

COPN Request No. VA-8803

COMMONWEALTH OF VIRGINIA

APPLICATION FOR A

MEDICAL CARE FACILITIES CERTIFICATE OF PUBLIC NEED

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

SECTIONS 32.1 – 102.1 THROUGH 32.1 – 102.11 OF

THE CODE OF VIRGINIA OF 1950, AS AMENDED)

HOSPITALS

COPN Request No. VA-8803

Inova Health Care Services d/b/a Inova Fairfax Hospital

**Expansion of Inpatient Medical-Surgical Services Through the Addition
of 48 Medical-Surgical Beds**

January 2, 2025

SECTION I FACILITY ORGANIZATION AND IDENTIFICATION

- A. **Inova Fairfax Hospital**
Official Name of Facility

3300 Gallows Road
Address

Falls Church	Virginia	22042
City	State	Zip

(703) 776-1110
Telephone

- B. **Inova Health Care Services**
Legal Name of Applicant

8100 Innovation Park Drive
Address

Fairfax	Virginia	22031
City	State	Zip

- C. Chief Administrative Officer

Steve Narang, MD, President, Inova Fairfax Hospital & Pediatric Service

Line
Name

3300 Gallows Road
Address

Falls Church	Virginia	22042
City	State	Zip

(703) 776-4001
Telephone

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

Paul Dreyer, Sr. Director, Strategy & Planning, Inova Health System
Name

8100 Innovation Park Drive

- (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 75 years
- (4) ___ Renewable lease, renewable every _____ years
- (5) ___ Other _____ Identify

Please see **Attachment B**.

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.

Inova Fairfax Hospital (“IFH”) is owned by Inova Health Care Services, a 501(c)(3) Virginia nonstock corporation. The sole member of Inova Health Care Services is the Inova Health System Foundation, which is also a 501(c)(3) Virginia nonstock corporation. The corporate address for Inova Health Care Services is as follows:

**Inova Health Care Services
8100 Innovation Park Dr.
Fairfax, Virginia 22031**

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

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

Not applicable.

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

- (1) A list of the names and addresses of the board of directors of the corporation

Please see Attachment C for the names of the board members. Please direct any questions to board members at the following address:

**c/o Nena Jaspers
8110 Innovation Park Dr.
Fairfax, Virginia 22031**

- (2) A list of the officers of the corporation

The Inova Health Care Services Board is charged with governance of the Inova hospitals.

The names of the officers are set forth on Attachment C.

- (3) The name and address of the registered agent for the corporation

**CT Corporation System
4701 Cox Road, Suite 285
Glen Allen, Virginia 23060**

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

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

Not applicable.

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

Not applicable.

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

Please see Attachment D for a comprehensive corporate organization chart for Inova Health System.

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

Inova Health System Foundation d/b/a Inova Health System

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

partner.

Not applicable.

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

Not applicable.

SECTION II ARCHITECTURE AND DESIGN

A. Location of the Proposed Project

1. Size of site: 183.06 acres
2. Located in Fairfax County / PD 8 City/County/Planning District
3. Address or directions 3300 Gallows Road, Falls Church, Virginia 22042

4. Has site been zoned for type of use proposed:

Yes (attach copy of zoning or use permit)

Please see Attachment E. The property is zoned to the “PDC” district under which inpatient and outpatient use is permitted.

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

Expansion of IFH’s inpatient medical-surgical licensed bed capacity through the renovation of existing hospital space and addition of forty-eight (48) inpatient medical-surgical beds.

- (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.

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

- (2) Briefly describe the proposed project with respect to location, style and

major design features, and the relationship of the current proposal to the long range plan.

The project proposes the expansion of IFH's existing adult inpatient medical-surgical bed capacity through two companion initiatives on the IFH campus, which is located at 3300 Gallows Road, Falls Church, Virginia. The addition of twenty-four (24) of the forty-eight (48) medical-surgical beds will be accomplished by demolishing the former administrative offices on the 2nd floor of the north patient tower and fitting out a 24-bed unit in that location. The addition of the remaining twenty-four (24) medical-surgical beds will be accomplished by converting a 24-bed observation unit on the 6th floor of the north patient tower to an adult inpatient unit with twenty-four (24) licensed medical-surgical beds. As the 6th floor of the north patient tower previously housed medical observation beds, the work needed to renovate this unit is limited to cosmetic upgrades and replacement of select medical equipment, technology and furnishings. The site plan, including the proposed location of the two new adult inpatient medical-surgical units, can be found in Attachment G and the design drawings can be found in Attachment H.

This project is consistent with the Inova Health System mission and vision (as identified above and set forth in Attachment F). This project relates to Inova Health System's commitment to excellence in patient care by improving the quality and accessibility of adult inpatient medical-surgical services and is a necessary component for the continued operational success of IFH.

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

IFH is readily accessible. It is located 1/4 mile west of the Capital Beltway (Interstate 495) at 3300 Gallows Road, Falls Church, Virginia. It is accessible from the north and south via Interstates 495 and 95 and from the east and west via Route 50 and Interstate 66. Public bus transportation is available at the main entrance of the hospital and Metro-rail with shuttle service is available within three miles at the Dunn Loring Metro station.

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

The proposed inpatient medical-surgical beds will be located in the existing north patient tower at IFH. The site plan, including the

proposed locations of the inpatient medical-surgical beds, can be found in Attachment G.

The site conforms to all current applicable land development ordinances, regulations and standards. There are multiple driving entrances to the property from Gallows Road and adequate parking is already available for patients, visitors and staff. Adequate public utilities currently exist on site, including water, sewer, and solid waste services. No zoning changes are required for this project.

- (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 proposed forty-right (48) inpatient medical-surgical beds will be housed in the north patient tower at IFH. The north patient tower was renovated ten (10) years ago to provide private patient rooms, with each floor accommodating twenty-four (24) patient rooms and adequate support space. The north patient tower utilizes energy saving features in accordance with local building ordinances, including but not limited to occupancy sensor-controlled lighting in support areas, and is compliant with local energy calculation requirements and specifications for high efficiency mechanical equipment, which contributes to energy conservation and reduces operating costs.

- 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.

Adequate public utilities currently exist on-site, including water, sewer and solid waste services, in addition to heating and cooling equipment. The project does not require additional utility services. See Attachment I.1, I.2, I.3 and I.4 for copies of recent utility bills.

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).

Not applicable.

2. If Item #2 was checked in II-B, specify:
 - a. The total number of square feet (both gross and net) by department and each type of patient room in the existing facility.
 - b. The total number of square feet (both gross and net) to be added to the facility.
 - c. The total number square feet (both gross and net) to be remodeled, modernized or converted to another use.
 - d. The total number of square feet (both gross and net) by department and each type of patient room in the facility upon completion. (The sum of square footage in this part should equal the sum of the square footages in parts (a) and (b) above and should be consistent with any preliminary drawings, if available. (The department breakdown should be the same as in (a) above.

See Attachment J.1 and Attachment J.2.

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

The proposed additional forty-eight (48) inpatient medical-surgical beds will be housed in two (2) separate 24-bed units located in the north tower, and each unit will have a similar footprint to existing 24-bed units at IFH. The two (2) 24-bed units will follow the existing layout of the renovated north patient tower and will have single patient rooms and adhere to Inova Health System's current design standards.

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

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

Please see Attachment K.

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 mechanical spaces.
3. Circulatory spaces (halls, stairwells, elevators, etc.) and mechanical spaces.

Please see Attachment H.

H. Construction Time Estimates

1. Date of Drawings: **Preliminary 11/2024 Final 6/2025**
2. Date of Construction: **Begin 7/2025 Completion 10/2026**
3. Target Date of Opening: **12/2026**

SECTION III

SERVICE DATA

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

IFH Overview

IFH is the largest and busiest hospital in the Commonwealth of Virginia. Since opening in 1961, it has become a premier medical center in the Mid-Atlantic region and is a leader in healthcare services delivery in the Washington, D.C. metropolitan area.

- IFH is Northern Virginia’s only tertiary/quaternary hospital for adults and children with a Level I Trauma Center for treating the most critically ill and injured patients;
- IFH maintains one of the nation’s largest Obstetrical programs, including a dedicated high risk pregnancy unit and one of the country’s largest Neonatal Intensive Care Units (Level III);
- IFH maintains a comprehensive organ transplantation program;
- IFH provides comprehensive pediatric services at its Children’s Hospital; and
- IFH maintains the largest cancer program in the Commonwealth.

The primary Centers of Excellence include Inova Schar Heart and Vascular, Neurosciences (including a Joint Commission accredited Primary Stroke Center), Inova Schar Cancer, Minimally Invasive Surgery, Women’s Health, and Pediatrics.

Expansion of Adult Inpatient Medical-Surgical Beds

COPN Request No. VA-8803 proposes the addition of forty-eight (48) adult inpatient medical-surgical beds at IFH. IFH provides comprehensive medical and surgical services and currently operates 506 adult inpatient medical-surgical beds on the IFH campus. IFH’s medical-surgical bed occupancy rate was 89% in 2023, which is well above the State Medical Facilities Plan (“SMFP”) standard of 80%. Without additional adult inpatient medical-surgical capacity, IFH’s medical-surgical bed occupancy rate is projected to reach 98% by 2027. Having an occupancy rate significantly above the SMFP standard creates access issues and bottlenecks in hospital operations, namely lack of inpatient bed availability for emergency department (“ED”) patients requiring admission and lack of “stepdown” bed capacity for patients who no longer requiring intensive care unit (“ICU”) or intermediate level of care. Expansion of medical-surgical bed capacity through the addition of forty-eight (48) beds will address the existing capacity constraints and ensure

adequate bed capacity is available to care for the IFH patient population as it continues to grow and age in place.

The addition of twenty-four (24) of the forty-eight (48) medical-surgical beds will be accomplished by demolishing the former administrative offices on the 2nd floor of the north patient tower and fitting out a 24-bed unit in that location. The addition of the remaining twenty-four (24) medical-surgical beds will be accomplished by converting a 24-bed observation unit on the 6th floor of the north patient tower.

Assuming timely approval and issuance of the COPN, IFH anticipates that the new beds will open in December 2026.

- B. Specify the historical and projected utilization of the facility using the following format:

IH, Inpatient historic and projected utilization
2021-2023 and Jan-Oct 2024 annualized, and 2027 - 2028 projected

	Historical Utilization			2024 Jan-Oct Annualized	Projected Two Years Following Completion	
	2021	2022	2023		2027	2028
<i>Inpatient Total</i>						
Total Licensed Beds	928	928	928	928	976	976
Total Patient Days	261,309	271,506	279,669	294,255	304,928	298,313
Total Occupancy %	77%	80%	83%	87%	86%	84%
Total Discharges	47,760	50,036	52,013	54,702	56,723	55,797
Average Length of Stay	5.5	5.4	5.4	5.4	5.4	5.3
<i>Medical/Surgical (SMFP 80% Occupancy)</i>						
Total Licensed Beds	506	506	506	506	554	554
Total Patient Days	150,043	156,730	164,032	173,822	180,333	174,159
Total Occupancy %	81%	85%	89%	94%	89%	86%
Total Discharges	27,036	28,239	30,170	31,971	33,168	32,033
Average Length of Stay	5.5	5.6	5.4	5.4	5.4	5.4
<i>Adult ICU (SMFP 65% Occupancy)</i>						
Total Licensed Beds	102	102	102	102	102	102
Total Patient Days	31,136	30,330	30,435	32,251	33,460	32,025
Total Occupancy %	84%	81%	82%	86%	90%	86%
Total Discharges	1,331	1,344	1,340	1,420	1,473	1,410
Average Length of Stay	23.4	22.6	22.7	22.7	22.7	22.7
<i>Pediatric ICU (SMFP 65% Occupancy)</i>						
Total Licensed Beds	26	26	26	26	26	26
Total Patient Days	5,447	6,310	6,238	6,610	6,858	6,947
Total Occupancy %	57%	66%	66%	69%	72%	73%
Total Discharges	440	456	465	493	511	518
Average Length of Stay	12.4	13.8	13.4	13.4	13.4	13.4
<i>Pediatric (SMFP 80% Occupancy)</i>						
Total Licensed Beds	92	92	92	92	92	92
Total Patient Days	15,454	19,733	20,763	22,002	22,826	23,123
Total Occupancy %	46%	59%	62%	65%	68%	69%
Total Discharges	4,285	5,430	5,736	6,078	6,306	6,388
Average Length of Stay	3.6	3.6	3.6	3.6	3.6	3.6
<i>Obstetric (SMFP 80% Occupancy)</i>						
Total Licensed Beds	96	96	96	96	96	96
Total Patient Days	25,308	24,604	24,746	25,712	26,675	27,022
Total Occupancy %	72%	70%	71%	73%	76%	77%
Total Discharges	10,268	10,211	9,847	10,232	10,615	10,753
Average Length of Stay	2.5	2.4	2.5	2.5	2.5	2.5
<i>Psychiatric Adult (SMFP 75% Occupancy)</i>						
Total Licensed Beds	41	41	41	41	41	41
Total Patient Days	13,972	14,228	14,301	14,473	14,666	14,666
Total Occupancy %	93%	95%	96%	96%	98%	98%
Total Discharges	1,295	1,103	1,119	1,132	1,148	1,148
Average Length of Stay	10.8	12.9	12.8	12.8	12.8	12.8
<i>Psychiatric Child/Adolescent (SMFP 75% Occupancy)</i>						
Total Licensed Beds	15	15	15	15	15	15
Total Patient Days	5,104	4,389	3,852	3,898	4,044	4,097
Total Occupancy %	93%	80%	70%	71%	74%	75%
Total Discharges	499	565	562	569	590	598
Average Length of Stay	10.2	7.8	6.9	6.9	6.9	6.9
<i>Medical Rehab (SMFP 75% Occupancy)</i>						
Total Licensed Beds	25	25	25	25	25	25
Total Patient Days	7,827	8,300	8,389	8,490	8,808	8,922
Total Occupancy %	86%	91%	92%	93%	97%	98%
Total Discharges	584	588	605	612	635	643
Average Length of Stay	13.4	14.1	13.9	13.9	13.9	13.9
<i>Alcohol/Drug (SMFP 75% Occupancy)</i>						
Total Licensed Beds	25	25	25	25	25	25
Total Patient Days	7,018	6,882	6,913	6,996	7,258	7,352
Total Occupancy %	77%	75%	76%	76%	80%	81%
Total Discharges	2,022	2,100	2,169	2,195	2,277	2,307
Average Length of Stay	3.5	3.3	3.2	3.2	3.2	3.2

- C. State assumptions and show methodology used to calculate projections for two years following completion of the proposed project.

Inpatient Bed Projection Methodology:

The Weldon Cooper Center for Public Service, Demographic Research Group, projects between 2024 and 2030, the population of PD 8, which roughly equates to IFH’s primary service area (“PSA”), is expected to grow at a compound annual growth rate of 1.3%.

Using January to October 2024 annualized data as a baseline, IFH conservatively projects inpatient discharges will grow at a rate consistent with population growth and length of stay will remain constant.

Population Projections

	Est. 2024	2025	2026	2027	2028	2029	2030
Population Projections - PD 8	2,623,852	2,655,338	2,687,202	2,722,136	2,757,524	2,793,371	2,829,685
Population Growth	1.2%	1.2%	1.2%	1.3%	1.3%	1.3%	1.3%

Source: Weldon Cooper

Replacement and Relocation of Inova Alexandria Hospital

As noted in COPN Request No. VA-8612 and COPN Request No. VA-8613, which together proposed the full replacement and relocation of Inova Alexandria Hospital to two sites (Landmark Replacement Hospital (COPN Request No. VA-8612) and Springfield Replacement Hospital (COPN Request No. VA-8613)), approximately 25% of IFH’s patient population has historically originated from Inova Alexandria Hospital’s PSA and certain patient volume at the replacement hospitals is expected to originate from IFH’s PSA. The projections of adult medical-surgical and adult ICU patient days and discharges for 2028 set forth in the table below include the expected shift of patient days to the respective replacement hospitals, which are both expected to open in 2028. The table below shows the projected adult medical-surgical and adult ICU patient days and discharges at IFH in 2028 without the shift (i.e., growth consistent with population), the volume that is projected to shift (as specified in COPN Request No. VA-8612 and COPN Request No. VA-8613), and the projected adult medical/surgical and adult ICU discharges and patient days at IFH in 2028 inclusive of the projected shift, which is consistent with the projections above.

2028 IFH Medical-Surgical and Adult ICU Projections

2028 IFH Projection			
	Without Shift	Projected shift to IAH replacement	Inclusive of Shift
<i>Medical/Surgical</i>			
Total Patient Days	182,677	8,518	174,159
Total Discharges	33,599	1,567	32,033
<i>Adult ICU</i>			
Total Patient Days	33,895	1,870	32,025
Total Discharges	1,492	82	1,410

D. Existing and/or Proposed Bed Complement

The current IFH bed complement is as follows:

<i>Inova Fairfax Hospital</i>	Distribution of Existing Licensed Beds	Total Beds to be Built	Total Beds to be Lost or Removed from Service	Total Beds After Construction
Adult Medical/Surgical	506	48	0	554
Adult Critical Care	102			102
Obstetrical	96			96
Pediatric Medical/Surgical	92			92
Pediatric Critical Care	26			26
Psychiatric	81			81
Long-Term/Extended Care	n/a			n/a
Self-Care	n/a			n/a
Acute Rehabilitation	25			25
TOTAL	928	48		976
Neonatal Intensive Care	108			108
Other Newborn Bassinets	114			114

E. Facilities and Services to be Provided (Check)

The following services are currently provided at IFH:

<i>Inova Fairfax Hospital</i>	Existing	This	This Project to	This Project to
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		Project to be Added	be Discontinued	be Expanded or Renovated
1. Post-Operative Recovery Room	X			
2. Intensive Care Unit Cardiac	X			
3. Open Heart Surgery Facilities	X			
4. Pharmacy With full-time pharmacists	X			
With part-time pharmacists	X			
5. Diagnostic radiological services x-ray	X			
Ultrasonography	X			
Radioisotope	X			
CT scanning	X			
MRI scanning	X			
6. Therapeutic Radiological Services Brachytherapy	X			
Specify Source(s) Used				
Teletherapy				
Specify Source(s) or Type(s) of Equipment Used				
7. Clinical Pathology Laboratory	X			
8. Organ Bank	X			
9. Blood Bank	X			
10. Electroencephalography	X			
11. Electrocardiography	X			
12. Respiratory Therapy	X			
13. Premature Nursery	X			
14. Self-Care Unit	X			
15. Skilled Nursing or Long-Term Nursing				
16. Renal Dialysis acute	X			
Chronic	X			
Inpatient	X			
Outpatient	X			
Home dialysis training	X			
17. Burn Care Unit				
18. Physical Therapy Department	X			
19. Occupational Therapy	X			
20. Medical Rehabilitation Inpatient	X			
Outpatient	X			
21. Tuberculosis Unit				
22. Psychiatric Services Inpatient	X			

Outpatient	X			
Partial hospitalization program	X			
Emergency services	X			
Foster and/or home care				
Consultation	X			
23. Clinical psychology	X			
24. Organized outpatient department	X			
25. Outpatient surgery	X			
26. Social work department	X			
27. Family planning service				
28. Genetic counseling service	X			
29. Abortion services	X			
Inpatient				
Outpatient	X			
30. Pediatric department	X			
31. Obstetric service	X			
32. Alcoholic & detoxification department	X			
33. Home care department				
34. Speech pathology services	X			
35. Audiology services	X			
36. Hospital auxiliary	X			
37. Volunteer service department	X			
38. Paramedical training program				
39. Emergency department	X			
40. Dental services (oral surgery)	X			
41. Podiatric services	X			
42. Pre-admission testing	X			
43. Pre-discharge planning	X			
44. Multi phasic screening	X			
45. Other (identify) Inpatient medical-surgical services	X			X

- F. 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).

Inova Fairfax Current and Additional Required Staffing:

Staffing Category	Current Staffing		Additional Full Time	Total Needed
	Full Time Equivalent	Vacant Positions		
Administration - Business Office	280.8	14.1	7.4	302.3
Registered Nurses	3,508.0	262.5	65.4	3,835.9

Licensed Practical Nurses	25.5	3.6	-	29.1
Nurse Aides, Orderlies, and Attendants	677.9	23.5	32.2	733.6
Registered Pharmacist	85.7	4.8	-	90.5
Laboratory Medical Technologists	159.5	10.0	4.2	173.7
ADA Dieticians	20.2	-	1.0	21.2
Radiologic Technologists	357.7	48.9	3.7	410.3
Occupational Therapists	76.6	2.0	2.0	80.6
Physical Therapists	85.1	3.0	3.0	91.1
Psychologists	2.0	-	-	2.0
Psychiatric Social Workers	-	-	-	-
Recreation Therapists	5.0	-	-	5.0
Respiratory Therapists	183.5	30.0	2.1	215.6
Medical Social Workers	87.0	4.0	6.0	97.0
Other Health Professionals				
• Behavioral / Mental Health	111.3	13.5	-	124.8
• Clinical Services	431.1	20.1	-	451.2
• Pharmacy	137.1	2.8	-	139.9
• Radiation/Oncology	36.5	1.0	-	37.5
• Rehabilitation & Therapy	16.7	-	-	16.7
• Social Services	22.0	-	-	22.0
All Other Personnel (Exclude Physicians and Dentists)	90.4	3.0	15.4	108.8
Grand Total	6,399.4	446.8	142.4	6,998.6

- G. 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.

IFH does not anticipate difficulty meeting the hiring needs for the proposed expansion of licensed medical-surgical beds. Inova Health Sytem's plan for obtaining additional personnel includes:

- **Recruiting initiatives targeted at labor pools which have historically been underutilized in the health care industry (e.g., minorities, seniors, retired military personnel, etc.), thereby expanding the pool of available workers, not draining resources from other facilities.**
- **Recruiting in geographic areas well outside Northern Virginia, therefore expanding the pool of available workers, without draining resources from other Northern Virginia facilities.**
- **Continuing initiatives to bolster the size and quality of the health services labor pool in Northern Virginia over the long-term by**

promoting health care career paths among area youth, benefitting all area health care providers with a vibrant and enthusiastic labor pool.

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

The staffing requirements for this project are not anticipated to have an impact on the staffing of other facilities in the service area.

- I. Attach the following information or documents

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

Please see Attachment L.

2. Existing Facilities- Attach copy(ies) of letter of endorsement from the medical staff organization indicating the medical need for the proposed project.

Please see Attachment M.

3. Copy of most recent licensing report from State Agency (existing facilities).

Please see Attachments N.1 (hospital license) and N.2 (licensing report).

4. Current accreditation status and copy of the latest accreditation report from the Joint Commission on Accreditation of Hospitals (existing facilities).

Please see Attachment O.1 for the Accreditation Certificate and Attachment O.2 for the Accreditation Report.

SECTION IV PROJECT JUSTIFICATION AND IDENTIFICATION OF COMMUNITY NEED

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

IFH Overview

IFH is the largest and busiest hospital in the Commonwealth of Virginia. Since opening in 1961, it has become a premier medical center in the Mid-Atlantic region and is a leader in healthcare services delivery in the Washington, D.C. metropolitan area.

- **IFH is Northern Virginia’s only tertiary/quaternary hospital for adults and children with a Level I Trauma Center for treating the most critically ill and injured patients;**
- **IFH maintains one of the nation’s largest Obstetrical programs, including a dedicated high risk pregnancy unit and one of the country’s largest Neonatal Intensive Care Units (Level III);**
- **IFH maintains a comprehensive organ transplantation program;**
- **IFH provides comprehensive pediatric services at its Children’s Hospital; and**
- **IFH maintains the largest cancer program in the Commonwealth.**

The primary Centers of Excellence include Inova Schar Heart and Vascular, Neurosciences (including a Joint Commission accredited Primary Stroke Center), Inova Schar Cancer, Minimally Invasive Surgery, Women’s Health, and Pediatrics.

Expansion of Adult Inpatient Medical-Surgical Beds

COPN Request No. VA-8803 proposes the addition of forty-eight (48) adult inpatient medical-surgical beds at IFH. IFH provides comprehensive medical and surgical services and currently operates 506 adult inpatient medical-surgical beds on the IFH campus. IFH’s medical-surgical bed occupancy rate was 89% in 2023, which is well above the SMFP standard of 80%. Without additional adult inpatient medical-surgical capacity, IFH’s medical-surgical bed occupancy rate is projected to reach 98% by 2027. Having an occupancy rate significantly above the SMFP standard creates access issues and bottlenecks in hospital operations, namely lack of inpatient bed availability for ED patients requiring admission and lack of “stepdown” bed capacity for patients no longer requiring ICU or intermediate level of care. Expansion of medical-surgical bed capacity through the addition of forty-eight (48) beds will address the existing capacity constraints and ensure adequate bed capacity is available to care for the IFH patient population as it continues to grow and age in place.

The addition of twenty-four (24) of the forty-eight (48) medical-surgical beds will be accomplished by demolishing the former administrative offices on the 2nd floor of the north patient tower and fitting out a 24-bed unit in that location. The addition of the remaining twenty-four (24) medical-surgical beds will be accomplished by converting a 24-bed observation unit on the 6th floor of the north patient tower.

Assuming timely approval and issuance of the COPN, IFH anticipates that the new beds will open in December 2026.

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.)

Please see Attachment P to view a map outlining the primary service area for medical surgical patients at IFH.

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

Please see Attachments Q.1 and Q.2 for patient origin data for IFH's adult inpatient medical-surgical discharges for calendar years 2022 and 2023, respectively.

- C.
 1. Is (are) the services(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)

Inpatient services are currently offered by the following PD 8/HPR II hospitals:

- Inova Fairfax Hospital
- Inova Alexandria Hospital
- Inova Fair Oaks Hospital
- Inova Loudoun Hospital
- Inova Mount Vernon Hospital
- Virginia Hospital Center
- Reston Hospital Center
- StoneSprings Hospital Center
- Sentara Northern Virginia Medical Center

- UVA Health Prince William Medical Center
- UVA Health Haymarket Medical Center

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

IFH proposes to expand its adult inpatient medical-surgical bed capacity based on an institution-specific need for additional beds.

In 2022, IFH's 506 adult inpatient medical-surgical beds had an 85% occupancy rate, well above the SMFP standard of 80% for medical-surgical beds. IFH experienced growth of 7% in adult inpatient medical-surgical discharges from 2022 to 2023, with an occupancy rate of 89% in 2023. Based on annualized adult inpatient medical-surgical patient data from January to October 2024, further growth places the 2024 occupancy rate for adult inpatient medical-surgical beds at 94%. Without expansion of licensed medical-surgical beds, IFH expects its adult inpatient medical-surgical occupancy to reach 98% by 2027. Accordingly, IFH is proposing the addition of forty-eight (48) adult inpatient medical-surgical beds.

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

Without expansion, IFH expects its adult inpatient medical-surgical bed occupancy to reach 98% by 2027 based on projected population growth. Accordingly, IFH is proposing the addition of forty-eight (48) adult inpatient medical-surgical beds.

As the PD 8 population continues to grow and age in place, the demand for adult inpatient medical-surgical services will increase. Approval of forty-eight (48) additional medical-surgical beds at IFH is necessary to add much needed inpatient capacity to support existing and future demand for adult inpatient medical-surgical services.

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

Please see the response to Section IV.C.2.

- E. Discuss the consistency of the proposed project with applicable Regional Health

Plan, State Health Plan, State Medical Facilities Plan, or other plans promulgated by State Agencies.

Part VI. Inpatient Bed Requirements

12VAC5-230-520. Travel time.

Inpatient beds should be within 30 minutes driving time one way under normal conditions of 95% of the population of a health planning district using a mapping software as determined by the commissioner.

Medical-surgical beds are generally available within 30 minutes driving time one way under normal conditions of 95% of the population within PD 8. Difficult and challenging traffic congestion in Northern Virginia frequently results in much longer travel times. As the Northern Virginia population continues to grow and traffic congestion increases, drive times are expected to become even more lengthy and challenging.

12VAC5-230-530. Need for new service.

A. No new inpatient beds should be approved in any health planning district unless:

- 1. The resulting number of beds for each bed category contained in this article does not exceed the number of beds projected to be needed for that health planning district for the fifth planning horizon year; and*

Not applicable. IFH is an existing provider of adult inpatient medical-surgical services. Therefore, this project does not involve the establishment of a new service. IFH has an institution-specific need for additional adult inpatient medical-surgical beds.

- 2. The average annual occupancy based on the number of beds in the health planning district for the relevant reporting period is:*

- a. 80% at midnight census for medical/surgical or pediatric beds;*

Not applicable. The project does not involve the establishment of a new service.

- b. 65% at midnight census for intensive care beds.*

Not applicable. The project does not involve the establishment of a new service and is limited to the expansion of adult inpatient medical-surgical beds.

B. For proposals to convert under-utilized beds that require a capital expenditure with an expenditure exceeding the threshold amount as determined using the formula contained in subsection C of this section, consideration may be given to such proposal if:

1. *There is a projected need in the applicable category of inpatient beds; and*

2. *The applicant can demonstrate that the average annual occupancy of the converted beds would meet the utilization standard for the applicable bed category by the first year of operation.*

For the purposes of this part, "underutilized" means less than 80% average annual occupancy for medical/surgical or pediatric beds, when the relocation involves such beds and less than 65% average annual occupancy for intensive care beds when relocation involves such beds.

Not applicable. The proposed project does not involve the conversion of bed capacity.

C. The capital expenditure threshold referenced in subsection B of this section shall be adjusted annually using the percentage increase listed in the Consumer Price Index for All Urban Consumers (CPI-U) for the most recent year as follows:

$$A \times (1+B)$$

where:

A = the capital expenditure threshold amount for the previous year

and

B = the percent increase for the expense category "Medical Care" listed in the most recent year available of the CPI-U of the U.S. Bureau of Labor Statistics.

Not applicable.

12VAC5-230-540. Need for medical/surgical beds.

The number of medical/surgical beds projected to be needed in a health planning district shall be computed as follows:

1. *Determine the use rate for the medical/surgical beds for the health planning district using the formula:*

$$BUR = (IPD/PoP)$$

Where:

BUR = the bed use rate for the health planning district.

IPD = the sum of total inpatient days in the health planning district for the most recent five years for which inpatient day data has been reported by VHI; and

PoP = the sum of total population 18 years of age and older in the health planning district for the same five years used to determine

IPD as reported by a demographic program as determined by the commissioner.

IPD = 2,162,657 (sum of total medical/surgical days in PD 8 for the most recent five years, 2018-2022)

Pop = 9,662,332 (sum of population 18 years of age or older for the same five years)

BUR = (2,162,657 / 9,662,332)

BUR = 0.223824

	2018	2019	2020	2021	2022	Total 5 years
Med/Surg IP Days	398,621	416,531	424,738	462,890	459,877	2,162,657
Over 18 Population	1,913,006	1,920,327	1,938,741	1,940,831	1,949,427	9,662,332
Bed Use Rate (BUR)	0.208374	0.216906	0.219079	0.238501	0.235904	0.223824

2. Determine the total number of medical/surgical beds needed for the health planning district in five years from the current year using the formula:

$$\text{ProBed} = ((\text{BUR} \times \text{ProPop})/365)/0.80$$

Where:

ProBed = The projected number of medical/surgical beds needed in the health planning district for five years from the current year.

BUR = the bed use rate for the health planning district determined in subdivision 1 of this section.

ProPop = the projected population 18 years of age and older of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

ProPop = Projected population 18 years of older in 2029 = 2,127,995

BUR = 0.223824

$$\text{ProBed} = ((0.223824 * 2,127,995)/365)/.8$$

ProBed = 1,632

3. Determine the number of medical/surgical beds that are needed in the health planning district for the five planning horizon years as follows:

$$\text{NewBed} = \text{ProBed} - \text{CurrentBed}$$

Where:

NewBed = the number of new medical/surgical beds that can be established in a health planning district, if the number is positive. If NewBed is a negative number, no additional medical/surgical beds should be authorized for the health planning district.

ProBed = the projected number of medical/surgical beds needed in the health planning district for five years from the current year determined in subdivision 2 of this section.

CurrentBed = the current inventory of licensed and authorized medical/surgical beds in the health planning district.

Current Bed (Current authorized Medical/Surgical Beds in PD 8) = 1,786 (Source: 2022 VHI Licensed Med/Surg beds)

ProBed (Projected Medical/Surgical Beds Needed in PD 8 in 2029) = 1,632

NewBed = 1,632 - 1,786

NewBed (surplus of Medical/Surgical Beds in 2029) = -154

The calculation above does not reflect observation patients who occupy licensed medical-surgical beds.

Additionally, the use rate has been significantly higher since the 2020 COVID-19 pandemic. Using the 2022 use rate, as opposed to the 5-year use rate, the projected bed need in 2029 is 1,720, placing the surplus of medical-surgical beds at 66.

12VAC5-230-590. Staffing.

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

Inpatient services at IFH are under the direction of the Chief Medical Officer, Dr. Rishi Garg. A copy of Dr. Garg's curriculum vitae is included in Attachment R.

12VAC5-230-80. When institutional expansion needed.

- A. *Notwithstanding any other provisions of this chapter, the commissioner may grant approval for the expansion of services at an existing medical care facility in a health planning district with an excess supply of such services when the proposed expansion can be justified on the basis of a*

facility's need having exceeded its current service capacity to provide such service or on the geographic remoteness of the facility.

IFH proposes to expand its adult inpatient medical-surgical bed capacity based on an institution-specific need for additional beds. In 2023, the most recent VHI submission year, IFH's 506 adult inpatient medical-surgical beds experienced average occupancy of 89%, which is well above the SMFP standard for medical-surgical bed occupancy of 80%. Without expansion, IFH is projected to reach an untenable occupancy level of 98% by 2027. Accordingly, IFH is proposing the addition of forty-eight (48) adult inpatient medical-surgical beds now to address existing capacity constraints and ensure continued access to inpatient medical surgical services for its patient population in future years.

B. If a facility with an institutional need to expand is part of a health system, the underutilized services at other facilities within the health system should be reallocated, when appropriate, to the facility with the institutional need to expand before additional services are approved for the applicant. However, underutilized services located at a health system's geographically remote facility may be disregarded when determining institutional need for the proposed project.

Presented in the table below are adult medical-surgical discharges, patient days and occupancy for each Inova hospital for 2022, 2023 and January-October 2024 annualized.

Inova Hospital Inpatient Adult Med-Surg Discharges, Days, Occupancy, 2022, 2023, and Jan-Oct 2024 annualized

Facility	Adult Med-Surg Beds	Discharges			Patient Days			Occupancy		
		2022	2023	2024 Ann	2022	2023	2024 Ann	2022	2023	2024 Ann
Inova Alexandria Hospital	194	9,291	9,598	9,393	43,941	46,417	45,428	62.1%	65.6%	64.2%
Inova Fairfax Hospital	506	28,239	30,170	31,971	156,730	164,032	173,822	84.9%	88.8%	94.1%
Inova Fair Oaks Hospital	127	6,804	7,110	7,384	26,545	27,451	28,510	57.3%	59.2%	61.5%
Inova Loudoun Hospital	128	7,877	8,053	8,567	38,682	38,722	41,191	82.8%	82.9%	88.2%
Inova Mount Vernon Hospital	88	3,985	4,270	4,787	19,259	18,358	20,582	60.0%	57.2%	64.1%
Inova Total	1,043	56,196	59,201	62,102	285,157	294,980	309,534	74.9%	77.5%	81.3%

12 VAC 5-230-540 sets forth methodology to determine future bed need in a planning district and calculates such need, in part, through utilization of population projections. **Employing the same principle, Inova conservatively projected future medical-surgical inpatient days at its facilities through 2029 using PD 8 population projections only.** The projected adult medical-surgical discharges, patient days and occupancy for each Inova hospital in 2029 is presented in the chart below. Projected medical-surgical bed counts in 2029 reflect the following:

- Pursuant to COPN No. VA-04793, issued July 8, 2022, the

Commissioner approved the relocation and partial replacement of Inova Alexandria Hospital through the relocation of 192 acute-care inpatient beds to a partial replacement hospital to be located at the site of the former Landmark Mall, 124 of which will be dedicated to adult medical-surgical level of care as reflected in the table below.

- Pursuant to COPN No. VA-04832, issued March 24, 2023, the Commissioner approved the relocation and partial replacement of Inova Alexandria Hospital through the relocation of 110 acute-care inpatient beds to Inova Springfield Hospital, 86 of which will be dedicated to adult medical-surgical level of care as reflected in the chart below.
- IFH's adult medical-surgical bed complement has been increased by forty-eight (48) beds based on the current application.

Inova Hospital Projected Inpatient Adult Med-Surg Days, 2025-2029

Facility	Adult Med-Surg Beds	Projected Med-Surg Days					Projected 2029 Occupancy
		2025	2026	2027	2028	2029	
Inova Alexandria Hospital	124	45,973	46,525	47,129	33,001	32,211	71.2%
Inova Fairfax Hospital	554	175,908	178,019	180,333	174,159	176,479	87.3%
Inova Fair Oaks Hospital	127	28,852	29,198	29,578	29,962	30,352	65.5%
Inova Loudoun Hospital	128	41,686	42,186	42,734	43,290	43,853	93.9%
Inova Mount Vernon Hospital	88	20,829	21,079	21,353	19,754	20,020	62.3%
Inova Franconia Springfield Hospital	86	-	-	-	23,317	23,474	74.8%
Inova Total	1,107	313,248	317,007	321,128	323,484	326,389	80.8%

As shown in the table above, based on the projected medical-surgical patient days, assuming the approval of the forty-eight (48) medical-surgical beds that are the subject of this application and accounting for the projected shifts in adult medical-surgical patient days from IFH, Inova Alexandria Hospital, and Inova Mount Vernon Hospital to the two new hospitals, **Inova is expected to have a system-wide medical-surgical bed occupancy of 80.8% by 2029, which is above the SMFP's 80% occupancy standard.** Such occupancy demonstrates that there are no underutilized medical-surgical beds within the Inova system available for relocation to IFH.

- F. Show how 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.

See responses to Sections III.B and III.C.

- G. Coordination and Affiliation with Other Facilities.

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

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

Pediatric Specialists of Virginia, LLC (“PSV”), a non-profit private pediatric medical group, is a 50-50 joint venture between Inova and Children’s National Medical Center. PSV provide a variety of pediatric specialties including gastroenterology, genetics, hematology oncology, nephrology and orthopedics. Please see Attachment S for legal documentation of the joint venture.

H. Attach copies of the following documents:

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

Please see Attachment T.

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

Please see Attachments U.1 and U.2.

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

Please see Attachment V.

SECTION V

FINANCIAL DATA

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

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

This question requires the disclosure of confidential and proprietary information.

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

 X Yes No

If yes, specify program **Virginia Health Information (VHI)**
 Provide a copy of report(s) which provide(s) the basis for comparison.

Please see Attachment W.1 and W.2 for a copy of IFH’s EPICS submission for 2022 and 2023, respectively.

- C. Estimated Capital Costs

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

Part I – Direct Construction Costs

1.	Cost of materials	\$ <u>15,584,451</u>
2.	Cost of labor	\$ _____
3.	Equipment included in construction contract	\$ _____
4.	Builder’s overhead	\$ _____
5.	Builder’s profit	\$ _____
6.	Allocation for contingencies	\$ <u>1,558,445</u>

7. Sub-total (add lines 1 thru 6) \$ 17,142,896

Part II – Equipment Not Included in Construction Contract

If leasehold, lease expense over entire term of lease

(List each separately)

8. a. Equipment \$ 5,264,450

b. Equipment Installation \$ 113,377

c. Furnishings \$ 1,217,817

d. Signage \$ 148,400

e. Data & Telecommunications \$ 4,277,293

f. Contingency \$ 550,220

9. Sub-total (add lines 8a thru 8e) \$ 11,571,557

Part III – Site Acquisition Costs

10. Full purchase price \$ _____

11. For sites with standing structures \$ _____

a. purchase price allocable to structures \$ _____

b. purchase price allocable to land \$ _____

12. Closing costs \$ _____

13. If leasehold, lease expense over entire term of lease \$ _____

14. Additional expenses paid or accrued:

a. _____ \$ _____

b. _____ \$ _____

c. _____ \$ _____

15. Sub-total (add lines 10 thru 14c) \$ _____

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

Part VI – Architectural and Engineering Fees

29.	Architect's design fee	\$ <u>1,408,558</u>
30.	Architect's supervision fee	\$ _____
31.	Engineering fees	\$ <u>869,813</u>
32.	Consultant's fees	\$ <u>1,951,562</u>
33.	Sub-total (add lines 20 thru 32)	\$ <u>4,229,933</u>

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 \$ _____
34. 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. _____ \$ _____
- c. _____ \$ _____
78. Sinking fund reserve account (Debt Service Reserve) \$ _____
79. Total bond interest expenses (in dollars) \$ _____
80. Sub-total Part IX_B (add lines 58, 64, 66, 71, 72, 73, 74, 75, 76, 77a, b, c and 78) \$ _____

Part IX_C – Conventional Mortgage Loan Financing

81. Estimated construction time (in months) _____

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

Financial Data Summary Sheet

96.	Sub-total Part I	Direct Construction Cost (line 7)	\$ <u>17,142,896</u>
97.	Sub-total Part II	Equipment not included in construction contract (line 9)	\$ <u>11,571,557</u>
98.	Sub-total Part III	Site Acquisition Costs (line 15)	\$ <u>0</u>
99.	Sub-total Part IV	Site Preparation Cost (line 23)	\$ <u>0</u>
100.	Sub-total Part V	Off-Site Costs (line 28)	\$ <u>0</u>

101.	Sub-total Part VI	Architectural and Engineering fees (line 33)	\$ <u>4,229,933</u>
102.	Sub-total Part VII	Other Consultant fees (line 35)	\$ <u>0</u>
103.	Sub-total Part VIII	Taxes During Construction (line 38)	\$ <u>0</u>
104.	Sub-total Part IX-A	HUD-232 Financing (line 53)	\$ <u>0</u>
105.	Sub-total Part IX-B	Industrial Development Authority Revenue & General Revenue Bond Financing (line 80)	\$ <u>0</u>
106.	Sub-total Part IX-C	Conventional Loan Financing (line 95)	\$ <u>0</u>
107.	TOTAL CAPITAL COST (lines 96 thru 106)		\$ <u>32,944,386</u>
108.	Percent of total capital costs to be financed _____%		
109.	Dollar amount of long term mortgage (line 107 x 108)		\$ <u>0</u>
110.	Total Interest Cost on Long Term Financing		\$ <u>0</u>
	a.	HUD-232 Financing (line 53)	\$ <u>0</u>
	b.	Industrial Development Authority Revenue & General Revenue Bond Financing (line 79)	\$ <u>0</u>
	c.	Conventional loan Financing (line 94)	\$ <u>0</u>
111.	Anticipated Bond discount		
	a.	HUD-232 Financing (line 53)	\$ <u>0</u>
	b.	Industrial Development Authority Revenue & General Revenue Bond Financing (line 70)	\$ <u>0</u>
	c.	Conventional Loan Financing (line 87)	\$ <u>0</u>
112.	TOTAL CAPITAL AND FINANCING COST (ADD LINES 107, 110a, b or c AND 111a, b or c)		\$ <u>32,944,386</u>
D.	1.	Estimated costs for new construction (excluding site acquisition costs)	\$ <u>0</u>
	2.	Estimated costs of modernization and renovation	

(excluding site acquisition costs) \$ 0

E. Anticipated Sources of Funds for Proposed Project	<u>Amount</u>
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. Accumulated Reserves	\$ <u>32,944,386</u>
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 accumulated reserves of Inova Health System.

- G. Describe the impact the proposed capital expenditure will have on the cost of providing care in the facility. Specify total debt service cost and estimated debt service cost per patient day for the first two (2) years of operation. (Total debt service cost is defined as total interest to be paid during the life of the loan (s). Estimate debt service cost per patient day by dividing estimated total patient days for year one into amount of debt service for that year. Repeat for year two.) Please attach an amortization schedule showing how the proposed debt will be repaid.

The project will be funded through accumulated reserves and, as such, there are no debt service costs associated with the project. Inova does not expect the capital costs associated with the project to impact the cost of care at IFH.

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

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

This project will not impact the IFH room rate schedule. See Attachment X.

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

Please see Attachment Y.1 and Y.2 for the audited financial statements for Inova Health System from FY 2022 and FY 2023, respectively.

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

Please see Attachment Z.

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

Inova Health System
Address – Line 1

Paul Dreyer
Type/Print Name of Authorizing Officer

8095 Innovation Park Drive
Address – Line 2

Senior Director, Strategy and Planning
Title of Authorizing Officer

Fairfax, VA, 22301
City/State/Zip

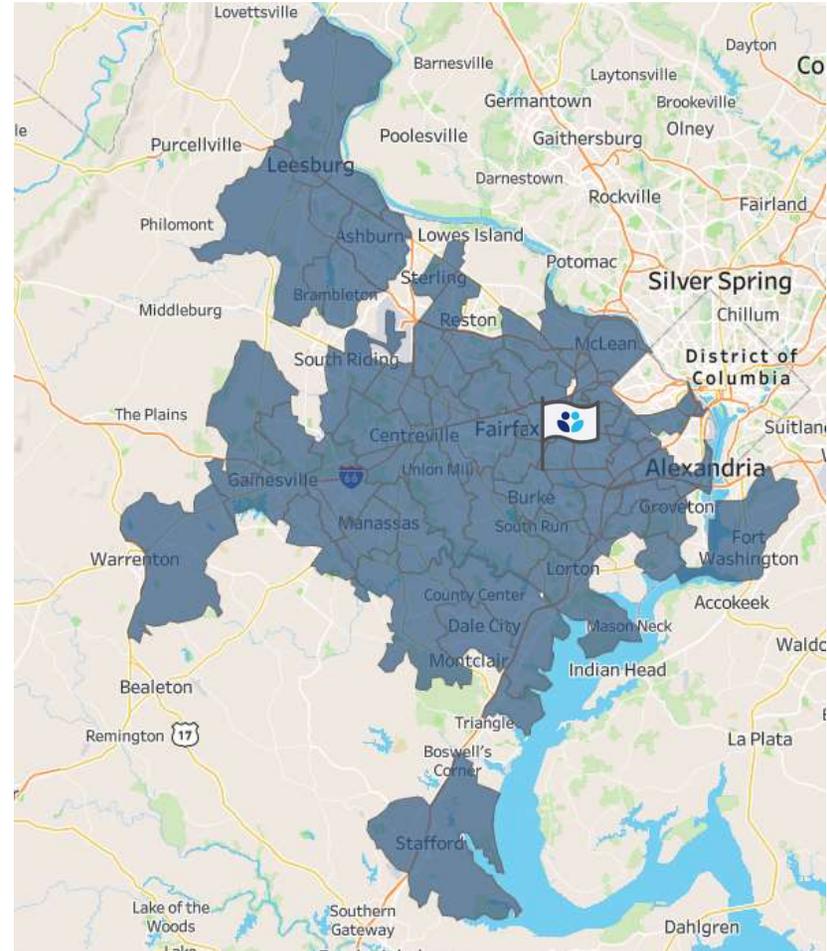
January 2, 2025
Date

(703) 403-7598
Telephone Number

Copies of this request should be sent to :

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

Inova Fairfax Hospital Inpatient Adult Medical-Surgical Primary Service Area



**Inova Fairfax Medical Campus
48 Med-Surg Beds**

Financial Projections	IFH Med-Surg Units		Project Only		IFH Med-Surg Units + Project	
	2027	2028	2027	2028	2027	2028
Amounts in \$000's						
Statement of Revenue and Expenses						
Gross Patient Revenue	\$ 1,864,183	\$ 1,901,466	\$ 174,181	\$ 109,360	\$ 2,038,364	\$ 2,010,826
Deductions from Patient Revenue						
Contractual Discounts	\$ 1,125,506	\$ 1,148,016	\$ 100,805	\$ 63,282	\$ 1,226,311	\$ 1,211,297
Charity Deductions	\$ 1,826	\$ 1,863	\$ 6,230	\$ 3,923	\$ 8,056	\$ 5,786
Bad Debt	\$ 6,502	\$ 6,632	\$ 173	\$ 108	\$ 6,675	\$ 6,741
Total Deductions from Revenue	\$ 1,133,834	\$ 1,156,511	\$ 107,208	\$ 67,313	\$ 1,241,042	\$ 1,223,824
Net Patient Revenue	\$ 730,349	\$ 744,955	\$ 66,973	\$ 42,047	\$ 797,322	\$ 787,002
Operating Expenses						
Salaries, Wages, and Benefits	\$ 319,470	\$ 332,249	\$ 32,748	\$ 20,964	\$ 352,219	\$ 353,213
Supplies	\$ 100,104	\$ 104,108	\$ 7,340	\$ 4,699	\$ 107,444	\$ 108,807
Pharmaceutical Supplies	\$ 30,200	\$ 31,408	\$ 2,495	\$ 1,597	\$ 32,695	\$ 33,005
Purchased Services	\$ 58,402	\$ 60,738	\$ 4,682	\$ 2,998	\$ 63,084	\$ 63,735
Other Expenses	\$ 50,304	\$ 52,316	\$ 2,884	\$ 1,846	\$ 53,188	\$ 54,163
Depreciation & Amortization	\$ 14,100	\$ 14,664	\$ 3,790	\$ 3,790	\$ 17,891	\$ 18,455
Indirect Overhead Expenses	\$ 83,884	\$ 87,239	\$ 8,692	\$ 5,564	\$ 92,576	\$ 92,803
Total Operating Expenses	\$ 656,464	\$ 682,723	\$ 62,633	\$ 41,459	\$ 719,097	\$ 724,182
Excess of Revenue Over Expenses	\$ 73,884	\$ 62,233	\$ 4,340	\$ 588	\$ 78,225	\$ 62,820

Med-Surg Inpatient Admissions/Days

Admissions	30,216	30,216	2,952	1,817	33,168	32,033
Patient Days	164,374	164,374	15,959	9,785	180,333	174,159

Expected Payor Mix*	Med-Surg
Medicare	55.7%
Medicaid	14.2%
Commercial	26.0%
Charity	3.9%
Self Pay	0.2%
TOTAL	100.0%

* Expected payor mix equals 2023 Adult Med-Surg Payer mix, as no change is expected as a result of the additional licensed beds.

Inova Fairfax Hospital is owned by Inova Health Care Services and thus would fall under Inova's system-wide charity care condition.

Assumptions:

- Annual inflation estimates: Revenue 2%, Expenses 4%
- Equipment depreciation straight-lined for seven (7) years
- Construction depreciation straight-lined for fifteen (10) years