Dryer, Jones, Gould, Russell and Bansal indicated that

- Given local zoning and community concerns the current IAH campus (about 31 acres) will be sold and is likely to be used to develop residential housing.
- IHCS believes the Landmark site, approximately 10 acres, is too small to serve as the single location to replace IAH, which will entail substantial increases in net operating space and accommodate the hospital's large emergency and outpatient caseloads.
- Though interest rates are expected to increase over the next couple of years, IHCS believes it will be able to finance the projects as described, at a favorable long term interest rate.
- The recent *Washington Business Journal* article (March 7, 2022), which discussed the Landmark replacement project, reference to 231 beds at the site counted unlicensed newborn bassinets and neonatal intensive care capacity. The licensed bed complement will be 192 beds. There is no conflict between COPN Request VA-8612 and the information filed with the City of Alexandria.
- Community opposition to replacement of IAH on site, now decades old, necessarily has affected service development and modernization of IAH.

### **Public Comment**

Five speakers addressed the IHCS applications. Three spoke in support of both applications. Two endorsed one of the proposals, the Landmark replacement proposal, and opposed the other, the Springfield replacement application.

Thomas Stallings, Counsel, HCA of Virginia (HCA), said that HCA understands that aging facilities such as Inova Alexandria Hospital need to be replaced and that they may need to be relocated. HCA believes, however, that in such circumstances the replacement facility much be a single facility in an appropriate location. Stallings stated that HCA of Virginia does not object to COPN Request VA-8612, which proposes partial replacement of IAH in the City of Alexandria, on a site at the former Landmark shopping center. HCA argues that, if IAH cannot be rebuilt on site, the replacement facility can and should be built at the Landmark site.

HCA opposes COPN Request VA-8613, which calls for the division of the hospital's licensed bed capacity and the transfer of part of it to a new hospital in Springfield, VA. HCA's complete statement, outlining it view of the applications and how they should be assessed under Virginia COPN planning regulations, is attached (Attachment 2).

Adrian Stanton, Vice President and Chief Marketing Officer, Virginia Hospital Center (VHC), testified that VHC supports COPN Request VA-8612, which seeks authorization for the partial replacement of IAH in Alexandria on a site at the former Landmark shopping center. VHC notes that inpatient service

volumes at IAH, and in the region generally, have not been high, not close to the desired 80% occupancy level. Consequently it is not evident that all of IAH's licensed capacity will be needed at a replacement facility. VHC argues that a smaller IAH on the Landmark site is justifiable, but replacement of the entire facility on two sites is inconsistent with regional planning requirements, including the applicable provisions of the Virginia State Medical Facilities Plan (SMFP).

Virginia Hospital Center opposes COPN Request VA-8613 which proposes the partial replacement of IAH with a 92 bed hospital in Springfield, VA. VHC's statement detailing its view of the applications and how they should be treated under Virginia COPN planning regulations is attached (Attachment 3).

Rodney Lusk, Lee District Supervisor, Fairfax County Board of Supervisors, spoke in favor of both projects as submitted. He discussed the potential value and need for the facilities and services Inova proposes to develop at Landmark and in Springfield. Lusk emphasized the cooperative nature of the projects and Inova's history and willingness to serve all residents of Alexandria and southeast Fairfax County in need of basic health and medical services.

Alison Decourcey, President, CEO, United Community, endorsed both IHCS projects. She discussed the pressing need for health and medical services, inpatient and outpatient, in Alexandria and southeast Fairfax County, and especially among those served by United Community and other community services organizations. She indicated that Inova Health System has supported and otherwise assisted many health related services in the community and that the presence of a community hospital in the greater Springfield area would be an important step forward.

Canek Aquirre, Councilman, City of Alexandria, spoke in support of both applications. He explained the pressing need for a modern properly sized hospital in Alexandria and the long and extensive search by the City of Alexandria to locate an appropriate site to develop a sufficiently large hospital campus that would accommodate a new IAH. Aquirre said the current proposals are the best practical option available to meet the needs of Alexandria and nearby areas of Fairfax County.

Montgomery noted that there are a number of letters of support for the projects in the IHCS applications.

### **Final (Summary) Presentation**

Jones restated in summary terms the necessity of replacing and relocating Inova Alexandria Hospital. He noted the two COPN proposals submitted, which are the culmination of many years of work with Alexandria and Fairfax County officials, represent the best option available to modernize IAH and ensure that it will continue to be responsive to the needs of the communities it serves. Jones emphasized that action needs to be taken now to permit completion of the much needed project within the decade, and to take advantage of favorable financing now available.

### **Staff Recommendations**

Based on the information presented in the agency staff report on the application, and on the testimony presented earlier by IHCS and those commenting on the proposals, Montgomery recommended approval of the applications. He stressed several basic factors and considerations:

- Modernization of an aging Inova Alexandria Hospital has been a major concern since Alexandria Hospital merged with Inova Health System, more than two decades ago. The question of where and how to modernize IAH has been under review for many years.

- IAH's location in a residential community, local land use restrictions, and community opposition make on site replacement of the hospital all but impossible.
- IAH is an essential community hospital, with a primary service area that has the highest hospitalization rate in the region. It serves large numbers of outpatients and a disproportionate share of the region's emergency service registrants.
- The locations and licensed capacities of the replacement facilities indicate there is little likelihood of a significant change in the IAH primary service. The City of Alexandria supports the projects.
- There is no indication that relocation of IAH as proposed would affect other service providers negatively. The proposals would increase the distance between IAH and Virginia Hospital Center, its principal competitor, between three and six miles. Patient origin and destination data indicate VHC is likely to gain market share from IAH in south Arlington and north Alexandria.
- Reduction in the numbers of IAH service area residents using Inova Fairfax Hospital or Inova Mount Vernon Hospital would be encouraged by IHCS and would be health system positive over the life of the projects.
- The projects appear to comply with regulations and related planning considerations applicable to hospital replacement and relocation in Virginia (Subparagraph *12VAC5-230-570* of the Virginia SMFP).

**Board Deliberation and Votes**

**IHCS, Replace and Relocated IAH, COPN Request VA-8612**

Sally Patterson offered a motion to recommend approval of the application. Pamela Kincheloe seconded the motion. The motion passed by a vote of nine in favor (Carrasco, Fonseca, Kimmel, Kincheloe, Lepczyk, Patterson, Wankum, West, Zlotnick) and none opposed.

**IHCS, Replace and Relocated IAH, COPN Request VA-8613**

Sally Patterson offered a motion to recommend approval of the application. Pamela Kincheloe seconded the motion. The motion passed by a vote of eight in favor (Carrasco, Fonseca, Kimmel, Kincheloe, Lepczyk, Patterson, Wankum, Zlotnick) and one (West) opposed.

**V. Other Business**

Tentative board meeting dates were set for May 8, 2022 and June 13, 2022.

**VI. Adjourn**

Fonseca adjourned the meeting 9:45 P.M.

**Respectfully submitted,**



**Dean Montgomery**

**Attachments (3)**