

**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)**

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<b>HOSPITALS</b>
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**COPN Request No. VA-8726**

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

**Expansion of MRI Services Through the Addition of One MRI Unit**

**September 29, 2023**

## SECTION I FACILITY ORGANIZATION AND IDENTIFICATION

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

3300 Gallows Road

**Address**

<u>Falls Church</u>	<u>Virginia</u>	<u>22042</u>
<b>City</b>	<b>State</b>	<b>Zip</b>

(703) 776-1110

**Telephone**

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

8100 Innovation Park Dr.

**Address**

<u>Fairfax</u>	<u>Virginia</u>	<u>22031</u>
<b>City</b>	<b>State</b>	<b>Zip</b>

**C. **Chief Administrative Officer**  
Steve Narang, MD, President, Inova Fairfax Hospital and Pediatric Service Line  
Name**

3300 Gallows Road

**Address**

<u>Falls Church</u>	<u>Virginia</u>	<u>22042</u>
<b>City</b>	<b>State</b>	<b>Zip</b>

703-776-4001

**Telephone**

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

Paul Dreyer, Sr. Director, Strategic Planning, Inova Health System  
**Name**

8100 Innovation Park Dr.

**Address**

<u>Fairfax</u>	<u>Virginia</u>	<u>22031</u>
<b>City</b>	<b>State</b>	<b>Zip</b>

<u>(703) 403-7598</u>	<u>None</u>
<b>Telephone</b>	<b>Facsimile</b>

Paul.dreyer@inova.org  
**E-mail**

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

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

**Owner of Facility**  
(Check one)

**Proprietary**

**Operator of Facility**  
(Check one)

- |               |   |               |
|---------------|---|---------------|
| (1) <u>  </u> | (1) Individual  | (1) <u>  </u> |
| (2) <u>  </u> | (2) Partnership - attach copy of Partnership Agreement and receipt showing that agreement has been recorded | (2) <u>  </u> |
| (3) <u>  </u> | (3) Corporate - attach copy of Articles of Incorporation and Certificate of Incorporation                   | (3) <u>  </u> |
| (4) <u>  </u> | (4) Other _____ (Identify)  | (4) <u>  </u> |

**Non-Profit**

- |                  |   |                  |
|------------------|---|------------------|
| (5) <u>  X  </u> | (5) Corporation - attach copy of Articles of Incorporation and Certification of Incorporation | (5) <u>  X  </u> |
|------------------|---|------------------|

Please see **Attachment A.**

- |               |                            |               |
|---------------|----------------------------|---------------|
| (6) <u>  </u> | (6) Other _____ (Identify) | (6) <u>  </u> |
|---------------|----------------------------|---------------|

**Governmental**

- |                |                                       |                |
|----------------|---------------------------------------|----------------|
| (7) <u>  </u>  | (7) State                             | (7) <u>  </u>  |
| (8) <u>  </u>  | (8) County                            | (8) <u>  </u>  |
| (9) <u>  </u>  | (9) City                              | (9) <u>  </u>  |
| (10) <u>  </u> | (10) City/County                      | (10) <u>  </u> |
| (11) <u>  </u> | (11) Hospital Authority or Commission | (11) <u>  </u> |
| (12) <u>  </u> | (12) Other _____ (Identify)           | (12) <u>  </u> |

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

- (1)    Fee simple title held by applicant  
 (2)    Option to purchase held by the applicant  
 (3)   X   Leasehold interest for not less than   97   years. Please see **Attachment B.**  
 (4)    Renewable lease, renewable every    years

(5) \_\_\_ Other (Identify).

**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 a 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  
 8100 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 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.

**I. List all organizations of which the applicant is a 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 name(s) and address(es) 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 partnership operator, specify the name and address of the general or managing partner.**

**(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

**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 a 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**

Not Applicable

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

1. ☐ **New construction**
2. ☒ **Remodeling/modernization of an existing facility**  
Expand IFH’s MRI services through addition of one MRI unit at the hospital.
3. ☐ **No construction or remodeling/modernization**
4. ☐ **Other**

**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, beliefs and commitments of Inova Health System, set forth in **Attachment F**.

Inova Health System’s mission is:

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

Our vision is:

To be among the leading healthcare systems in the nation.

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

The project will expand IFH's existing MRI services through the addition of one MRI unit to the existing imaging suite at the IFH main hospital, which is located at 3300 Gallows Road, Falls Church, Virginia. The site plan attached as **Attachment G** identifies all existing buildings and access roads on the IFH campus for reference.

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 MRI 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 MRI unit will be located in the existing imaging suite at the IFH main hospital. The site plan attached as **Attachment G** identifies all existing buildings and access roads on the IFH campus for reference.

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 MRI unit will be located in the existing imaging suite at the IFH main hospital. The existing imaging suite 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 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 H.

**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 of 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 the 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 I.

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

The proposed additional MRI unit will be located in the existing imaging suite at the hospital. The existing imaging suite has been sized to accommodate the necessary equipment and has a similar footprint to the imaging suites at other Inova Health System facilities.

**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 G.



## SECTION III

## SERVICE DATA

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

#### 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, DC 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 the Inova Heart and Vascular Institute, Neurosciences (including a Joint Commission accredited Primary Stroke Center), Cancer, Minimally Invasive Surgery, Women's Health, and Pediatrics.

#### Proposed Expansion of MRI Services

IFH's radiology department offers comprehensive imaging services, including CT, MRI, digital mammography, fluoroscopy, interventional radiology, nuclear medicine, ultrasound, and x-ray. IFH maintains 9 MRI units for diagnostic imaging on its hospital campus: 3 MRI units are located in the main hospital and 6 are located on the expanded hospital campus at the Inova Center for Personalized Health ("ICPH"). This project proposes the expansion of MRI capacity at the main hospital through the addition of a fourth MRI unit based on institution-specific need.

The 3 existing MRI units at the main hospital are utilized primarily for inpatient and emergency department patients as well as complex outpatients. Scanning is provided to inpatients and emergency department patients 24 hours a day, 7 days per week and is provided to outpatients on a scheduled basis Monday through Friday from 5:00 a.m. to 11:00 p.m., and Saturday and Sunday from 7:00 a.m. to 7:30 p.m. Utilization of the 3 units is exceptionally heavy. In 2021, the 3 MRI units at the main hospital performed 15,869 MRI procedures, placing utilization at 106% of the State Medical Facilities Plan ("SMFP") utilization standard of 5,000 procedures per unit. Volume on the 3 units grew to 17,223 MRI procedures in 2022, placing utilization at 115% of the SMFP standard. In order to meet existing and future IFH patient need for MRI services, IFH seeks approval to add a fourth MRI unit to its main hospital.

Importantly, the need for additional MRI services at the main hospital cannot be met by IFH's MRI capacity at the ICPH. First, the ICPH MRI units, which are located on the expanded IFH campus, do not serve inpatients or emergency department patients. Second, the ICPH MRI units are also very heavily utilized. In 2021, the 6 MRI units performed 33,994 MRI procedures, placing utilization at 113% of the SMFP standard. In 2022, utilization grew to 35,222 MRI procedures, placing utilization at 117% of the SMFP standard. Combined, IFH's 9 MRI units performed 49,863 MRI procedures in 2021, placing utilization at 111% of the SMFP standard, and 52,445 MRI procedures in 2022, placing utilization at 117% of the SMFP standard.

To ensure adequate access to MRI services for its patient population, IFH seeks COPN approval to expand its MRI services through the addition of one MRI unit at the main hospital. As a tertiary care hospital and PD 8's sole Level 1 trauma center, IFH must always have adequate MRI capacity available to treat its patient population. The addition of one MRI unit will address the high utilization of the existing MRI units and related capacity constraints and ensure adequate MRI services are available to care for the IFH patient population as it continues to grow and age in place.

The addition of 1 MRI machine will also be utilized for cardiac MRI scans for the patients at IFH. Cardiac MRI scans are beneficial to patients who wish to avoid harmful radiation from x-ray scans, and show more clear images of the soft tissues of the body. The scan is unique in its ability to calculate blood flow through the blood vessels. Blurring of the image due to movement of the heart and blood vessels can be overcome by scanning in time with the heartbeat. MRI is considered to be the most effective test for measuring the pumping of blood through the heart.

**B. Specify the historical and projected utilization of the facility.**

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

Historical and projected utilization of IFH's MRI units are as follows:

**Total IFH (3 hospital and 6 MRI Center at ICPH)**

	Historical Utilization					Projected Utilization			
	2018	2019	2020	2021	2022	2023	2024	Year 1	Year 2
								2025	2026
<b>MRI scanners</b>									
Total MRI Scans			40,704	49,863	52,445	53,127	53,817	54,517	55,226
% of SMFP	92%	98%	90%	111%	117%	118%	120%	109%	110%
Number of MRI Scanners	9	9	9	9	9	9	9	10	10

**IFH Main Hospital (3)**

	Historical Utilization					Projected Utilization			
	2018	2019	2020	2021	2022	2023	2024	Year 1	Year 2
								2025	2026
<b>MRI scanners</b>									
Total MRI Scans			13,633	15,869	17,223	17,447	17,674	18,373	19,082
% of SMFP	92%	103%	91%	106%	115%	116%	118%	92%	95%
Number of MRI Scanners	3	3	3	3	3	3	3	4	4

**MRI Center at ICPH (6)**

	Historical Utilization					Projected Utilization			
	2018	2019	2020	2021	2022	2023	2024	Year 1	Year 2
								2025	2026
<b>MRI scanners</b>									
Total MRI Scans			27,071	33,994	35,222	35,680	36,144	36,144	36,144
% of SMFP	92%	95%	90%	113%	117%	119%	120%	120%	120%
Number of MRI Scanners	6	6	6	6	6	6	6	6	6

The population growth of PD 8 is projected to continue to increase at a rate faster than the Commonwealth as a whole between 2023 and 2030. Specifically, The Weldon Cooper Center for Public Service (The Cooper Center) projects that, between 2023 and 2030, IFH's primary service area population, which includes all of PD 8, is expected to grow an average of 1.3% per year as follows:

**Population Projections**

	Est. 2022	2023	2024	2025	2026	2027	2028	2029	2030
Population Projections - IFH PSA (PD 8)	2,558,989	2,592,739	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%	1.2%	1.3%	1.3%	1.3%	1.3%

Source (Weldon Cooper)

IFH conservatively projects that its total MRI volume will grow at a rate consistent with the population growth (1.3% per year) with the substantial majority of incremental volume being performed at the units at the main hospital.

**D. Existing and/or Proposed Bed Complement**

This project will not impact the IFH bed complement, the distribution of which is as follows:

	Actual					Projected	
	2018	2019	2020	2021	2022	2025	2026
<u><i>Inpatient Total</i></u>							
Total Licensed Beds	923	948	928	928	928	928	928
Total Patient Days	226,508	241,609	233,280	261,309	271,506	281,398	284,775
Total Occupancy %	67%	70%	69%	77%	80%	83%	84%
Total Discharges	48,258	48,626	44,902	47,760	50,036	51,859	52,481
Average Length of Stay	4.7	5.0	5.2	5.5	5.4	5.4	5.4
<u><i>Medical/Surgical (SMFP 80% Occupancy)</i></u>							
Total Licensed Beds	526	526	506	506	506	506	506
Total Patient Days	132,142	139,573	135,853	150,043	156,730	162,440	164,390
Total Occupancy %	69%	73%	74%	81%	85%	88%	89%
Total Discharges	27,702	25,825	25,723	27,036	28,239	29,268	29,619
Average Length of Stay	4.8	5.4	5.3	5.5	5.6	5.6	5.6
<u><i>Adult ICU (SMFP 65% Occupancy)</i></u>							
Total Licensed Beds	102	102	102	102	102	102	102
Total Patient Days	29,002	30,038	29,125	31,136	30,330	31,435	31,812
Total Occupancy %	78%	81%	78%	84%	81%	84%	85%
Total Discharges	1,486	3,805	1,401	1,331	1,344	1,393	1,410
Average Length of Stay	19.5	7.9	20.8	23.4	22.6	22.6	22.6
<u><i>Pediatric ICU (SMFP 65% Occupancy)</i></u>							
Total Licensed Beds	26	26	26	26	26	26	26
Total Patient Days	4,417	5,183	4,465	5,447	6,310	6,540	6,618
Total Occupancy %	47%	55%	47%	57%	66%	69%	70%
Total Discharges	354	818	456	440	456	473	478
Average Length of Stay	12.5	6.3	9.8	12.4	13.8	13.8	13.8
<u><i>Pediatric (SMFP 80% Occupancy)</i></u>							
Total Licensed Beds	92	92	92	92	92	92	92
Total Patient Days	17,065	17,507	13,338	15,454	19,733	20,452	20,697
Total Occupancy %	51%	52%	40%	46%	59%	61%	62%
Total Discharges	4,849	4,343	3,835	4,285	5,430	5,628	5,695
Average Length of Stay	3.5	4.0	3.5	3.6	3.6	3.6	3.6
<u><i>Obstetric (SMFP 80% Occupancy)</i></u>							
Total Licensed Beds	96	96	96	96	96	96	96
Total Patient Days	27,281	27,584	23,294	25,308	24,604	25,500	25,806
Total Occupancy %	78%	79%	66%	72%	70%	73%	74%
Total Discharges	11,341	10,396	9,831	10,268	10,211	10,583	10,710
Average Length of Stay	2.4	2.7	2.4	2.5	2.4	2.4	2.4
<u><i>Psychiatric Adult (SMFP 75% Occupancy)</i></u>							
Total Licensed Beds	41	41	41	41	41	41	41
Total Patient Days	10,110	9,971	10,789	13,972	14,228	14,746	14,923
Total Occupancy %	68%	67%	72%	93%	95%	99%	100%
Total Discharges	1,480	1,198	977	1,295	1,103	1,143	1,157
Average Length of Stay	6.8	8.3	11	10.8	12.9	12.9	12.9
<u><i>Psychiatric Child/Adolescent (SMFP 75% Occupancy)</i></u>							
Total Licensed Beds	15	15	15	15	15	15	15
Total Patient Days	1,384	4,042	4,536	5,104	4,389	4,549	4,603
Total Occupancy %	25%	74%	83%	93%	80%	83%	84%
Total Discharges	159	501	491	499	565	586	593
Average Length of Stay	8.7	8.1	9.2	10.2	7.8	7.8	7.8
<u><i>Medical Rehabilitation (SMFP 75% Occupancy)</i></u>							
Total Licensed Beds	0	25	25	25	25	25	25
Total Patient Days		1,461	4,877	7,827	8,300	8,602	8,706
Total Occupancy %		16%	53%	86%	91%	94%	95%
Total Discharges		117	345	584	588	609	617
Average Length of Stay		12.5	14.1	13.4	14.1	14.1	14.1
<u><i>Alcohol/Drug (SMFP 75% Occupancy)</i></u>							
Total Licensed Beds	0	25	25	25	25	25	25
Total Patient Days		6,250	7,003	7,018	6,882	7,133	7,218
Total Occupancy %		68%	77%	77%	75%	78%	79%
Total Discharges		1,623	1,843	2,022	2,100	2,177	2,203
Average Length of Stay		3.9	3.8	3.5	3.3	3.3	3.3

<i>Inova Fairfax Hospital</i>	Distribution of Existing Licensed Beds	Total Beds to be Built, Remodeled	Total Beds to be Lost or Removed from Service	Total Beds After Construction (Should equal sum of Columns 1, 2 and 3)
<b>Adult Medical/Surgical</b>	<b>506</b>			<b>506</b>
<b>Adult Critical Care</b>	<b>102</b>			<b>102</b>
<b>Subtotal: Obstetrical</b>	<b>96</b>			<b>96</b>
Pediatric/Adolescent Medical/Surgical	92			92
Pediatric Critical Care	26			26
<b>Subtotal: Pediatric</b>	<b>118</b>			<b>118</b>
<b>Psychiatric</b>	<b>81</b>			<b>81</b>
Other:				
Long-Term/Extended Care	N/A			N/A
Self-Care	N/A			N/A
Other (Specify)	N/A			N/A
Rehabilitation	25			25
<b>Total Beds</b>	<b>928</b>			<b>928</b>
Neonatal Intensive Care	108			108
Other Newborn Bassinets	114			114
<b>2. Nursing Home Units</b>	<b>N/A</b>			<b>N/A</b>
Skilled Care				
Intermediate Care				
Other (Specify)				
<b>TOTAL</b>				<b>928 licensed beds</b>

#### E. Facilities and Services to be Provided

The following services are currently provided at IFH:

<i>Inova Fairfax Hospital</i>	Existing	This Project to be Added	This Project to be Discontinued	This Project to be Expanded or Renovated
1. Post-Operative Recovery Room	<b>X</b>			
2. Intensive Care Unit Cardiac	<b>X</b>			
Mixed	<b>X</b>			
3. Open Heart Surgery Facilities	<b>X</b>			

<i>Inova Fairfax Hospital</i>	Existing	This Project to be Added	This Project to be Discontinued	This Project to be Expanded or Renovated
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			X
6. Therapeutic Radiological Services	X			
Specify Source(s) Used				
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	X			
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			

<i>Inova Fairfax Hospital</i>	Existing	This Project to be Added	This Project to be Discontinued	This Project to be Expanded or Renovated
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 inpatient	X			
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. Multiphasic Screening	X			
45. Other (Identify)				

**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).**

IFH's MRI staffing needs are as follows:

Staffing Category	Current Staffing		Additional Full Time	Total Needed
	Full Time Equivalent	Vacant Positions		
<b><u>Inova Fairfax Hospital</u></b>				
MRI Technician	12.8	0	2	14.8
Imaging Assistant	0	0		0
<b><u>ICPH</u></b>				
MRI Technician	23.0	0.0	0.0	23.0
Imaging Assistant	4.0	0.0	0.0	4.0

**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 MRI services. Inova Health System'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, thereby 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 limited to 2.0 FTE MRI Technicians and 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 K.

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

To be submitted with Completeness.

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

Please see Attachment L.

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

Please see **Attachment M**.

## 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, DC 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 the Inova Heart and Vascular Institute, Neurosciences (including a Joint Commission accredited Primary Stroke Center), Cancer, Minimally Invasive Surgery, Women's Health, and Pediatrics.

#### Proposed Expansion of MRI Services

COPN Request No. VA-8726 proposes the expansion IFH's MRI services through the addition of one MRI unit at the IFH main hospital. An MRI scan is a noninvasive way to show bleeding or swelling in a given region of the body. An MRI produces high-resolution images inside of the body that can help diagnose a variety of conditions or injuries, such as brain aneurysms, stroke, tumors, joint abnormalities caused by traumatic or repetitive injuries such as torn cartilage or ligaments, disk abnormalities in the spine, or bone infections. MRI can also be used in addition to mammography to detect breast cancer, particularly in women who have dense breast tissue or who may be at high risk for breast cancer. Furthermore, Cardiac MRI scans are beneficial to patients who wish to avoid harmful radiation from x-rays and show clearer images of the soft tissues of the body. MRI scans are unique in their ability to calculate blood flow through the blood vessels. MRI scans are considered the most effective tests for measuring the pumping of blood through the heart.

IFH's radiology department offers comprehensive imaging services, including CT, MRI, digital mammography, fluoroscopy, interventional radiology, nuclear medicine, ultrasound, and x-ray. IFH maintains 9 MRI units for diagnostic imaging on its hospital campus: 3 MRI units are located in the main hospital and 6 are located on the expanded hospital campus at the Inova Center for Personalized Health (ICPH). This project proposes the expansion of MRI capacity at the main hospital through the addition of a fourth MRI unit based on institution-specific need.

The 3 existing MRI units at the main hospital are utilized primarily for inpatient and emergency department patients as well as complex outpatients. Scanning is provided to inpatients and emergency department patients 24 hours a day, 7 days per week and is provided to outpatients on a scheduled basis Monday through Friday from 5:00 a.m. to 11:00 p.m., and Saturday and Sunday from 7:00 a.m. to 7:30 p.m. Utilization of the 3 units is exceptionally heavy. In 2021, the 3 MRI units at the main hospital performed 15,869 MRI procedures, placing utilization at 106% of the SMFP utilization standard of 5,000 procedures per unit. Volume on the 3 units grew to 17,223 MRI procedures in 2022, placing utilization at 115% of the SMFP standard. In order to meet existing and future IFH patient need for

MRI services, IFH seeks approval to add a fourth MRI unit to its main hospital.

Importantly, the need for additional MRI services at the main hospital cannot be met by IFH's MRI capacity at the ICPH. First, the ICPH MRI units, which are located on the expanded IFH campus, do not serve inpatients or emergency department patients. Second, the ICPH MRI units are also very heavily utilized. In 2021, the 6 MRI units performed 33,994 MRI procedures, placing utilization at 113% of the SMFP standard. In 2022, utilization grew to 35,222 MRI procedures, placing utilization at 117% of the SMFP standard. Combined, IFH's 9 MRI units performed 49,863 MRI procedures in 2021, placing utilization at 111% of the SMFP standard, and 52,445 MRI procedures in 2022, placing utilization at 117% of the SMFP standard.

The addition of 1 MRI machine will also be utilized for cardiac MRI scans for the patients at IFH. Cardiac MRI scans are beneficial to patients who wish to avoid harmful radiation from x-ray scans, and show more clear images of the soft tissues of the body. The scan is unique in its ability to calculate blood flow through the blood vessels. Blurring of the image due to movement of the heart and blood vessels can be overcome by scanning in time with the heartbeat. MRI is considered to be the most effective test for measuring the pumping of blood through the heart.

## **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 N** to view a map outlining the primary service area for IFH's MRI services. IFH considers all of PD 8 as its primary service area.

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

Please see **Attachment O** for 2022 patient origin data for IFH's MRI services.

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

Yes

- 2. If yes,**

- a. Identify the facility(ies)**

Please **Attachment P** for a list of existing MRI facilities in PD 8.

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

IFH has an institution-specific need to expand its existing MRI services. In 2022, the 3 MRI units located at the main hospital performed 17,223 procedures, placing utilization at 115% of the SMFP standard. IFH's total complement of MRI units (including 3 at the main hospital and 6 at the ICPH on the expanded hospital campus) also reflects heavy utilization. In 2022, the 9 MRI units performed 52,445 procedures,

placing utilization at 117% of the SMFP standard. Without the expansion of MRI services through the addition of one MRI unit at the IFH main hospital, IFH's total complement of MRI units is projected to reach 126% utilization by 2028.

As the population continues to grow in IFH's primary service area, the demand for MRI services will continue to increase. Approval of an additional MRI unit is necessary to support existing and future demand for MRI services on the IFH campus.

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

As the population of IFH's service area continues to grow, demand for MRI services will continue to increase over the next five years and beyond. IFH seeks approval to expand its MRI services so that it can meet the current and future demand for imaging services on the hospital campus.

**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.**

The project is consistent with the applicable provisions of the SMFP. Please see **Attachment Q**.

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

Please see the response to Section III.C. Inova conservatively projects MRI volume will increase at a rate consistent with PD 8's population growth.

**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 provides a variety of pediatric specialties including gastroenterology, genetics, hematology oncology, nephrology and orthopedics. Please see **Attachment R** for legal documentation of 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 P.**

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

Please see **Attachment S.**

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

Please see **Attachment T.**

## 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?

☒ Yes    ☐ No

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

All Inova Health System facilities participate in VHI. Please see **Attachment U** for a copy of IFH's EPICS submission for 2021 and 2022.

- 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>1,504,372</u>
2.	Cost of labor	\$ <u>0</u>
3.	Equipment included in construction contract	\$ <u>0</u>
4.	Builder's overhead	\$ <u>0</u>
5.	Builder's profit	\$ <u>0</u>
6.	Allocation for contingencies	\$ <u>135,394</u>
7.	Sub-total (add lines 1 thru 6)	\$ <u>1,639,766</u>

Part II – Equipment Not Included in Construction Contract

(List each separately) If leasehold, lease expense for the entire term of the initial lease

8.	a. <u>Equipment</u>	\$ <u>1,530,629</u>
----	---------------------	---------------------

b.	<b><u>Equipment Installation</u></b>	\$ <b><u>101,251</u></b>
c.	<b><u>Furnishings</u></b>	\$ <b><u>20,963</u></b>
e.	<b><u>Signage</u></b>	\$ <b><u>7,800</u></b>
e.	<b><u>Data &amp; Telecommunications</u></b>	\$ <b><u>71,175</u></b>
f.	<b><u>Contingency</u></b>	\$ <b><u>172,574</u></b>
9.	Sub-total (add lines 8a thru 8e)	\$ <b><u>1,904,392</u></b>

### **Part III – Site Acquisition Costs**

10.	Full purchase price	\$ <b><u>0</u></b>
11.	For sites with standing structures	\$ <b><u>0</u></b>
	a. purchase price allocable to structures	\$ <b><u>0</u></b>
	b. purchase price allocable to land	\$ <b><u>0</u></b>
12.	Closing costs	\$ <b><u>0</u></b>
13.	If leasehold, lease expense for the entire term of the initial lease	\$ <b><u>0</u></b>
14.	Additional expenses paid or accrued:	
	a. _____	\$ <b><u>0</u></b>
	b. _____	\$ <b><u>0</u></b>
	c. _____	\$ <b><u>0</u></b>
15.	Sub-total (add lines 10 thru 14c)	\$ <b><u>0</u></b>

### **Part IV – Site Preparation Costs**

16.	Earth work	\$ <b><u>7,285</u></b>
17.	Site utilities	\$ <b><u>19,362</u></b>
18.	Roads and walks	\$ <b><u>0</u></b>
19.	Lawns and planting	\$ <b><u>0</u></b>
20.	Unusual site conditions:	

a.	_____	\$ <u>0</u>	b.
	_____	\$ <u>0</u>	
21.	Accessory structures	\$ <u>0</u>	
22.	Demolition costs	\$ <u>0</u>	
23.	Sub-total (add lines 16 thru 22)	\$ <u>26,647</u>	

**Part V – Off-site Costs** (List each separately)

24.	_____	\$ <u>0</u>
25.	_____	\$ <u>0</u>
26.	_____	\$ <u>0</u>
27.	_____	\$ <u>0</u>
28.	Sub-total (add lines 24 thru 27)	\$ <u>0</u>

**Part VI – Architectural and Engineering Fees**

29.	Architect's design fee	\$ <u>129,242</u>
30.	Architect's supervision fee	\$ <u>0</u>
31.	Engineering fees	\$ <u>74,466</u>
32.	Consultant's fees	\$ <u>64,433</u>
33.	Sub-total (add lines 29 thru 32)	\$ <u>268,142</u>

**Part VII – Other Consultant Fees** (List each separately)

34.	a. _____	\$ <u>0</u>
	b. _____	\$ <u>0</u>
	c. _____	\$ <u>0</u>
35.	Sub-total (add lines 34a thru 34c)	\$ <u>0</u>

**Part VIII – Taxes During Construction**

36.	Property taxes during construction	\$ <u>0</u>
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37. List other taxes:

a. \_\_\_\_\_ \$ 0

b. \_\_\_\_\_ \$ 0

38. Sub-total (add lines 36 thru 37b) \$ 0

### **Part IX-A – HUD Section 232 Financing**

39. Estimated construction time( in months) \_\_\_\_\_

40. Dollar amount of construction loan \$ 0

41. Construction loan interest rate \_\_\_\_\_%

42. Estimated construction loan interest costs \$ 0

43. Term of financing (in years) \_\_\_\_\_

44. Interest rate on permanent loan \_\_\_\_\_%

45. FHA mortgage insurance premium \$ 0

46. FHA mortgage fees \$ 0

47. Financing fees \$ 0

48. Placement fees \$ 0

49. AMPO (non-profit only) \$ 0

50. Title and recording fees \$ 0

51. Legal fees \$ 0

52. Total interest expense on permanent mortgage loan \$ 0

53. Sub-total Part IX-A HUD Section 232 Financing  
(add lines 42, 45, 46, 47, 48, 49, 50 and 51) \$ 0

### **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) 6
56. Dollar amount of construction loan \$ 0
57. Construction loan interest rate \_\_\_\_\_%
58. Estimated construction loan interest cost \$ 0
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 \$ 0
63. Will principal and interest be paid during construction or only interest? \_\_\_\_\_
64. Bond interest expense prior to the beginning of construction(in dollars) \$ 0
65. How many months after construction begins will last bond be sold? \_\_\_\_\_
66. Bond interest expense during construction \$ 0
67. What percent of total construction will be financed from bond issue? \$ 0
68. Expected bond interest rate \_\_\_\_\_% Anticipated term of bond issued (in years) \_\_\_\_\_
70. Anticipated bond discount (in dollars) \_\_\_\_\_
71. Legal costs \$ 0
72. Printing costs \$ 0
73. Placement fee \$ 0

74.	Feasibility study	\$ <u>0</u>
75.	Insurance	\$ <u>0</u>
76.	Title and recording fees	\$ <u>0</u>
77.	Other fees (list each separately)	
	a. _____	\$ <u>0</u>
	b. _____	\$ <u>0</u>
	c. _____	\$ <u>0</u>
78.	Sinking fund reserve account (Debt Service Reserve)	\$ <u>0</u>
79.	Total bond interest expenses (in dollars)	\$ <u>0</u>
80.	Sub-total Part IX_B (add lines 58, 64, 66, 71, 72, 73, 74, 75, 76, 77a, b, c and 78)	\$ <u>0</u>

### **Part IX\_C – Conventional Mortgage Loan Financing**

81.	Estimated construction time (in months)	_____
82.	Dollar amount of construction loan	\$ <u>0</u>
83.	Construction loan interest rate	_____ %
84.	Estimated construction loan interest cost (in dollars)	\$ <u>0</u>
85.	Term of long term financing (in years)	_____
86.	Interest rate on long term loan	_____ %
87.	Anticipated mortgage discount (in dollars)	\$ <u>0</u>
88.	Feasibility study	\$ <u>0</u>
89.	Finder's fee	\$ <u>0</u>
90.	Legal fees	\$ <u>0</u>
91.	Insurance	\$ <u>0</u>

92.	Other fees (list each separately)	
		\$ <u>0</u>
93.		\$ <u>0</u>
94.	Total permanent mortgage loan interest expense (in dollars)	\$ <u>0</u>
95.	Sub-total Part IX_C (add lines 84 & 88 thru 93)	\$ <u>0</u>

### Financial Data Summary Sheet

96.	Sub-total Part I	Direct Construction Cost (line 7)	\$ <u><b>1,639,766</b></u>
97.	Sub-total Part II	Equipment not included in construction contract (line 9)	\$ <u><b>1,904,392</b></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><b>26,647</b></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><b>268,142</b></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.	<b>TOTAL CAPITAL COST (lines 96 thru 106)</b>		\$ <u><b>3,838,947</b></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>
<b>112.</b>	<b>TOTAL CAPITAL AND FINANCING COST (ADD LINES 107, 110a, b or c AND 111a, b or c)</b>	<b>\$ <u>3,838,947</u></b>
D.	1. Estimated costs for new construction (excluding site acquisition costs)	\$ <u>0</u>
	1. Estimated costs of modernization and renovation (excluding site acquisition costs)	\$ <u>0</u>
E.	Anticipated Sources of Funds for Proposed Project	<u>Amount</u>
	1. Public Campaign	\$ <u>0</u>
	2. Bond Issue (Specify Type) _____	\$ <u>0</u>
	3. Commercial Loans	\$ <u>0</u>
	4. Government Loans (Specify Type) _____	\$ <u>0</u>
	5. Grants (Specify Type) _____	\$ <u>0</u>
	6. Bequests	\$ <u>0</u>
	7. Private Foundations	\$ <u>0</u>
	8. Endowment Income	\$ <u>0</u>
	9. Accumulated Reserves	\$ <u>3,838,947</u>
	10. Other (Identify) _____	\$ <u>0</u>

- 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 of 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 the 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 or 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 V.

- 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 W for the most recent audited financial statements for Inova Health System.

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

Please see Attachment X.

**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, Strategic Planning

Title of Authorizing Officer

Fairfax, Virginia 22031

City/State/Zip

September 29, 2023

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  
Add MRI Machine**

	IFH MRI Services without Project		Project Only		IFH MRI Services + Project	
Financial Projections	2025	2026	2025	2026	2025	2026
<b>Amounts in \$000's</b>						
<b>Statement of Revenue and Expenses</b>						
Gross Patient Revenue	\$ 159,227,975	\$ 162,412,535	\$ 2,071,085	\$ 4,252,174	\$ 161,299,060	\$ 166,664,709
Deductions from Patient Revenue						
Contractual/Other Discounts	\$ 85,709,371	\$ 87,423,558	\$ 1,114,825	\$ 2,288,864	\$ 86,824,196	\$ 89,712,422
Charity Deductions	\$ 4,090,467	\$ 4,172,276	\$ 53,205	\$ 109,236	\$ 4,143,672	\$ 4,281,512
Total Deductions from Revenue	\$ 89,799,837	\$ 91,595,834	\$ 1,168,030	\$ 2,398,100	\$ 90,967,868	\$ 93,993,934
<b>Total Operating Revenue</b>	<b>\$ 69,428,138</b>	<b>\$ 70,816,701</b>	<b>\$ 903,055</b>	<b>\$ 1,854,075</b>	<b>\$ 70,331,193</b>	<b>\$ 72,670,775</b>
Operating Expenses						
Salaries, Wages and Benefits	\$ 3,294,453	\$ 3,426,231	\$ 146,647	\$ 305,027	\$ 3,441,100	\$ 3,731,258
Supplies	\$ 2,287,377	\$ 2,378,872	\$ 29,752	\$ 62,282	\$ 2,317,129	\$ 2,441,154
Purchased Services	\$ 11,114,561	\$ 11,559,143	\$ 144,568	\$ 302,634	\$ 11,259,128	\$ 11,861,777
Bad Debt	\$ 1,921,242	\$ 1,959,667	\$ 24,990	\$ 51,307	\$ 1,946,232	\$ 2,010,974
Depreciation & Amortization	\$ 533,776	\$ 555,127	\$ 538,743	\$ 538,743	\$ 1,072,518	\$ 1,093,869
Indirect Expenses - Occupancy	\$ 18,032,838	\$ 18,471,424	\$ 15,204	\$ 31,828	\$ 18,048,043	\$ 18,503,253
Other Expense	\$ 3,691	\$ 3,838	\$ 48	\$ 100	\$ 3,739	\$ 3,939
<b>Total Operating Expenses</b>	<b>\$ 37,187,937</b>	<b>\$ 38,354,302</b>	<b>\$ 899,952</b>	<b>\$ 1,291,921</b>	<b>\$ 38,087,889</b>	<b>\$ 39,646,223</b>
<b>Excess of Revenue Over Expenses</b>	<b>\$ 32,240,201</b>	<b>\$ 32,462,398</b>	<b>\$ 3,103</b>	<b>\$ 562,154</b>	<b>\$ 32,243,304</b>	<b>\$ 33,024,552</b>
<b>Total MRI Scans</b>	53,817	53,817	700	1,409	54,517	55,226

Expected Payor Mix*	MRI
Medicare	32.9%
Medicaid	7.9%
Commercial	57.6%
Charity	1.3%
Self Pay	0.3%
<b>TOTAL</b>	<b>100.0%</b>

\*Expected payor mix equals 2023 IFH OP MRI, as no change is expected as the result of adding additional MRI Machine

**Pro Forma Assumptions:**

- Payor mix reimbursement is based on internal Inova information, % of Gross Charges
- Annual inflation estimates: gross charge per case = 2%, net revenue per case = 2%, all expenses = 4%
- Equipment depreciation straight-lined for seven (7) years
- Construction/Renovation depreciation straight-lined for ten (10) years