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October 1, 2026

**TO: Board of Directors, HSANV
Interested Parties**

FROM: Dean Montgomery

**SUBJECT: Certificate of Public Need Applications
Inova Fairfax Hospital, Expand Surgery Service (COPN Request VA-8899)
Children's National Hospital, Establish ASC (COPN Request VA-8901)
VHC Health, Expand Surgery Service (COPN Request VA-8911)**

I. Summaries of the Proposals

A. Issue

Three local providers of surgical care seek certificate of public need (COPN) authorization to add capacity. Children's National Hospital (CNH) proposes establishing an outpatient surgical hospital¹ with two licensed operating rooms in Fairfax County, VA. Inova Fairfax Hospital (IFH) seeks COPN approval to add two operating rooms. VHC Health seeks COPN approval to add four operating rooms at Virginia Hospital Center.

Under Virginia law COPN applications filed in the same review cycle for the same or similar services are deemed competing proposals, requiring comparative review and evaluation. The discussion below places the Children's National Hospital (CNH), the IFH, and the VHC Health applications in the context of northern Virginia surgery facility development and use and examines each relative to required planning considerations.

B. Application Summaries

Inova Fairfax Hospital

Inova Fairfax Hospital (IFH) proposes adding two general purpose operating rooms (GPORs); to increase its licensed surgery complement to forty-nine rooms. The proposal is linked to, a correlate of, the Children's National Hospital proposal to establish an ambulatory surgery center.

¹ Freestanding surgery centers are licensed as "outpatient surgical hospitals" in Virginia. These facilities usually are referred to as ambulatory surgery centers (ASCs). The terms are used interchangeably here.

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Inova Health Care Services (Inova) and Children's National Medical Center (Children's) formed a joint venture in 2013 to provide specialty care for children. Known as Pediatric Specialists of Virginia (PSV), the joint venture obtained a certificate of public need (COPN) to establish a surgery center with two operating rooms later that year (COPN No. VA-04420). The surgery center project entailed "relocating" (transferring the license of) two operating rooms from Inova Fairfax Hospital to the freestanding specialty surgery center.

The PSV joint venture will be dissolved in 2027. As anticipated in the PSV operating agreement, the two operating rooms transferred from IFH to establish the surgery center will revert to Inova Fairfax Hospital with the dissolution.

The IFH project is necessary to accommodate the returning operating rooms and to enhance on campus surgery management and efficiency. Projected capital costs are \$13,834,900, approximately \$7.28 million of which would be for construction and about \$4.98 million for equipment. The remainder, about \$1.58 million, is for professional fees and related expenses.

Development costs are to be paid from Inova Health System reserves. There would be no direct financing expense. Table 1 shows recent capacity and service volumes at Inova Fairfax Hospital, PSV and other local surgery services.

Inova Fairfax Hospital justifies the proposal on the grounds that:

- Inova Fairfax Hospital general purpose operating rooms are used heavily. Average service volumes exceed the nominal service volume planning standard of 1,200 hours per room annually.
- Service volumes higher than the Virginia SMFP planning standard qualify the hospital for consideration to add capacity under the institutional need provision of the plan.
- Reversion of Pediatric Specialists of Virginia's operating rooms to IFH is contemplated in the joint venture agreement. CNH does not contest the IFH claim and has filed a separate COPN application to establish a surgery center independent of Inova and, thereby, permit uninterrupted service at the surgery center under CNH ownership.
- The project is inventory neutral. It will not result in an increase in the licensed operating room complement.

The project is expected to be completed in March of 2029.

Children's National Hospital

Children's National Hospital (CNH) proposes to establish an outpatient surgical hospital in Fairfax County, Virginia. The surgery center will have two licensed operating rooms, an unlicensed procedure room, and related support space.

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Pediatric Specialists of Virginia, a joint venture between Children's National Medical Center and Inova Health Services, has a licensed outpatient surgical hospital with two rooms at the project's proposed site (3023 Hamaker Court). The PSV joint venture ends on June 30, 2027. Under the terms of the joint venture's dissolution provision, Inova Fairfax hospital is seeking COPN authorization to relocate the license for PSV's two GPORs to the hospital. To ensure uninterrupted access to specialized pediatric outpatient surgical services for patients and families currently served at the Hamaker Court location, CNH seeks COPN approval to establish an outpatient surgical hospital with two GPORs at the current site.

Projected capital costs are \$700,000, approximately \$557,823 of which would be for construction and about \$66,949 for equipment. The remainder, about \$75,228, would be for professional fees and related expenses. Development costs would be paid from internal CNH funds. There would be no direct financing expense.

Children's National Hospital justifies the proposal on the grounds that:

- With the dissolution of the PSV joint venture and the reversion of the license for its operating rooms to Inova Fairfax Hospital, the project is necessary to permit uninterrupted service at the surgery center.
- There is an established public need for the surgery center. It now serves more than 2,000 northern Virginia residents annually.
- There would be no change in location or service area, and no indication or expectation that retention of the facility as an active surgery service would have negative health system effects.
- Capital costs, about \$700,000, are modest,

VHC Health

VHC Health proposes adding four general purpose operating rooms at Virginia Hospital Center (VHC); to increase its licensed surgery complement to seventeen GPORs and a designated trauma room.

VHC Health justifies the proposal on the grounds that:

- Virginia Hospital Center's general purpose operating rooms are used heavily, in excess to the nominal service volume planning standard of 1,200 hours per room annually.
- Service volumes higher than the Virginia SMFP planning standard qualify the hospital for consideration to add capacity in accordance with the institutional need provision of the plan.
- VHC has an institution specific need to add surgery capacity to meet current and near-term demand.
- There would be no change in location or service area, and no indication or expectation that adding surgery capacity at VHC to meet current and near-term projected demand would have negative health system effects.

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The project is expected to be completed in April of 2027.

Projected capital costs are \$11,422,458, approximately \$9.1 million of which would be for construction and about \$1.6 million for equipment. The remainder, about \$770,000, would be for professional fees, and related expenses.

Development costs would be paid from VHC Health reserves. There would be no direct financing expense. Table 1 shows recent capacity and service volumes at Virginia Hospital Center and other local surgery services.

II. Discussion

A. Northern Virginia Surgery Services

Northern Virginia has 33 authorized (licensed or authorized to be licensed) surgery facilities: 11 acute care community hospitals and 22 ambulatory surgery centers (Table 1). These services are distributed widely in the region (Map 1).² About three-fourths of the freestanding surgery centers are located near or are affiliated with local medical-surgical hospitals.

Local surgery facilities had more than 225 operating rooms in 2024, the most recent year for which comparable service data is available.³ More than 80% are general-purpose operating rooms (GPORs). The remainder are rooms dedicated (designed, equipped, and staffed) to specific uses, e.g., cardiovascular surgery, trauma.⁴ With authorization of the Fairfax Colon & Rectal Surgery Center earlier this year there are now 216 licensed general purpose operating rooms in the region, 199 were in service in 2024 and reported service volumes. All dedicated special purpose operating rooms were in service.

Northern Virginia surgery facilities reported 171,322 surgical cases⁵ in general-purpose operating rooms in 2024 (Table 1). That was 3.9% more than the regional service volume reported for 2023 and more than 30% greater than the GPOR caseload reported in 2019, the year before COVID-19 service disruptions in 2020-2022. The compound annual growth rate (CAGR) in reported surgery cases over the last five years was about 5.8%, nearly three times the regional population growth rate.

³ Calendar year 2025 data was released recently but has not been fully vetted.

⁴ Six cardiovascular operating rooms (CVORs) at Inova Fairfax Hospital and two cardiovascular operating rooms at Virginia Hospital Center are excluded from this inventory.

⁵ The Virginia State Medical Facilities Plan (SMFP) defines surgery service volume in terms of “operating room visits.” The definition reads: “*Operating room visit*” means one session in one operating room in an inpatient hospital or outpatient surgical center, which may involve several procedures. Operating room visit may be used interchangeably with “operation” or “case.” Virginia SMFP, p. 4. The surgery volume counts, estimates and projections discussed here are surgery cases, not procedure counts. More than one procedure may be performed during an operating room visit.

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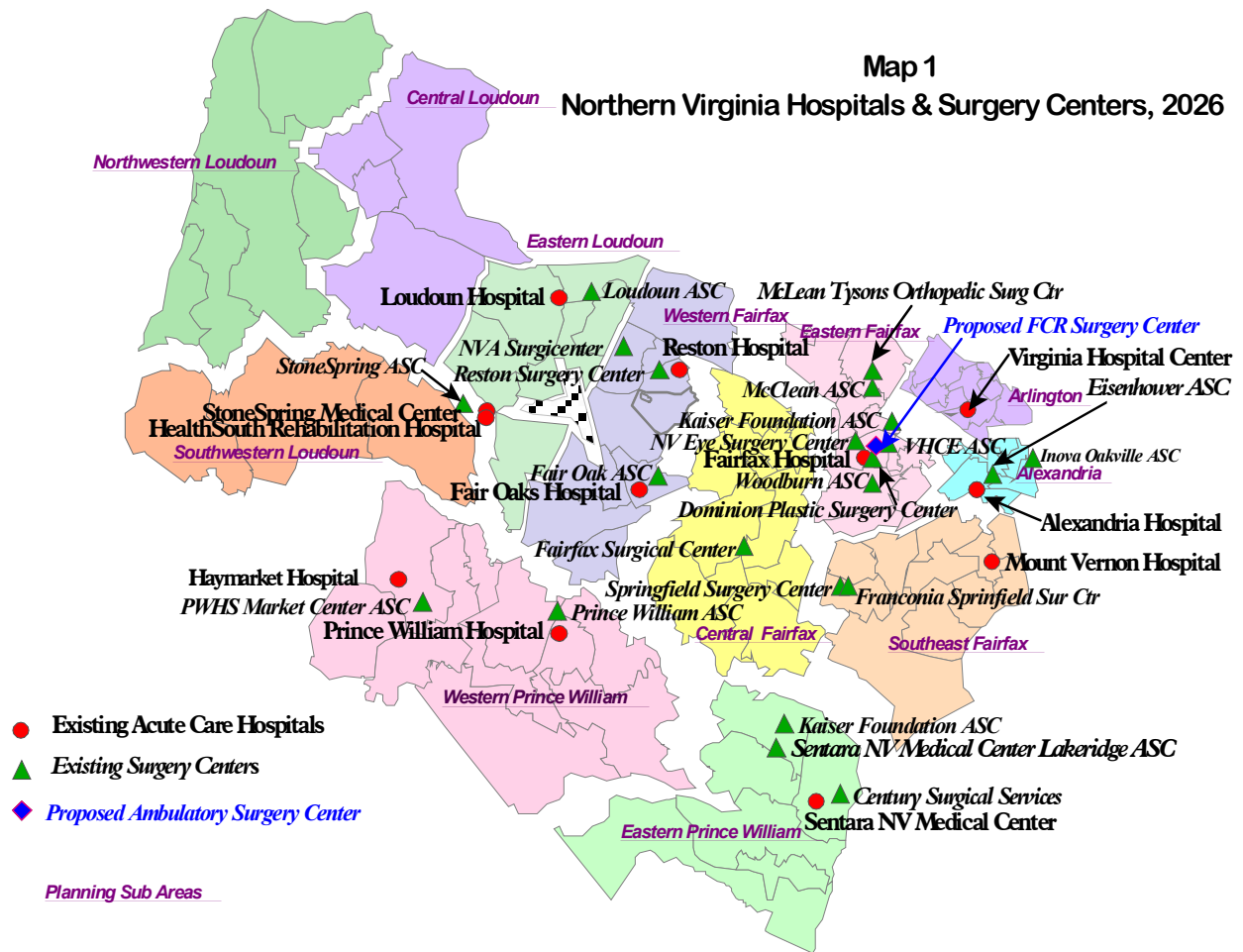
Table 1 Northern Virginia Surgery Services Capacity & Use General Purpose Operating Rooms, 2024								
Surgery Facilities	General Purpose OR's (2026)	Inpatient Cases	Outpatient Cases	Total Cases	Percent Outpatient	Cases per Operating Room	Market Share (Percent)	Average Time Per Case (Hours)
<u>Acute Care Hospitals</u>								
Inova Alexandria Hospital	11	1,636	6,257	7,893	79.3%	718	4.6%	2.80
Inova Fair Oaks Hospital	14	2,646	9,439	12,085	78.1%	863	7.1%	2.19
Inova Fairfax Hospital	47	12,373	22,728	35,101	64.8%	747	20.5%	2.54
Inova Loudoun Hospital	10	2,174	5,046	7,220	69.9%	722	4.2%	2.45
Inova Mount Vernon Hospital	7	1,049	3,960	5,009	79.1%	716	2.9%	2.57
Reston Hospital Center	16	4,734	4,352	9,086	47.9%	568	5.3%	2.47
Sentara Northern Virginia Medical Center	9	1,089	3,850	4,939	78.0%	549	2.9%	2.09
Stone Springs Hospital Center	6	1,164	2,361	3,525	67.0%	588	2.1%	2.21
UVA Health Haymarket Medical Center	4	802	688	1,490	46.2%	373	0.9%	2.16
UVA Health Prince William Medical Center	4	613	1,003	1,616	62.1%	404	0.9%	1.13
Virginia Hospital Center	14	3,822	7,637	11,459	66.6%	819	6.7%	2.17
Total Acute Hospitals	142	32,102	67,321	99,423	67.7%	700	58.0%	2.40
<u>Ambulatory Surgery Centers</u>								
Dominion Plastic Surgery *	2							
Eisenhower ASC*	2							
Fairfax Colon & Rectal Surgery Center*	2							
Fairfax Surgical Center	6		10,020	10,020	100%	1,670	5.8%	0.70
Haymarket Surgery Center	2		4,275	4,275	100%	2,138	2.5%	1.42
HealthQare Services ASC, LLC	2		4,037	4,037	100%	2,019	2.4%	1.00
Inova Ambulatory Surgery Center at Lorton, LLC	2		365	365	100%	183	0.2%	1.19
Inova Loudoun Ambulatory Surgery Center, LLC	5		5,593	5,593	100%	1,119	3.3%	1.22
Inova Oakville Ambulatory Surgery Center*	3							
Inova Surgery Center at Franconia-Springfield	5		4,350	4,350	100%	870	2.5%	0.84
Kaiser Permanente - Woodbridge Surgery Center	4		2,713	2,713	100%	678	1.6%	1.49
Kaiser Permanente Tysons Corner Surgery Center	7		6,435	6,435	100%	919	3.8%	1.54
Lake Ridge Ambulatory Surgery Center, LLC	1		1,061	1,061	100%	1,061	0.6%	0.74
McLean Ambulatory Surgery Center, LLC	3		2,044	2,044	100%	681	1.2%	1.78
McLean Tysons Orthopedic Surgery Center*	4							
North VA Surgicenter*	4							
Northern Virginia Eye Surgery Center, LLC	2		5,711	5,711	100%	2,856	3.3%	0.50
Northern Virginia Surgery Center	4		5,679	5,679	100%	1,420	3.3%	0.99
Pediatric Specialists of Virginia ASC	2		2,153	2,153	100%	1,077	1.3%	0.79
Prince William Ambulatory Surgery Center	4		6,069	6,069	100%	1,517	3.5%	1.08
Reston Surgery Center	6		7,927	7,927	100%	1,321	4.6%	0.51
Stone Springs Ambulatory Surgery Center	2		3,467	3,467	100%	1,734	2.0%	0.74
Total Ambulatory Surgical Centers	74		71,899	71,899	100%	972	42.0%	1.26
Regional Total	216	30,908	139,220	171,322	81.3%	793	100%	1.86

Source: Virginia Health Information, ALSD 2024; NV COPN Applications, 2020-2026.

*Recently authorized, not in service in 2024.

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The decades-long shift from inpatient to outpatient surgery continues, with inpatient cases dropping from 28% of the total in 2013 to less than 20% (19.8%) in 2024, a 29% decrease over the decade. Thus, four-fifths (80.2% in 2024) of reported surgical cases provided in licensed general-purpose operating rooms in northern Virginia are outpatient procedures. More than two-thirds (67.7%) of hospital surgery cases were outpatient in 2024. Slightly more than half (51.8%) of reported outpatient surgery cases were performed in freestanding ambulatory surgery centers.



As these data suggest, outpatient surgery is a critical component of local hospital proficiency and economic stability. It is increasingly important that community hospitals offer outpatient surgery efficiently, on and off campus, to maintain economic stability.

B. Surgery Capacity, Operating Room Need

Collectively, CNH, IFH and VHC Health propose establishing an outpatient surgical hospital and expanding two heavily hospital surgical programs, adding six general-purpose rooms to the region's licensed complement. The Virginia State Medical Facilities Plan (SMFP) addresses the question of community (regional) need for surgery capacity. The applicable plan section (*12VAC5-230-500*) states:

"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:

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

Where:

ORV = the sum of total inpatient and outpatient general purpose operating room visits in the health planning district in the most recent five years for which general purpose operating room utilization data has been reported by VHI; and

POP = the sum of total population in the health planning district as reported by a demographic entity as determined by the commissioner, for the same five-year period as used in determining ORV.

PROPOP = the projected population of the health planning district five years from the current year as reported by a demographic program as determined by the commissioner.

AHORV = the average hours per general purpose operating room visit in the health planning district for the most recent year for which average hours per general purpose operating room visits have been calculated as reported by VHI.

FOR = future general purpose operating rooms needed in the health planning district five years from the current year.

1600 = available service hours per operating room per year based on 80% utilization of an operating room available 40 hours per week, 50 weeks per year.

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 Virginia 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." (VA SMFP, pp. 22-23)

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Surgery volumes and operating room efficiency vary widely by facility and health system (Table 1). Current and projected supply exceed demand (current and projected surgery cases). The operating room public need determination formula specified in the Virginia SMFP (Section 12VAC5-230-500) shows a likely surplus of about eighteen operating rooms in 2030 (Table 2).

Table 2. Operating Room Need Calculation

Formula	$\frac{\text{FOR} = ((\text{ORV}/\text{POP}) \times (\text{PROPOP})) \times \text{AHORV}}{1600}$
Operating Room Visits/Cases (ORV), 2020 - 2024	776,124
Population (POP), 2020 - 2024	13,030,498
Surgery Use Rate (SUR), Surgery Cases/Visits per 1,000 Population	59.60
Proposed Population (PROPOP), 2030	2,828,990
Average Hours per OR Visit (AHORV), 2024	1.86
Nominal Operating Room Time Available, Hours per Room per Year	1,600
Future Operating Room (FOR) Need, 2030	196
Authorized Capacity, 2026	216
Operating Room Need (-Surplus)	-20

Source: VHI ALSD, 2020-2024, Surgery service volumes; UVA Cooper Center, Population data; HSANV, Tabulations and Calculations

Use of the 2020-2024 service volume and population data called for by the SMFP operating room public need formula yields a projected regional need for 196 general purpose operating rooms four years hence, about twenty fewer than the 216 now authorized (Table 2)⁶. Seventeen of the currently authorized operating rooms were not in service as licensed rooms in 2024. There is more than adequate licensed surgery capacity to meet regional demand through 2030 (Table 2).⁷

⁶ Ten of the 216 authorized beds are in five specialty surgery centers with two licensed operating rooms each. They are not routinely available for general surgical cases.

⁷ It is worth noting that Virginia SMFP operating room public need determination formula overestimates demand relative to supply. It treats demand (visits/procedures) as if all cases occur within a 2,000-hour work year, a 40 hour per week for 50 weeks a year. The assumed 2,000 hours per operating room per year is discounted by 20% to 1,600 hours, the number used in the formula to indicate the number of hours an operating room assumed to be available for use each year. Between five and ten percent of cases are handled outside the standard work week at some hospital services.

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Inova Fairfax Hospital

IFH proposes to add two operating rooms by reclaiming the license for the two operating rooms the hospital contributed to the PSV joint venture in 2013. Though the project is “inventory neutral” in that it does not entail a net increase in regional licensed capacity, it is capital intensive. The multifaceted project involves construction in multiple locations where an operating room would be added. At nearly \$7.0 million per operating room gained it is the costliest of the three proposals under consideration.

IFH acknowledges there is no regional need for additional surgery capacity. Using the prescribed Virginia SMFP public need formulation, it projects a regional surplus of ten GPORs in 2030. The hospital notes that its general purpose operating rooms are used at about 125% of the Virginia SMFP service volume planning standard (1,600 hours per year). With existing capacity, IFH expects the surgery caseload to steadily increase to unsustainable levels. Service volumes consistently above the service volume standard over many years qualify IFH for consideration to add capacity under the provisions of the institutional need provision of the plan.

Children's National Hospital

Though it entails authorizing a new specialty surgery center, a capital outlay, and an increase in the regional licensed operating room complement, the CNH proposal is essentially a maintenance of effort project. With the dissolution of the PSV joint venture and the reversion of the license for its two operating rooms to IFH, CNH must seek COPN approval to relicense the operating rooms in the facility if it is to continue serving the northern Virginia population that relies on the service. CNH notes that the surgery center had 2,414 surgery cases in 2025, and that demand is increasing.

Like IFH, CNH recognizes that the public need determination methodology specified in the Virginia SMFP suggests that the regional has an oversupply of general purpose operating rooms. CNH calculates a surplus of seventeen rooms. CNH also notes that “the SMFP formula was designed to calculate need for general purpose ORs serving populations of all ages” and argues that it “does not accurately reflect need for specialized pediatric ORs in the planning district and should be disregarded.” PSV has established a strong presence in northern Virginia over the last decade.

VHC Health

VHC Health proposes adding four operating rooms at Virginia Hospital Center (VHC), increasing its general purpose operating room complement to seventeen rooms (and a designated trauma room). The service has sustained high use, substantially above the Virginia SMFP service volume planning standard.

VHC Health also notes that, under Virginia SMFP public need methodology, there is no regional need for additional surgery capacity. Nevertheless, it projects Virginia Hospital Center surgery caseloads to

increase steadily. With the addition of the four rooms requested. VHC's surgery service volumes are expected to remain above the Virginia SMFP service volume planning standard.

Service volumes above the nominal service volume standard over many years qualify VHC Health for consideration to add capacity under the institutional need provision of the plan.

C. Access Considerations

CNH, IFH, and VHC Health are existing service providers with long histories of serving northern Virginia and the Washinton metropolitan area. IFH and VHC Health propose expansions of large, heavily used hospital surgery services. CNH proposes maintaining (by relicensing) a small (two operating rooms) specialized ambulatory surgery center. All three services have well defined primary service areas and populations. No discernible change in the populations or geographic areas served is expected or likely.

CNH, IFH, and VHC Health have demonstrated over several decades their willingness to serve patients equitably, regardless of insurance coverage or economic status. IFH and VHC Health have standing system wide charity care agreements with the Virginia Health Commissioner that specify the level of charity to be provided.

Arguably, all three projects are needed to maintain ready access to adult and pediatric surgery regionwide and to permit more efficient and convenient service.

D. Economic Considerations

The three proposals call for a total capital outlay of nearly \$26.0 million (Table 3). Projected capital costs differ greatly depending on the nature and size of the project. The CNH project entails minimal renovation. Both the IFH and VHC Health entail substantial construction expense. Project costs in terms of the capacity gained are much higher for the IFH project, which requires new construction to accommodate the addition of the two operating rooms requested.

Capital costs for all three projects would be paid from internal funds. There would be no commercial financing expense (Table 3).

The outlays contemplated are within the range seen for similar projects locally (PD 8) and elsewhere. If maintenance of the region's pediatric surgery center (PSV) and additional capacity at IFH and VHC Health are found to be warranted, the capital cost and financing of the projects do not weigh against approval.

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Table 3. Capital Expense					
COPN Requests VA 8899, VA-8901, VA-8911					
Applicant	GPORs (#)	Capital Cost	Financing ¹	Cost/OR	Project Type
Children's National Hospital (VA-8901)	2	\$ 700,000	Internal	\$ 350,000	Renovation
Inova Fairfax Hospital (VA-8899)	2	\$ 13,834,900	Internal	\$ 6,917,450	New Construction
VHC Health (VA-8911)	4	\$ 11,422,458	Internal	\$ 2,855,615	Renovation , Modernization
Total	8*	\$ 25,957,358	Internal		Mixed
Source: CNH, COPN Request, VA-8901; IFH COPN Request VA-8899; VHC Health COPN Request VA-8911					
¹ Internal financing from "reserves" usually means that the inherent finance cost is the market corporate bond rate for credit worthy borrowers.					
* Net gain of 6 operating rooms. Average cost per operating room gained = \$4,326,226.					

The *pro forma* budgets indicate that the applicants expect substantial operating returns and, implicitly, high returns on the capital outlays. The proposals are financially feasible.

E. Health System Considerations

CNH, IFH, and VHC Health are long standing providers of surgical care in northern Virginia and the Washington, DC, metropolitan area. Collectively, they would increase the regional complement of GPORs to 222 rooms, an increase of about three percent.

This would increase the projected regional surplus to twenty-six operating rooms. The number of licensed rooms in specialty outpatient centers would remain at ten.

III. Conclusions and Alternatives for Agency Action

A. Conclusions

There is no near-term public need for additional surgery facilities or operating rooms. Although the surgery case use rate is growing faster than the population rate of growth, the Virginia State Medical Facilities Plan (SMFP) operating room public need formula indicates that there is likely to be a surplus of more than a dozen general purpose operating rooms in northern Virginia (PD 8) over the next five years. There is no public need for additional surgery services or operating rooms.

None of the applicants argue that there is a regional need for additional surgery services or capacity. All three cite their large caseloads and increasing demand as the basis for adding the operating rooms requested, or in the CNH case the relicensing and renovation of the PSV surgery center in 2027. All three qualify for consideration to add capacity, to undertake the projects described in their applications, under the institutional need provision of the Virginia SMFP.

There is broad medical staff and community support for all three proposals, especially the CNH project.

B. Alternatives for Agency Action

1. The HSANV Board of Directors may recommend to the Commissioner of Health that certificates of public need authorizing the projects be granted.

Favorable recommendations could be based on concluding that 1) though there is no regional need for additional surgery services or operating rooms, each applicant has shown an institution specific need for the capacity requested, 2) the capacity requested is likely to be used efficiently over its useful life, and 3) there is no known oppositions to any of the proposals.

2. The HSANV Board of Directors may recommend to the Commissioner of Health that a certificate of public need be denied to one or more of the applicants.

Unfavorable recommendations could be based on concluding that 1) there is no indication of a current or near-term regional need for an additional surgery service, and 2) authorization of additional capacity should be deferred until the operating rooms being developed are in service and have significant caseloads.

IV. Checklist of Mandatory Review Criteria

1. Maintain or Improve Access to Care

Northern Virginia residents have ready access to surgical services, inpatient, outpatient, and office based. Given the size, location, and nature of the CNH, IFH, and VHC Health proposals, all three are likely to contribute to maintaining or improving access to surgical services.

The Children’s National Hospital proposal is necessary to maintain the stability of the region’s pediatric outpatient surgery center. Inova Fairfax Hospital and Virginia Hospital Center surgery services are heavily used. Both have annual caseloads that exceed substantially the Virginia State Medical Plan service volume standards and demand is increasing at both facilities.

2. Meets the Needs of Residents

CNH, IFH, and VHC Health serve thousands of northern Virginia residents each year. There is no indication that they have been unresponsive to the evolving medical needs of the populations they serve. All have acceptable charity care policies and practices. All have substantial medical and community support.

3. Consistency with Virginia State Medical Facilities Plan (SMFP)

The proposals are not consistent with the public need provisions of the Virginia SMFP, which indicates that there is no regionwide need for additional surgery capacity. This conflict notwithstanding their histories of service and current service volumes qualify all three for consideration to add capacity.

4. Beneficial Institutional Competition while Improving Access to Essential Care

CNH, IFH, and VHC Health have served the region for decades. Though the CNH project would change the ownership and control of the region's pediatric surgery center, it would not result in a new service or competitor. The IFH and VHC Health projects are expansions of heavily used services. Arguably, all three are warranted to maintain or improve access to surgical care.

Competitive effects among local surgery services, if any, are difficult to detect. There is no indication that any of the projects would encourage price or other competition benefits among surgery service providers.

5. Relationship to Existing Health Care System

Each project is expected to contribute to the stability and responsiveness of the regional medical care delivery system. None is likely to result in the unnecessary duplication of services. None is likely to affect another service negatively. The surgery capacity developed or maintained is likely to be used efficiently over its useful life.

6. Economic, Financial Feasibility

The projects are financially feasible. All would be financed with internal funds. There would be no direct commercial financing expense. The *pro forma* budget of each assumes substantial operating margins and, implicitly, high returns on the capital invested.

7. Financial, Technological Innovations

None of the projects involve innovative technologies, practices, or economic elements distinct from those now incorporated in surgery services offered regionwide. Comparable services are available within the planning region and in the Washington, DC metropolitan area.

8. Research, Training Contributions, and Innovations

None of the projects has research or training elements that warrant special consideration.