

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 – 102.12 OF

THE CODE OF VIRGINIA OF 1950, AS AMENDED)

OUTPATIENT FACILITIES

COPN Request No. VA-8778

Eisenhower, LLC

**Establishment of an Outpatient Surgical Hospital
With Two (2) Operating Rooms
in Planning District 8**

SECTION I FACILITY ORGANIZATION AND IDENTIFICATION

A. VHC Health Ambulatory Surgery Center - Alexandria

Official Name of Facility

3601 Eisenhower Avenue

Address

Alexandria

City

Virginia

State

22304

Zip

(703) 558-6104

Telephone

B. Eisenhower, LLC

Legal Name of Applicant

1701 N. George Mason Drive

Address

Arlington

City

VA

State

22205

Zip

C. Chief Administrative Officer

Christopher T. Lane

Name

1701 N. George Mason Drive

Address

Arlington

City

VA

State

22205

Zip

(703) 558-5000

Telephone

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

Adrian Stanton

Name

1701 N. George Mason Drive

Address

Arlington

City

VA

State

22205

Zip

(703) 558-6319

Telephone

ASTanton@vhhealth.org

E-mail

and**Jamie Baskerville Martin**

Name

Williams Mullen, 200 South 10th St., Suite 1600

Address

Richmond

City

VA

State

23219

Zip

(804) 420-6407

Telephone

(804) 420-6507

Facsimile

jbmartin@williamsmullen.com

E-mail

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

Will the facility be operated by the owner?

Yes No Owner of the Facility
(Check one)ProprietaryOperator of Facility
(Check one)

(1) _____

(1) Individual

(1) _____

(2) _____

(2) Partnership-attach copy of Partnership Agreement and receipt showing that agreement has been recorded

(2) _____

(3) _____

(3) Corporate-attach copy of Articles of Incorporation and Certificate of Incorporation

(3) _____

(4) _____(4) Other _____ Identify **Limited Liability Company (LLC)**(4) _____**See Attachment I.E—Organizational Documentation.****Non-Profit**

(5) _____

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

(5) _____

(6) _____ (6) Other _____ Identify (6) _____

Governmental

(7) _____ (6) State (7) _____

(8) _____ (8) County (8) _____

(9) _____ (9) City (9) _____

(10) _____ (10) City/County (10) _____

(11) _____ (11) Hospital Authority or
Commission (11) _____

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

- (1) X Fee simple title held by the applicant
 (2) _____ Option to purchase held by the applicant
 (3) _____ leasehold interest for not less than _____ years
 (4) _____ Renewable lease, renewable every _____ years
 (5) _____ Other _____ Identify

See Attachment I.F—Ownership Documentation.

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.**

Eisenhower, LLC is wholly owned by Virginia Hospital Center Arlington Health System d/b/a VHC Health (“VHC Health”), a Virginia non-stock corporation.

(a) **In the case of proprietary corporation also attach: **Not applicable.****

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

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

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

VHC Health has one class of members, which consists of all voting members of the Board of Directors. The Board of Directors is identified at Attachment I.G—

Board of Directors. The officers and registered agent for VHC Health are as follows:

Officers:	Christopher T. Lane	President/CEO
	Alexander Eremia	Senior Vice President
	John Nguyen	Treasurer
	Andre Collins	Secretary
	Dan Knise	Vice Chairman
	Russell McWey, MD	Chairman

Registered agent: **Alexander Eremia, Esquire**
Senior Vice President
Chief Legal Officer
1701 N. George Mason Drive
Arlington, VA 22205

Mr. Eremia is also the registered agent for Eisenhower, LLC.

(c) In the case of a partnership also attach: **Not applicable.**

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

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

VHC Health is the sole member of Eisenhower, LLC.

See also Attachment I.E—Organizational Documentation.

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

See Attachment I.H—List of VHC Health Subsidiaries.

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

Eisenhower, LLC is wholly owned by VHC Health.

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.

For nearly 80 years, VHC Health has served the communities of Arlington, Alexandria, Falls Church, McLean, and other Fairfax County suburbs. It is the only remaining independent community hospital in Planning District (“PD”) 8. Over the past few years, the hospital has grown alongside its service area community, implementing a variety of acute care and ambulatory care expansions to meet the current and growing needs of the facility and its patients.

As the role of academic medical centers has evolved, so have VHC Health’s efforts. Historically, academic medical centers have focused on complex acute care services. That role remains essential, particularly as today’s inpatients often suffer from more complex conditions and comorbidities that may have been fatal years ago. These patients have greater medical, physical, and psychosocial needs requiring longer and more frequent hospital stays and more efficient utilization of hospital resources. At the same time, however, there is continuing pressure, driven by improvements in care delivery models, technological innovations, reimbursement pressures, and patient satisfaction considerations, to drive lower-acuity care to appropriate outpatient settings. Accordingly, tertiary-level facilities such as VHC have had to evolve away from the traditional singular focus on complex acute care services to furnish more patient-centric care across a variety of appropriate settings.

A simultaneous goal of VHC Health’s initiatives has also been to decompress the densely developed hospital campus. The hospital is located in the middle of a residential neighborhood and has historically housed all of the hospital’s inpatient services and all of its outpatient services, lacking space for additional service capacity within the building. As part of a much-needed campus expansion, VHC Health has recently opened the Outpatient Pavilion on the VHC campus, a new outpatient facility consolidating many outpatient services on the campus and vacating space within the hospital to support previously-approved expansions of inpatient services. There is, however, no further space to expand or build out the hospital or the campus to meet the community’s need for outpatient surgical services; the campus is effectively landlocked and cannot accommodate additional facilities under the applicable zoning rules.

As a critical resource for the residents of the inner Northern Virginia suburbs and beyond, VHC Health also has a responsibility to make its services geographically and financially more accessible. To bring medical care closer to the neighborhoods where patients and their families live, VHC Health has increasingly focused its service development efforts on off-campus development within its primary service area (“PSA”), establishing facilities that offer outpatient services at lower costs than an inpatient hospital.

This application, proposing the establishment of an outpatient surgical hospital (also known as ambulatory surgery center, or ASC) in Alexandria, is the next step in VHC Health’s continuing efforts to decompress the hospital

campus, expand its outpatient service offering, and provide more accessible sites of care for its patients consistent with its long-range plan.

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

The project involves the expansion of VHC Health’s highly utilized surgical services through the establishment of VHC Health Ambulatory Surgery Center – Alexandria (the “Alexandria ASC”), VHC Health’s first multispecialty outpatient surgical hospital.¹ The proposed facility will decompress high surgical utilization on the crowded hospital campus, freeing up hospital capacity for complex and high-acuity patients. At the same time, the project will offer patients appropriate for the outpatient setting a lower-cost, more accessible, and more convenient option for surgical services.

VHC Health intends to house the Alexandria ASC in a Class A medical office building built in 1990, fully renovated in 2014, and acquired by VHC Health in 2023. The building has had over \$1.7M in capital upgrades (including a renovated lobby, elevator cabs, and common areas) and comprises nearly 150,000 square feet. As such, it has more than ample space to accommodate not only VHC Health’s other outpatient services planned for the location but also various business offices and information systems, which VHC Health will relocate from the hospital campus to the building.

The property is ideally situated inside the Capital Beltway, offering excellent and convenient access for many VHC Health patients, prominent visibility along I-95 and I-495 (Capital Beltway), and excellent signage opportunities. The area, referred to as Alexandria City or the West End, is home to a variety of existing and proposed mixed-use projects and is projected to continue to grow in the near future. The site is about 13 miles from VHC and squarely within VHC’s and VHC Health’s PSA. Following approval of the proposed Alexandria ASC, VHC Health intends to co-locate at the property a range of other VHC Health outpatient services, including primary care, subspecialty care, pathology and lab services, and many other services. In short, VHC Health plans to establish at the proposed location a comprehensive hub for a broad range of ambulatory care services – VHC Health’s first such facility, which will directly address the needs of VHC Health’s PSA population.

The design of the ASC, dedicated exclusively to outpatient surgical services, will facilitate timely and streamlined access to care. The existing space can be cost-efficiently adapted for the proposed uses and to optimize patient and staff flow; the building is served by abundant parking (424 covered parking spaces). As such, the project will provide many VHC Health patients a more convenient

¹ In late 2022, VHC Health worked with local orthopedic surgeons to establish its first off-campus ASC, a joint-ventured single-specialty surgical facility located in McLean. This facility is dedicated to orthopedic surgery and outfitted with four ORs relocated from the hospital. COPN No. VA-04689.

and accessible option within their home community, significantly improving access to care for all of VHC Health’s patients – inpatients and outpatients alike – consistent with VHC Health’s long-range plan.

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

The proposed site is conveniently accessible by public transportation and major roadways serving Northern Virginia. The facility is located less than a mile from the Capital Beltway (I-495) and easily accessible through the interchange at I-495 and Route 611. The site is located near several Metro stations/stops – Eisenhower Avenue, Huntington Avenue, King Street, and Van Dorn Street. In addition, VHC Health participates in the Alexandria City Transportation Management Plan, which supports and provides funding to the GO Alex Fund for various transportation management programs and improvements.

- (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 ASC will be located in an existing building that is well-sized and will not require any new construction or engineering but rather only remodeling. The site is already zoned for the proposed medical use, has convenient and easily accessible parking, and is already served by ample water, sewer, and solid waste services to support the project. The location offers excellent ingress and egress.

See also Response to Section II.c.2 above.

- (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.

As noted above, the building to house the Alexandria ASC has absorbed about \$1.7M in recent upgrades and offers a renovated lobby, elevator cabs, common areas, and restrooms. The floors offer a central core configuration, efficient layouts, and clean window lines. The remodeling necessary to implement the project will adhere to the latest building codes, guidelines, and best practices, and is designed to minimize costs in all areas of construction. Energy conservation goals will be achieved by using sustainable materials and methods. The project will apply LEED components within the mechanical,

electrical, and plumbing systems to limit operating costs and enhance efficiency. These components include plumbing fixtures and faucets with low water flow features and high-efficiency LED lighting systems with dimming controls. Occupancy sensor controls will be used to further reduce energy consumption when spaces are not occupied.

The resulting efficiencies will benefit patients at the VHC campus (by freeing up operating room (“OR”) capacity for higher-acuity inpatients and other patients who require the resources of a hospital campus), and at the Alexandria ASC (by providing VHC Health’s lower-acuity outpatients with convenient local access to outpatient multispecialty surgical services). In brief, the project reflects a cost-effective and efficient approach to improving access to outpatient surgical services for VHC Health’s patients.

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.

The project involves the renovation and remodeling of space within an existing building. All utilities necessary to support the proposed project are currently available and adequate.

See also Attachment II.D—Utilities Documentation.

E. Space tabulation – (show in tabular form)

1. If Item #1 was checked in II-B, specify: **Not applicable.**
 - a. The total number of square feet (both gross and net) in the proposed facility.
 - b. The total number of square feet (both gross and net) by department and each type of patient room (the sum of the square footage in this part should equal the sum of the square footage in (a) above and should be consistent with any preliminary drawings, if available).
2. If Item #2 was checked in II-B, specify:

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

See Attachment II.E.2—Space Tabulation.

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

The project will utilize space within an existing building to accommodate the proposed ASC, thus minimizing construction costs and generating operational efficiencies. The necessary renovations and remodeling of the space will adhere to the Facilities Guidelines Institute’s Guidelines for Design and Construction of Hospitals and Outpatient Facilities and the Virginia Uniform Statewide Building Code. The space will optimize patient access, flow, and comfort and ensure a high-quality patient experience.

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

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

See Attachment II.F—Plot Plan.

- G. Attach a preliminary design drawing drawn to a scale of not less than 1/16”-1’0” showing the functional layout of the proposed project which indicates at least the following:

1. The layout of each typical functional unit.
2. The spatial relationship of separate functional components to each other.
3. Circulatory spaces (halls, stairwells, elevators, etc.) and mechanical spaces.

See Attachment II.G—Preliminary Design Drawing.

H. Construction Time Estimates

1.	Date of Drawings:	Preliminary	<u>12/01/2024</u>
		Final	<u>05/01/2025</u>
2.	Date of Construction:	Begin	<u>07/01/2025</u>
		Completion	<u>09/01/2026</u>
3.	Target Date of Opening:		<u>11/01/2026</u>

SECTION III

SERVICE DATA

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

For nearly 80 years, VHC, a not-for-profit independent community hospital and the only hospital in Arlington County, has been providing care to the residents of Arlington County and nearby communities, including Alexandria. Today, VHC is a 530,000-square foot tertiary-level facility and academic medical center. The hospital is approved for 391 beds² and offers comprehensive and highly specialized health care services, including inpatient medical-surgical, adult intensive care, pediatric, obstetric, medical rehabilitation, and other complementary services. It provides open heart surgery services and neonatal intensive care services, is a Level 2 Trauma Center and a certified Comprehensive Stroke Center, and operates Arlington County's only acute care hospital-based mental health unit.

VHC Health is a critical resource for residents of Arlington County and beyond. Yet it has been challenging for VHC Health to accommodate needed service capacity on the busy and densely developed hospital campus, which occupies an entire block in a residential area. Historically, the hospital building has housed all of the inpatient services and nearly all of its outpatient services, lacking space to accommodate any additional service capacity within the building. As part of its efforts to bring community-centered medical care closer to where its patients live, in late 2022 VHC Health worked with local orthopedic surgeons to establish its first off-campus ASC, a joint-ventured facility located in McLean, dedicated to orthopedic surgery and outfitted with four ORs relocated from the hospital.³ Also in 2022, the Commissioner approved VHC Health's first off-campus CT service, to be co-located with its first freestanding emergency department in Falls Church, also a longstanding part of VHC's service area to the southwest. Just earlier this year, the Commissioner authorized the establishment of VHC Health's first comprehensive diagnostic imaging center, to include CT and MRI services as well as a range of non-reviewable diagnostic services, in McLean. Alongside VHC's various physician practice locations throughout Northern Virginia, these COPN-authorized off-campus sites offer VHC Health's patients affordable options for outpatient care outside of the hospital setting and enable VHC Health to decompress the busy hospital campus.

² The Commissioner approved 44 additional medical-surgical beds per COPN No. VA-04563 in March 2017, and 43 additional medical-surgical beds per COPN No. VA-04724 in November 2020. The implementation of these beds is ongoing. In addition, on June 3, 2024, the Commissioner approved the establishment of the VHC Health Wellness and Behavioral Health Hospital, comprised of 146 beds (96 mental health beds, with 42 beds relocated from VHC, and 50 medical rehabilitation beds, with 20 beds relocated from VHC) per COPN No. VA-04888.

³ Per COPN No. VA-04689, four of VHC's general purpose ORs ("GPORs") were relocated to VHC Edison, LLC, in McLean. The facility became operational in late 2022 and has changed its name to McLean Tysons Orthopedic Surgery Center, LLC.

In this application, VHC Health proposes to establish its first off-campus multi-specialty outpatient surgical hospital with two ORs to address VHC's need for additional OR inventory. In 2022, VHC's GPORs operated at 100% of the State Medical Facilities Plan's ("SMFP's") threshold. In 2023, following the relocation of four GPORs to the McLean ASC, VHC's average GPOR utilization reached 134%. At the same time, however, there is inadequate space in the hospital or on the hospital campus to expand VHC's surgical services. By locating the proposed ORs in a new multispecialty ASC in Alexandria, a key part of VHC Health's PSA, VHC Health will bring outpatient services closer to the communities it serves. It will also offer patients an important and otherwise unavailable option to receive outpatient surgical services in a lower-cost outpatient setting away from the hospital.

In addition to providing outpatient general surgery services, the Alexandria ASC will expand on a broad range of outpatient surgical specialties. A non-exhaustive selection of key surgical specialties and procedures to be furnished at the ASC is provided below.

- **General surgery:**
 - Laparoscopic/Minimally Invasive Surgery
 - Endocrine surgery
 - Vascular Access Creation and Revision
 - Lesion Removal
- **Gastroenterology:**
 - Cholecystectomy
 - Hernia Repair
 - Appendectomy
 - Incontinence
 - Colon and rectal surgery
- **Gynecology:**
 - Hysterectomy
 - Hysteroscopy
 - Myomectomy
 - Endometriosis-related procedures
 - Cystectomy
- **Orthopedics:**
 - ACL surgery
 - Arthroscopy
 - Foot and ankle surgery
 - Joint fusion
 - Fracture repair
 - Carpal tunnel surgery
- **Ophthalmology:**
 - Cataract removal
 - Glaucoma surgery
 - Corneal surgery
- **Otolaryngology:**

- Tonsillectomy
- Sinus surgery
- Septoplasty
- Adenoidectomy

Additionally, the proposed surgical services would ultimately be complemented by other outpatient services (including primary care, specialist clinics, outpatient lab, physical therapy services, and others), creating a central outpatient care hub for VHC Health patients in the Alexandria, Springfield, and Annandale areas.

See also Response to Section IV.A.

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

VHC Health ensures continuity of care across its care delivery settings. The Alexandria ASC will be operated by VHC Health and supported by VHC's surgical team. To ensure continuity of care in the outpatient surgical setting and beyond, the facility will utilize VHC Health's policies, protocols, and procedures. It will be fully integrated with VHC Health's existing clinical services and will implement VHC Health's system-wide electronic health record, EPICS. Records will be supplied to other providers as necessary for appropriate follow-up and continuity of care and as permitted by applicable health records privacy laws. This integration will allow patients to transfer seamlessly between VHC Health care settings and will enhance the coordination of care for patients, optimize outcomes, and enhance recovery.

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

The services to be provided at Alexandria ASC will be subject to the same level of quality monitoring and clinical oversight as all other VHC Health services, including the quality care assessment protocols and procedures reflected in VHC Health's Quality Assurance and Performance Improvement Plan. Key dimensions of care focus on the effectiveness of care, patient- and family-centeredness, and the efficiency, safety, and timeliness of care delivered. Additionally, the ASC will participate in the Centers for Medicare and Medicaid ("CMS") Ambulatory Surgical Center Quality Reporting Program. Finally, the facility expects to receive Accreditation Association for Ambulatory Health Care accreditation, which will demonstrate its commitment to providing safe, high-quality services.

Notably, the high quality of care historically offered by VHC Health has earned it a variety of recognitions and awards. To name just a few, these include:

- Newsweek's top ranking as 5th Best-in-State among Virginia hospitals in 2024;
- U.S. News & World Report's 2023-2024 "Best Hospital" rankings - 5th in Virginia (among 121 ranked hospitals) and 4th in the D.C./Maryland/Virginia area;

- **Outstanding Hospital for Patient Experience by Healthgrades for the 12th consecutive year (2023);**
- **CMS's Overall Hospital Quality Four Star Rating for 2023 and its Five Star Rating for 2024; and**
- **Hospital Safety Score of "A" in the May 2024 Leapfrog Hospital Safety Grade rating (VHC Health's 22nd consecutive "A" score).**

D. Describe the plan for obtaining additional medical, nursing and paramedical personnel required to staff the project following completion and identify the sources from which such personnel are expected to be obtained.

In the face of national health care staffing challenges, VHC Health has worked hard to strengthen physician, nurse, and clinical staff retention and recruitment; reduce turnover; and effectively manage costs to offset the rising costs of labor. It continually pursues innovative approaches to compensation and benefits and invests in various workplace safety initiatives. Its workforce development efforts have resulted in VHC Health's designation as a Magnet facility by the American Nursing Association/American Nurses Credentialing Center ("ANCC") in 2019. The Magnet hospital designation is the highest national credential for nursing programs and is considered a gold standard. The recognition helps patients identify hospitals with satisfied nurses and that exceed certain quality of care benchmarks. VHC Health was again redesignated as a Magnet hospital in May 2024. VHC Health also achieved CMS's Overall Hospital Quality Five Star Rating for 2024, a rating that helps to attract and retain top-quality staff.

Further, VHC Health is closely affiliated with numerous educational and training facilities in Northern Virginia and the District of Columbia, including Marymount University, Northern Virginia Community College, George Mason University, Georgetown University, George Washington University, James Madison University, Catholic University, Shenandoah University, Stratford University, and Chamberlain University. In addition to those affiliations, VHC Health participates in a variety of initiatives with various partners that support VHC Health's recruitment and training efforts, including Virginia Commonwealth University, Arlington County, Friends of Nursing Foundation, the National Institute of First Assists, and the Foundation Poyant Fund. In 2022, VHC Health became the first hospital in the D.C. Metro area to become a Practice Transition Accreditation Program – a national certification awarded by the ANCC for meeting global standards that transition new graduate registered nurses through their first twelve months of practice.

VHC Health prioritizes staff retention. Its strong community hospital culture, coupled with an excellent clinical reputation, makes VHC Health an employer of choice. It's strong retention rates reflect not only its culture but also its investment in employees. As but one example, VHC Health offers performance-based merit increases consistently above the industry standard. It is one of the few employers to offer 100% coverage within its PPO for VHC facility expenses, as well as those at Children's National Medical Center. VHC Health also rewards employee longevity

with increasing retirement plan matching and paid time off. As an institution, VHC qualifies for Public Service Loan Forgiveness for physicians.

The anticipated additional staffing needed to support the Alexandria ASC is 22 full-time employees (“FTEs”). Personnel will be recruited through customary channels, including the internet and print advertising, and the many schools with which VHC Health is affiliated. For many staff living south of the VHC hospital campus, the Alexandria ASC will offer an attractive work location. Additionally, the ambulatory care setting and the associated hours of operation will similarly provide a desirable workplace setting for some staff. Given its ongoing staff recruitment and retention efforts and successes, VHC Health does not anticipate an issue with recruiting the necessary number of staff.

E. Facilities and Services to be Provided (Check)

	<u>Existing</u>	<u>This Project To be Added</u>	<u>This Project to be Discontinued</u>
1. Outpatient Surgery	_____	_____ X _____	_____
2. Post Operative Recovery Room	_____	_____ X _____	_____
3. Pharmacy with full-time pharmacists part-time pharmacists	_____ _____	_____ _____	_____ _____
4. Diagnostic Radio- logical Services X-ray Radioisotope CT scanning	_____ _____ _____	_____ _____ _____	_____ _____ _____
5. Therapeutic Radio- logical Services Specify Source(s) or Type(s) or Equipment Used _____ _____	_____ _____	_____ _____	_____ _____
6. Clinical Pathology Laboratory	_____	_____	_____
7. Blood Bank	_____	_____	_____

8.	Electroencephalography	_____	_____	_____
9.	Electrocardiography	_____	_____	_____
10.	Ultrasonography	_____	_____	_____
11.	Respiratory Therapy	_____	_____	_____
12.	Renal Dialysis chronic outpatient home dialysis training	_____	_____	_____
13.	Alcoholism Service	_____	_____	_____
14.	Drug Addiction Service	_____	_____	_____
15.	Physical Therapy Department	_____	_____	_____
16.	Occupational Therapy Department	_____	_____	_____
17.	Medical Rehabilitation outpatient	_____	_____	_____
18.	Psychiatric Service outpatient emergency service	_____	_____	_____
19.	Clinical Psychology	_____	_____	_____
20.	Outpatient Emergency Service	_____	_____	_____
21.	Social Service	_____	_____	_____
22.	Family Planning Service	_____	_____	_____
23.	Genetic Counseling Service	_____	_____	_____
24.	Abortion Service	_____	_____	_____
25.	Pediatric Service	_____	_____	_____

- 26. Obstetric Service _____
- 27. Gynecological Service _____
- 28. Home Care Service _____
- 29. Speech Pathology Service _____
- 30. Audiology Service _____
- 31. Paramedical Training Program _____
- 32. Dental Service _____
- 33. Podiatric Service _____
- 34. Pre-Admission Testing _____
- 35. Pre-Discharge Planning _____ X _____
- 36. Multiphasic Screening _____
- 37. Other (Identify) _____

F. Program

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

_____ Yes (Give name of hospital)

_____ No

The proposed Alexandria ASC will be fully owned by Eisenhower, LLC, which is fully owned by VHC Health. The facility will be operated as part of VHC Health as a Medicare-certified Ambulatory Surgery Center, and as such will be organizationally part of VHC Health (albeit not as a hospital outpatient department).

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

Yes (Give name of hospital) VHC

No

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

Yes (Give name of hospital) VHC

No

The Alexandria ASC will transfer medical records to other providers as necessary for appropriate follow-up and continuity of care in accordance with applicable health records privacy laws, either electronically or via courier.

4. Outpatient services are (will be) available from 7:00 a.m. to 5:00 p.m., five days of week (**Monday – Friday**).

VHC Health plans to implement a variety of medical services in the building in the near future, to include physician services.

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

Yes (Attach clinic schedule list)

No

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

Yes No

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

(a) Only by physicians on call: Yes No

(b) By full time physicians: Yes No

(c) By physicians who limit their practice to this outpatient service? Yes No

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

VHC Health’s mission is to provide high-quality care to all patients regardless of their ability to pay for services or the payment source. There will be no restrictions or limitations for participation in the services of the proposed facility other than the scope of surgical specialties to be offered at the facility and surgeons’ qualifications for medical staff privileges; the Alexandria ASC will accept all clinically appropriate patients regardless of payor status or referring physician.

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

(i) **Historical Utilization**

VHC Historical GPOR Utilization (per VHI/EPICS data):

Metric	2021	2022	2023⁴
GPORs	17	17	13⁵
Surgical Cases	12,624	13,184	14,179
Surgical Hours	26,836	27,077	27,890
SMFP %	99%	100%	134%

(ii) **Projected Utilization**

In projecting utilization at the Alexandria ASC, VHC Health considered several factors, including those summarized briefly below.

- **VHC Health’s existing high OR utilization;**
- **Historical surgical demand of VHC Health’s outpatients;**
- **Projected utilization in relevant procedures in the specialties to be provided at the Alexandria ASC; and**
- **VHC’s service area.**

⁴ Reflects corrected number of ORs classified as general and ambulatory and their utilization as reported in VHC’s 2024 EPICS report. See Attachment V.B.

⁵ Per COPN No. VA-04689, four of VHC’s GPORs were relocated to VHC Edison, LLC, in McLean. The facility became operational in late 2022 and has changed its name to McLean Tysons Orthopedic Surgery Center, LLC.

Projected Utilization at Alexandria ASC (2 ORs):

Projected Utilization	Year 1	Year 2
Surgical Cases	2,250	2,550
Surgical Hours	2,420	2,743
SMFP %	76%	86%

H. Staffing of Existing and/or Proposed Facility

In the following categories, indicate the number of full time equivalent personnel (at least 35 hours per week).

	Current Full Time	Additional Vacant Positions	Additional Full Time	Needed TOTAL
Total number of Full-time staff	_____	_____	<u>22.0</u>	<u>22.0</u>
Administration- Business Office	_____	_____	<u>6.0</u>	<u>6.0</u>
Registered Nurses	_____	_____	<u>12.0</u>	<u>12.0</u>
Licensed Practical Nurses, Nurses Aides, Orderlies/Attendants	_____	_____	<u>4.0</u>	<u>4.0</u>
Registered Medical Records Librarian	_____	_____	_____	_____
Registered Pharmacists	_____	_____	_____	_____
Laboratory Medical Technologists	_____	_____	_____	_____
ADA Dieticians	_____	_____	_____	_____
Radiologic Technologists	_____	_____	_____	_____
Occupational Therapists	_____	_____	_____	_____
Physical Therapists	_____	_____	_____	_____

Psychologists	_____	_____	_____	_____
Psychiatric Social Workers	_____	_____	_____	_____
Recreational Therapists	_____	_____	_____	_____
Inhalation Therapists	_____	_____	_____	_____
Medical Social Workers	_____	_____	_____	_____
Other Health Professionals, Identify	_____	_____	_____	_____

All Other Personnel (Exclude Physicians and Dentists)

- I. Present a plan for obtaining all additional personnel required to staff the project following completion and identify the sources from which such personnel are expected to be obtained.

See Response to Section III.D.

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

Given VHC’s role as a teaching hospital and VHC Health’s relationships with area teaching and educational facilities as described in Section III.D above, VHC Health does not anticipate that the project will have any significant impact on staffing at other facilities in the area.

- K. Attach the following information or documents:

- 1. Copy of most recent licensing report from State Agency (existing facilities, excluding public health centers).

A copy of VHC’s 2024 license is attached. See Attachment III.K.1—2024 VHC License. VHC is accredited by The Joint Commission, whose accreditation materials are attached at Attachment III.K.2, and therefore Virginia does not conduct annual licensure inspections (or issue annual licensure reports) at the facility.

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

See Attachment III.K.2—VHC Accreditation Documentation.

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

See Attachment III.K.3—VHC Medical Staff Roster. The medical staff for the Alexandria ASC will be developed later; it will be comprised of surgeons also on the VHC medical staff.

4. Copies of letters of commitment or statement of intent from physicians indicating they will staff the proposed new facility or service upon completion (existing and proposed facilities).

See Attachment III.K.4—Letter of Commitment.

SECTION IV

**PROJECT JUSTIFICATION AND IDENTIFICATION OF
COMMUNITY NEED**

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

With this application, VHC Health seeks to accommodate its robust and growing surgical utilization and enhance access to outpatient surgical services for its patients. Specifically, the application proposes to establish a two-OR ambulatory surgery center to provide general surgery services alongside a broad range of specialized surgical services. The facility will offer existing VHC Health patients access to an option currently not offered within the VHC Health system – a multispecialty outpatient surgical facility – improving the timely delivery of care and containing health care costs.

1. VHC's ORs are overutilized.

To ensure that all its patients who currently seek surgical services within VHC's ORs have appropriate and timely access to such services, VHC Health must expand its OR capacity. In 2022, VHC's GPORs were fully utilized (i.e., at 100% of the SMFP's 1,600-hour threshold); 2023 utilization reached 134%. Such high utilization has significant implications for the delivery of care to patients. For example, the operating hours of the hospital ORs can extend long into the evenings. This can be quite challenging for patients and surgical and support staff, can lead to unnecessary overnight stays, undermines patient satisfaction and safety, and increases costs. It also complicates demand management and scheduling, often necessitating that scheduled patients' surgeries be delayed or rescheduled to accommodate more urgent patients. Rescheduled patients must then repeatedly take time off from work and make child care and transportation arrangements to be able to return for the rescheduled service. At times, perioperative preparation and diagnostic tests may need to be duplicated. In short, VHC has a demonstrated institutional need for additional OR capacity.

2. VHC lacks space to add ORs on the hospital campus.

The addition of ORs on the VHC campus would be extremely challenging and would fail to meet the specific needs identified in this application. The hospital building, which has historically housed all of the hospital's inpatient services and nearly all of its outpatient services, lacks space for any additional service capacity. While some services have recently been, or will be in the near future, relocated out of the hospital building (including four ORs,⁶ all outpatient services,⁷ and most psychiatric and

⁶ Per COPN No. VA-04689, issued 12/16/2019, four of VHC's GPORs were relocated to VHC Edison, LLC, in McLean. The facility became operational in late 2022 and operates under the name of McLean Tysons Orthopedic Surgery Center, LLC.

⁷ As part of a much-needed campus expansion, VHC Health recently opened the Outpatient Pavilion on the VHC campus, a new outpatient facility consolidating many outpatient hospital services on the VHC campus and vacating space within the hospital previously occupied by outpatient services.

rehabilitation services⁸), the gained space within the hospital building is critically necessary to meet other hospital needs. This includes the expansion of inpatient services – such as the implementation of long-approved additional medical-surgical beds⁹ – and upgrading the hospital’s small and outdated ORs to meet code requirements and enhance efficiency, thus allowing for optimal utilization of existing surgical resources.

Further, there is no space on the hospital campus to expand or build out the hospital or accommodate another building or facility; the campus is effectively maxed out on density under the applicable zoning rules. Located in the middle of a residential neighborhood, the hospital campus is also landlocked.

3. VHC Health’s patients need more diversified lower-cost off-campus care sites.

At the same time, VHC Health serves patients from a broad and growing service area whose needs cannot be efficiently and optimally met within the four walls of the hospital. Rather, VHC Health has a need to diversify accessible lower-cost care options for its patients and bring community-centered medical care closer to the neighborhoods where its patients and their families live. Such appropriate alternative settings to hospital-based services are critically important – clinically, from a care delivery perspective, and for cost-management purposes. They offer the value of greater convenience of access, better patient experience, and lower costs. Generally, costs for services in the ASC setting can be significantly lower – approximately by 25% – than costs for the same outpatient services in the hospital outpatient department setting. While VHC Health is already a low-cost provider in PD 8, surgical services furnished in the ASC setting will allow for even lower costs.

The need for more diversified outpatient settings is also consistent with national health care and reimbursement trends. As surgical and anesthesia techniques improve, more and more cases can be safely performed on an outpatient basis and in the ASC setting. Recognizing advancements in surgical techniques, anesthesia, and safety protocols, CMS has long driven the shift between care settings via its reimbursement rules. These trends have held steady over the past few years and will only accelerate in the near future.

4. VHC Health’s patients need more geographically accessible off-campus care sites.

The proposed Alexandria ASC seeks to address the above-referenced needs – VHC’s and its patients’ need for increased OR capacity and for more affordable and accessible outpatient care sites away from the busy hospital campus and within other

⁸ COPN No. VA-04888, issued 6/3/2024, authorized VHC Health to establish the VHC Health Wellness and Behavioral Health Hospital, a freestanding acute care hospital outfitted with a total of 42 psychiatric and 20 rehabilitation beds relocated from VHC, 54 new psychiatric beds, and 30 new medical rehabilitation beds.

⁹ COPN No. VA-04563, issued 5/20/2017, approved 44 additional medical-surgical beds at VHC; an additional 43 medical-surgical beds were authorized per COPN No. VA-04724, issued 11/16/2020.

areas of VHC's PSA. The location in Alexandria addresses these needs. Patient origin data indicate that significant numbers of VHC's outpatient surgical procedures originate in the Alexandria ASC PSA, long an important part of VHC's PSA. In 2023, 42% of VHC's overall surgical utilization and its outpatient surgical utilization originated in the Arlington ASC PSA.

This area is also served by comparatively fewer options for outpatient surgery than other parts of PD 8. Indeed, there is currently only one general-purpose ASC that serves the Alexandria ASC PSA – the Inova Surgery Center at Franconia/Springfield. This facility is operated as a joint venture between Inova and physician owners, serves member physicians and their patients, and is well-utilized. A second Inova outpatient surgical hospital – the Inova Oakville Ambulatory Surgery Center – has been approved in this area but is not yet operational. A key purpose of this facility is to decompress high surgical utilization at Inova Alexandria Hospital, hence aiding in the hospital's relocation and replacement, and Inova Fairfax Hospital.¹⁰ A third ASC in the area, the Healthcare Services ASC, is dedicated exclusively to vascular surgery services for dialysis patients. Neither of those facilities is a good option for existing VHC patients in need of general purpose, multi-specialty surgical services who currently travel to VHC for those services. These VHC Health patients need and would welcome a more accessible and convenient surgical site of care within the VHC Health system.

5. The Alexandria ASC optimally meets the identified needs.

Locating the proposed ORs in VHC Health's first off-campus multispecialty ASC in Alexandria will enhance geographic access for VHC Health's patients and offer them an important and otherwise unavailable option to receive outpatient surgical services in a lower-cost outpatient setting away from the hospital. The Alexandria ASC will provide a broad range of outpatient surgical specialties, including general surgery, gastroenterology, orthopedics, gynecology, ophthalmology, and otolaryngology. Additionally, the proposed surgical services would be complemented by other outpatient services (including primary care, specialist clinics, outpatient lab and other diagnostic services, and physical therapy services), creating a central outpatient care hub for VHC Health patients in the service area and in convenient proximity to many existing VHC physician office locations and other sites of care. See Attachment IV.A.5—VHC Health Patient Care Locations and Physician Group Locations.

Importantly, the proposal would decompress high utilization of the hospital ORs. Shifting some outpatient utilization away from the hospital campus to the Alexandria ASC would not only alleviate the overutilization of the hospital's surgical department but also allow for better delineation of services and patients based on acuity and thus more efficient delivery of care. In doing so, the project will reduce costs for patients, payors, and the health care system overall. Notably, although VHC's ORs will remain available to outpatients who require surgical services on the hospital campus

¹⁰ See, e.g., COPN Request No. VA-8576, COPN Application at 23-24.

(whether for acuity reasons or otherwise), most surgical outpatients originating in the Alexandria ASC PSA will be able to receive surgical services at the proposed ASC.

See also Response to Section III.

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.)

The PSA for VHC includes Arlington County, Falls Church City, and parts of Alexandria City and Fairfax County.

The PSA for the proposed Alexandria ASC is provided below.

ZIP	Jurisdiction	State
22201	ARLINGTON	VA
22203	ARLINGTON	VA
22205	ARLINGTON	VA
22202	ARLINGTON	VA
22206	ARLINGTON	VA
22041	FALLS CHURCH	VA
22314	ALEXANDRIA	VA
22003	ANNANDALE	VA
22304	ALEXANDRIA	VA
22312	ALEXANDRIA	VA
22302	ALEXANDRIA	VA
22209	ARLINGTON	VA
22015	BURKE	VA
22044	FALLS CHURCH	VA
22310	ALEXANDRIA	VA
22150	SPRINGFIELD	VA
22311	ALEXANDRIA	VA
22301	ALEXANDRIA	VA
22315	ALEXANDRIA	VA
22152	SPRINGFIELD	VA
22305	ALEXANDRIA	VA
22204	ARLINGTON	VA
22211	FORT MYER	VA
22214	ARLINGTON	VA
22304	ALEXANDRIA	VA
22303	ALEXANDRIA	VA
22151	SPRINGFIELD	VA

A map of the PSA for the Alexandria ASC is provided at Attachment IV.B.1(ii)—Proposed Primary Service Area Map.

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

See Attachment IV.B.2—Patient Origin Data.

- 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)

See Attachment IV.E—Consistency with SMFP, Exhibit A (Existing and Authorized ORs).

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

In this application, VHC Health proposes to establish its first full-service off-campus ASC to serve existing patients residing in the Alexandria ASC PSA. The project seeks to meet a twofold institutional need – a need to decompress high on-campus utilization and a need to offer VHC Health patients the option to receive outpatient surgical services in a lower-cost, dedicated outpatient setting. None of the existing providers can meet either of those needs. Within the Alexandria ASC PSA itself, there is currently only one general-purpose ASC that serves the Alexandria ASC PSA – the Inova Surgery Center at Franconia/Springfield. This facility is operated as a joint venture between Inova and physician owners, serves member physicians and their patients, and is well-utilized. A second Inova outpatient surgical hospital – the Inova Oakville Ambulatory Surgery Center – has been authorized in this area but is not yet operational. This facility was approved based on an institutional need to decompress high surgical utilization at Inova Alexandria Hospital, hence aiding in the hospital’s relocation and replacement, and Inova Fairfax Hospital.¹¹ Neither of those facilities is a good alternative for VHC Health patients who need general or multi-specialty surgical services. These patients effectively have no options for off-campus surgical care in the proposed area.

As the only independent, community-based hospital in Northern Virginia and one of the lowest-cost providers in PD 8, VHC has a

¹¹ **See, e.g.,** COPN Request No. VA-8576, COPN Application at 23-24, 30-31.

particularly acute need to ensure that its patients have convenient geographic and financial access to appropriate care settings. Currently, however, its patients lack access to a multi-specialty/general purpose outpatient surgical hospital. The proposed Alexandria ASC will close that gap in care delivery settings and offer VHC Health's patients the opportunity to receive outpatient surgical services in a freestanding ASC.

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

None of the existing PD 8 providers can meet the need for VHC Health's proposal now, and none will be able to do so in five years. VHC Health's existing surgical services are overutilized; the 13 ORs on the hospital campus operated at 134% in 2023. Utilization is expected to grow, as is the need to shift cases to the ASC setting. Consistent with VHC Health's long-range plan, the proposal will significantly enhance VHC Health's ability to meet the growing needs of all its patients and provide them with timely access to high-quality care.

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

In this application, VHC Health proposes to establish the Alexandria ASC, a facility licensed as an outpatient surgical hospital and operated as a Medicare-certified ASC, in Alexandria. At the proposed location, the ASC will be co-located with complementary outpatient services, including primary care, specialist clinics, outpatient lab, diagnostics, and physical therapy services.

The project responds to an institutional need of VHC Health and its patients in two important ways. First, the proposed facility is needed to address significant GPOR capacity constraints on the VHC campus. In 2023, VHC's 13 GPORs were heavily utilized and operated at 134%. While the need for additional OR capacity at VHC is unequivocal, the crowded and landlocked campus lacks space to address that need in an efficient and effective manner. The proposed off-site expansion allows VHC Health to address VHC's institutional need for additional OR inventory that cannot be met via on-site expansion and to decompress overall campus congestion. The proposed ASC will support decompression of the high surgical demand on VHC's GPORs by shifting certain outpatient surgical cases appropriate for the freestanding ASC setting away from the hospital to the lower-cost ASC setting. Indeed, VHC's outpatient surgery volumes originating in the Alexandria ASC PSA constitute 42% of the hospital's overall outpatient volumes. The vacated capacity at the hospital will also allow VHC to reduce wait times for surgical services and accommodate additional capacity for various surgical specialties.

Second, the Alexandria ASC will provide VHC Health patients residing in the PSA and the surrounding communities with access to surgical services closer to home in a more affordable, dedicated outpatient setting. These patients currently lack a VHC Health option for lower-cost ambulatory surgery away from the busy hospital campus. The proposed facility will increase health care infrastructure in a well-populated, relatively fast growing and aging area of PD 8 by improving the distribution of, and access to, surgical services for VHC Health patients in the PSA, reducing the need for outpatients to obtain surgical treatment at the hospital. This, in turn, will free up capacity at VHC for higher-acuity outpatients and inpatients. For VHC Health to fulfill its important role as the sole remaining independent hospital provider in PD 8, an academic medical center, and Level 2 Trauma Center, ample GPOR capacity on the hospital campus must be available to serve the significant volumes of high-acuity patients that require inpatient hospital resources.

- 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.

See Attachment IV.E—Consistency with SMFP.

- 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.

See Section III.G—Projected Utilization.

- 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.)

VHC Health participates in a variety of collaborative arrangements with other providers. These include:

- **Georgetown University School of Medicine:** For more than 50 years, VHC Health has provided clinical education experiences to Georgetown University School of Medicine students, and many VHC Health physicians also serve as professors at the school.
- **Medstar Georgetown University and Medstar Washington Hospital Center:** As an affiliate of the Medstar facilities' graduate medical education residency programs, VHC hosts clinical training rotations for Medstar's internal medicine, obstetrics/gynecology, general surgery, and pediatric residents.

- **Kaiser Permanente:** In 2010, Kaiser selected VHC as its “core” hospital for medical-surgical services in Northern Virginia, and VHC became a Kaiser Premier Hospital – a designation based on a third-party evaluation of safety and quality metrics.
- **Children’s National Medical Center:** In 2012, VHC Health and the Children’s National Medical Center joined together to provide more advanced care in VHC’s neonatal unit. Under this arrangement, the Children’s National Medical Center neonatology team manages VHC’s Level III nursery. Children’s National Medical Center was ranked 5th in the nation in the U.S. News & World Report’s 2023-2024 “Best Children’s Hospital” ranking and 2nd for neonatology services.
- **McLean Tysons Orthopedic Surgery Center:** VHC Health, through a joint venture with local orthopedic surgeons, developed the McLean Tysons Orthopedic Surgery Center, VHC’s only outpatient surgical hospital.

H. Attach copies of the following documents:

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

See Attachment IV.H.1—Map of Existing Surgical Facilities.

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

See Attachment IV.H.2—Letters of Support.

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

See Attachment IV.H.3—Notification Letters.

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.

Per diem rates in contracts are proprietary and subject to contractual confidentiality provisions; however, the chart below lists VHC Health’s publicly available reimbursement arrangements. For information regarding comparisons of VHC Health’s charges, costs and productivity/utilization, please refer to Attachment V.B—VHC 2023 VHI EPICS Report.

Payer	Type of Contract
Medicare	DRG
Medicaid	Per Diem/DRG
Virginia Bureaus (MCH, BCC, BFP)	Claim Agreement

- 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**
Provide a copy of report(s) which provide(s) the basis for comparison.

See Attachment V.B—VHC 2023 VHI EPICS Report.

- C.-E. 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>\$3,602,500</u> |
| 2. | Cost of labor (<u>included above</u>) | \$ <u> </u> |

3.	Equipment included in construction contract	\$ _____
4.	Builder's overhead	\$ _____
5.	Builder's profit	\$ _____
6.	Allocation for contingencies	<u>\$574,146</u>
7.	Sub-total (add lines 1 thru 6)	<u>\$4,176,646</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>Major surgical equipment</u>	<u>\$2,200,000</u>
	b. <u>Minor equipment (e.g., workstations, scopes, boons, etc.)</u>	<u>\$850,000</u>
	c. <u>IT</u>	<u>\$380,000</u>
	d. <u>Furnishings/Signage</u>	<u>\$230,000</u>
	e. <u>Security</u>	<u>\$12,500</u>
	f. <u>Contingency</u>	<u>\$585,302</u>
9.	Sub-total (add lines 8a thru 8e)	<u>\$4,257,802</u>

Part III – Site Acquisition Costs¹²

10.	Full purchase price	\$ _____
11.	For sites with standing structures	\$ _____
	a. purchase price allocable to structures	\$ _____
	b. purchase price allocable to land	\$ _____
12.	Closing costs	\$ _____
13.	If leasehold, lease expense for the entire term of the initial lease	\$ _____

¹² Not applicable; VHC Health owns the building at 3601 Eisenhower Avenue in its entirety.

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>\$638,447</u>
30.	Architect's supervision fee	\$ _____
31.	Engineering fees	\$ _____
32.	Consultant's fees	\$ _____
33.	Sub-total (add lines 29 thru 32)	<u>\$638,447</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	\$ _____
37.	List other taxes:	
	a. _____	\$ _____
	b. _____	\$ _____
38.	Sub-total (add lines 36 thru 37b)	\$ _____

Part IX-A – HUD Section 232 Financing

39.	Estimated construction time(in months)	_____
40.	Dollar amount of construction loan	\$ _____
41.	Construction loan interest rate	_____ %
42.	Estimated construction loan interest costs	\$ _____
43.	Term of financing (in years)	_____
44.	Interest rate on permanent loan	_____ %

45. FHA mortgage insurance premium \$ _____
46. FHA mortgage fees \$ _____
47. Financing fees \$ _____
48. Placement fees \$ _____
49. AMPO (non-profit only) \$ _____
50. Title and recording fees \$ _____
51. Legal fees \$ _____
52. Total interest expense on permanent mortgage loan \$ _____
53. Sub-total Part IX-A HUD Section 232 Financing (add lines 42, 45, 46, 47, 48, 49, 50 and 51) \$ _____

Part IX-B – Industrial Development Authority Revenue and General Obligation Bond Financing (Circle selected method of financing)

54. Method of construction financing (construction loan, proceeds of bond sales, if other, specify)

- If construction is to be financed from any source other than bond sale proceeds, answer question 56 through 58. Otherwise, proceed to question 59.
55. Estimated construction time (in months) _____
56. Dollar amount of construction loan \$ _____
57. Construction loan interest rate _____ %
58. Estimated construction loan interest cost \$ _____
59. Nature of bond placement (direct, underwriter, if other, specify)

60. Will bonds be issued prior to the beginning of construction? _____ Yes _____ No

61. If the answer to question 60 is yes,
how long before (in months)? _____
62. Dollar amount of bonds expected to be
sold prior to the beginning of construction \$ _____
63. Will principal and interest be paid
during construction or only interest? _____
64. Bond interest expense prior to the
beginning of construction(in dollars) \$ _____
65. How many months after construction
begins will last bond be sold? _____
66. Bond interest expense during construction \$ _____
67. What percent of total construction will be
Financed from bond issue? \$ _____
68. Expected bond interest rate _____ %
69. Anticipated term of bond issued (in years) _____
70. Anticipated bond discount (in dollars) _____
71. Legal costs \$ _____
72. Printing costs \$ _____
73. Placement fee \$ _____
74. Feasibility study \$ _____
75. Insurance \$ _____
76. Title and recording fees \$ _____
77. Other fees (list each separately)
- a. _____ \$ _____
- b. _____ \$ _____
- 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 loan interest rate _____ %
- 84. Estimated construction loan interest cost
(in dollars) \$ _____
- 85. Term of long term financing (in years) _____
- 86. Interest rate on long term loan _____ %
- 87. Anticipated mortgage discount (in dollars) \$ _____
- 88. Feasibility study \$ _____
- 89. Finder’s fee \$ _____
- 90. Legal fees \$ _____
- 91. Insurance \$ _____
- 92. Other fees (list each separately)
_____ \$ _____
- 93. _____ \$ _____
- 94. Total permanent mortgage loan
interest expense (in dollars) \$ _____
- 95. Sub-total Part IX_C (add lines 84 & 88 thru 93) \$ _____

96.	Sub-total Part I	Direct Construction Cost (line 7)	<u>\$4,176,646</u>
97.	Sub-total Part II	Equipment not included in construction contract (line 9)	<u>\$4,257,802</u>
98.	Sub-total Part III	Site Acquisition Costs (line 15)	\$ _____
99.	Sub-total Part IV	Site Preparation Cost (line 23)	\$ _____
100.	Sub-total Part V	Off-Site Costs (line 28)	\$ _____
101.	Sub-total Part VI	Architectural and Engineering fees (line 33)	<u>\$638,447</u>
102.	Sub-total Part VII	Other Consultant fees (line 35)	\$ _____
103.	Sub-total Part VIII	Taxes During Construction (line 38)	\$ _____
104.	Sub-total Part IX-A	HUD-232 Financing (line 53)	\$ _____
105.	Sub-total Part IX-B	Industrial Development Authority Revenue & General Revenue Bond Financing (line 80)	\$ _____
106.	Sub-total Part IX-C	Conventional Loan Financing (line 95)	\$ _____
107.	TOTAL CAPITAL COST (lines 96 thru 106)		<u>\$9,070,895</u>
108.	Percent of total capital costs to be financed		\$ _____
109.	Dollar amount of long term mortgage (line 107 x 108)		\$ _____
110.	Total Interest Cost on Long Term Financing		\$ _____
	a.	HUD-232 Financing (line 53)	\$ _____
	b.	Industrial Development Authority Revenue & General Revenue Bond Financing (line 79)	\$ _____
	c.	Conventional Loan Financing (line 94)	\$ _____
111.	Anticipated Bond discount		
	a.	HUD-232 Financing (line 53)	\$ _____

- | | | |
|------|--|---------------------------|
| | b. Industrial Development Authority Revenue &
General Revenue Bond Financing (line 70) | \$ _____ |
| | c. Conventional Loan Financing (line 87) | \$ _____ |
| 112. | TOTAL CAPITAL AND FINANCING COST
(ADD LINES 107, 110a, b or c AND 111a, b or c) | <u>\$9,070,895</u> |
| D. | 1. Estimated costs for new construction (excluding site
acquisition costs) | <u>\$4,176,646</u> |
| | 2. Estimated costs of modernization and renovation
(excluding site acquisition costs) | \$ _____ |
| E. | Anticipated Sources of Funds for Proposed Project | Amount |
| | 1. Public Campaign | \$ _____ |
| | 2. Bond Issue (Specify Type) _____ | \$ _____ |
| | 3. Commercial Loans | \$ _____ |
| | 4. Government Loans (Specify Type) _____ | \$ _____ |
| | 5. Grants (Specify Type) _____ | \$ _____ |
| | 6. Bequests | \$ _____ |
| | 7. Private Foundations | \$ _____ |
| | 8. Endowment Income | \$ _____ |
| | 9. Accumulated Reserves | \$ _____ |
| | 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 proposed project will be financed from VHC Health's accumulated reserves. | |
| 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.

Not applicable. The project will be financed from accumulated reserves.

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

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

The existing room rates are as follows:

Average Inpatient Room Board Charges, 2024

Day Type	Charge
ICU/CCU	\$2,699
Nursery Level I	\$2,857
Nursery Level II	\$3,641
Nursery Level III	\$4,444
Psychiatric	\$1,290
Rehab	\$1,290
Routine – General	\$1,737
Routine - Intermediate Care	\$1,722

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

See Attachment V.H.2—VHC Health Audited Financial Statements.

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

See Attachment V.H.3—Pro Forma.

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 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

1701 N. George Mason Drive

 Address – Line 1

Adrian Stanton

 Type/Print Name of Authorizing Officer

 Address – Line 2

Vice President
Real Estate Acquisition and Development
VHC Health

 Title of Authorizing Officer

Arlington, VA 22205

 City/State/Zip

703-558-6319

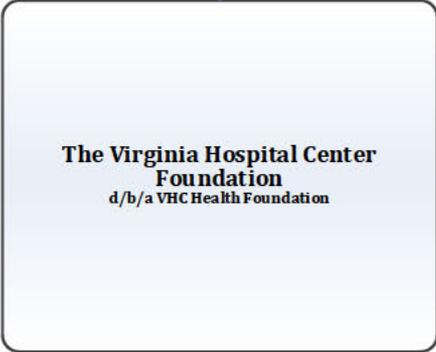
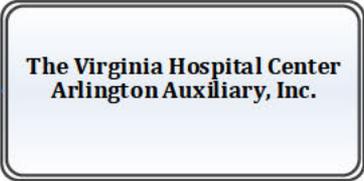
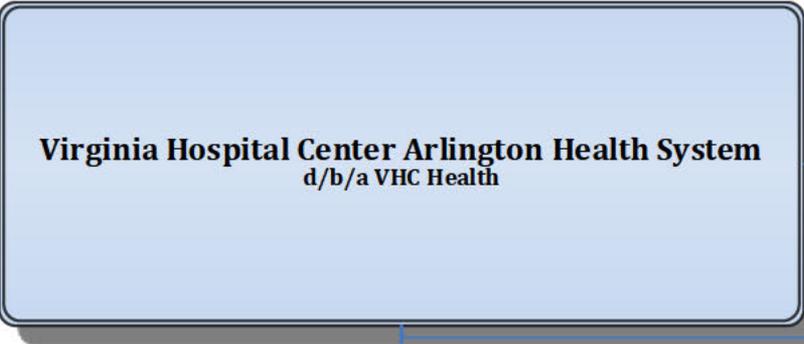
 Telephone

July 31, 2024

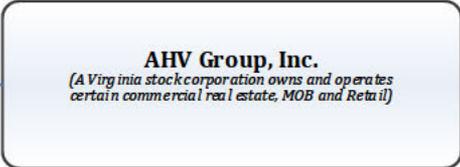
 Date

Copies of this request should be sent to:

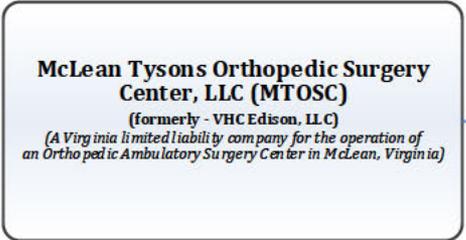
- A. **Virginia Department of Health**
Division of Certificate of Public Need
9960 Mayland Drive – Suite 401
Henrico, Virginia 23233
- B. **The Regional Health Planning Agency if one is currently designated by the Board of Health to serve the area where the project would be located.**



Real Estate Holding Companies



Joint Ventures



SPACE TABULATION

(SECTION II-E)

PROJECT NAME

COPN Request No.

Level 6

Item E2c - Total Number of SqFt (Gross and Net) by Department for each type of patient room
July 29, 2024

6th Floor

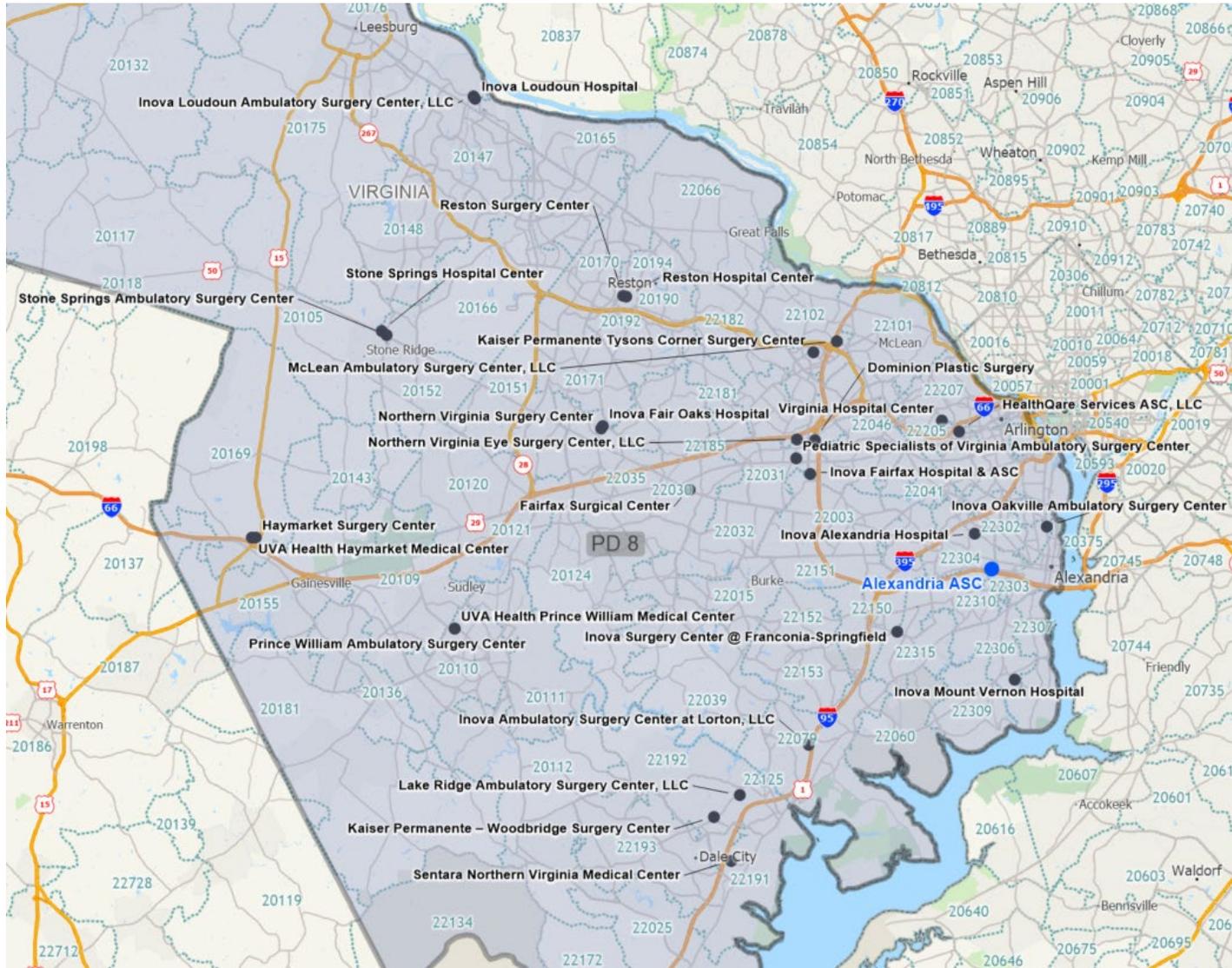
Room/Space Description	Room Net SF	Room Gross SF			
ANESTHESIA	171	184			
BUSINESS OFFICE	263	283			
CLEAN SUPPLY	99	107			
CLEAN SUPPLY	86	93			
CLEAN SUPPLY	133	143			
CLEAN SUPPLY & EQUIPMENT	131	141			
CONSULT	113	122			
CONTROL	81	87			
CORRIDOR (ADMIN/STAFF)	995	1,071			
CORRIDOR (P/R)	2,639	2,840			
CORRIDOR (PACU)	428	461			
CORRIDOR (SURGERY)	1,190	1,281			
DECONTAMINATION	311	335			
EQUIPMENT	67	72			
EQUIPMENT STORAGE	377	406			
EVS	30	32			
EVS	38	41			
GENERAL STORAGE	322	347			
IMPLANTS	125	135			
MEDS	61	66			
MEN'S LOCKERS	253	272			
MEN'S TLT/SHWR	70	75			
NOURISHMENT	22	24			
NURSE STATION	82	88			
NURSE STATION	82	88			
NURSE STATION	142	153			
NURSE STATION	116	125			
OFFICE	86	93			
OFFICE	101	109			
OFFICE	88	95			
OR 1	653	703			
OR 2	661	711			
PACU 1	115	124			
PACU 2	115	124			
PACU 3	113	122			
PACU 4	115	124			
PACU 5	124	133			
PAT. TOILET	50	54			
PAT. TOILET (PR 12)	67	72			
PATIENT TOILET	52	56			
PATIENT TOILET	52	56			
PREP./RECOVERY 1	106	114			
PREP./RECOVERY 2	109	117			
PREP./RECOVERY 3	111	119			
PREP./RECOVERY 4	109	117			
PREP./RECOVERY 5	123	132			
PREP./RECOVERY 6	108	116			
PREP./RECOVERY 7	109	117			
PREP./RECOVERY 8	111	119			
PREP./RECOVERY 9	108	116			
PREP./RECOVERY 10	108	116			
PREP./RECOVERY 11	108	116			
PREP./RECOVERY 12 (PRIVATE)	115	124			
PREP./RECOVERY 13	120	129			
PREP./RECOVERY 14	119	128			
PREP./RECOVERY 15	119	128			
PREP./RECOVERY 16	120	129			
PREP./RECOVERY 17	118	127			
PREP./RECOVERY 18	123	132			
PREP./RECOVERY 19	118	127			
PREP./RECOVERY 20	113	122			
PREP./RECOVERY 21	115	124			
PREP./RECOVERY 22	115	124			
PREP./RECOVERY 23	113	122			
PREP./RECOVERY 24	115	124			
PREP./RECOVERY 25	113	122			
PROCEDURE 1	677	729			
PROCEDURE 2	661	711			
RECEPTION	251	270			
SOILED	206	222			
SOILED	46	50			
SOILED	71	76			
STAFF BREAK	363	391			
STAFF TOILET	49	53			
STAFF TOILET	51	55			
STERILE PROCESSING & STORAGE	1,797	1,934			
VENDOR	138	149			
WAITING	2,004	2,157			
WOMEN'S LOCKER RM	249	268			
WOMEN'S TLT/SHWR	70	75			
Subtotal	20,298	21,843			
Non-Program Spaces:					-
SHELL SPACE	2,632				
EXIST. ELECTRICAL	125				
EXIST. MECHANICAL	466				
EXIST. ELEV. LOBBY	253				
EXIST. PUBLIC RESTROOMS	626				
Subtotal:	4,102				
Totals			24,400	26,257	
			Extended Gross SF	Overall Floor Gross SF	

Note 1: Extended Gross area includes the entire floor less elevators, stairways and shafts typically part of Building Gross. Each individual space is grossed up to include proportionate amount of corridor, passageway, lobbies and common space Overall floor gross includes exterior wall, stairs, shafts and elevators



COPN Request No. VA-8778

Attachment IV.H.1 Map of Existing Surgical Facilities in PD 8





J. R. Salameh, MD, FACS, FASMBS
Medical Director, Center for Bariatric Surgery
General Surgery Residency Site Director
Virginia Hospital Center
Professor of Clinical Surgery
Georgetown University School of Medicine

July 23, 2024

Karen Shelton, M.D., FACOG
State Health Commissioner
Virginia Department of Health
109 Governor Street
Madison Building, 13th Floor
Richmond, VA 23219

**RE: COPN Request No. VA-8778
Eisenhower, LLC
Establish an Outpatient Surgical Hospital
With Two Operating Rooms
Planning District 8**

Dear Dr. Shelton,

I write in support of the above-referenced Certificate of Public Need application – a request by Eisenhower, LLC, a wholly owned subsidiary of Virginia Hospital Center Arlington Health System d/b/a VHC Health (“VHC Health”), to establish an ambulatory surgery center (“ASC”) in Alexandria. The ASC will allow Virginia Hospital Center (“VHC”) to free up much-needed capacity at the hospital to better serve higher-acuity patients while providing VHC Health outpatients with an alternative, lower-cost site of care. The facility will be VHC Health’s first off-campus multi-specialty ASC and will offer outpatient general surgery services alongside a variety of specialized outpatient services, including gastroenterology, gynecology, and otolaryngology.

I am a board-certified and fellowship-trained general and bariatric surgeon and currently serve as the Vice-chief of the Surgery Department in the VHC Health Physician Group and the Medical Director of the Bariatric and Metabolic Health Center at VHC. I am also the immediate past Chairman of the Department of Surgery at VHC having served in that role for 10 years. In that capacity, I routinely utilize the surgical services at the hospital and I am fully aware of the exact and unmet needs for our surgical patients. I routinely operate on patients requiring lower-acuity outpatient surgical procedures such as laparoscopic cholecystectomies and various hernia repairs – procedures which do not necessitate the expensive resources of a hospital setting. Indeed, many such ambulatory general surgical procedures are clinically appropriate for – and in fact preferably performed in – a dedicated and lower-cost outpatient setting such as the ASC.

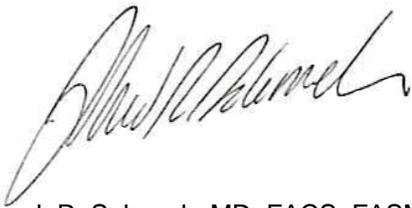
I have been at VHC since 2007, in various leadership positions within the Department of Surgery and I have witnessed during this time the utilization of our surgical services continuously grow. The operating rooms are beyond capacity and are increasingly strained by the competing demands of our multiple patient populations, including low-acuity outpatients as well as high-acuity complex trauma patients. I have had on many occasions to cancel, reschedule and delay some lower-acuity outpatient surgeries due to insufficient surgical capacity at VHC, which is taken up by patients with more urgent needs.

The proposed outpatient surgical center is optimally situated to meet the needs of our patients for more availability and better geographic, financial, and logistic access to VHC Health's surgical services. It will be located centrally in the area known as Alexandria City or the West End, a longstanding part of VHC Health's service area. This part of Northern Virginia is home to many VHC Health patients and a variety of existing and proposed developments and projected to continue to grow in the near future. The ASC will offer outpatients who do not require the more extensive resources of an inpatient setting a welcome alternative site of care, enhancing access to VHC Health's high-quality specialized surgical services in a lower-cost setting.

In short, the project is critically needed not only to expand VHC's operating room capacity so that it can meet existing and growing demand but also to diversify its delivery models and settings and ensure its ability to provide timely, accessible, and affordable care in its service area communities.

On behalf of our many patients, I respectfully request that you approve the proposal. Thank you for your time and consideration. Please let me know of any questions.

Sincerely,

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

J. R. Salameh, MD, FACS, FASMBS



1701 N. George Mason Drive • Arlington, VA 22205
703.558.5000 • vhchealth.org

July 31, 2024

Karen Shelton, M.D., FACOG
State Health Commissioner
Virginia Department of Health
109 Governor Street
Madison Building, 13th Floor
Richmond, VA 23219

**RE: COPN Request No. VA-8778
Eisenhower, LLC
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I am a board-certified Internal Medicine physician and serve as both a practicing physician and the chief of the primary care division at VHC. In this capacity, I help my patients manage all aspects of their health. In addition to diagnosing and treating illnesses, injuries and other health conditions, I frequently refer patients to surgical specialists for needed additional ambulatory surgical care. Many ambulatory surgical procedures are clinically appropriate for – and in fact preferably performed in – a dedicated and lower-cost outpatient setting such as the ASC.

During my tenure, I have witnessed the utilization of our surgical services continuously grow. VHC’s operating rooms are beyond capacity, increasingly strained to meet the competing

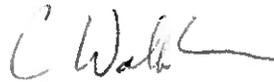
demands of our multiple patient populations, including low-acuity outpatients as well as high-acuity complex trauma patients. Many of my outpatients are affected by the insufficient surgical capacity at the hospital; their procedures must at times be rescheduled or delayed to a later time during the day to accommodate patients presenting at VHC with more urgent needs.

The proposed outpatient surgical center is optimally situated to meet the needs of our patients for more availability and better geographic, financial, and logistic access to VHC Health's surgical services. It will be located centrally in the area known as Alexandria City or the West End, a longstanding part of VHC Health's service area. This part of Northern Virginia is home to many VHC Health patients and a variety of existing and proposed developments and projected to continue to grow in the near future. The ASC will offer outpatients who do not require the more extensive resources of an inpatient setting a welcome alternative site of care, enhancing access to VHC Health's high-quality specialized surgical services in a lower-cost setting.

In short, the project is critically needed not only to expand VHC's operating room capacity so that it can meet existing and growing demand but also to diversify its delivery models and settings and ensure its ability to provide timely, accessible, and affordable care in its service area communities.

On behalf of our many patients, I respectfully request that you approve the proposal. Thank you for your time and consideration. Please let me know of any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "C Walsh".

Christopher Walsh, MD, FACP

COPN Request No. VA-8778
Attachment V.H.3 - Pro Forma
Alexandria ASC

	Year 1	Year 2
OP Gross Patient Revenue	9,071,367	10,537,905
Total Gross Patient Revenue	\$ 9,071,367	\$ 10,537,905
Contractual Allowances	5,079,966	5,901,227
Bad Debt Allowances	90,714	105,379
Charity Allowances	272,141	316,137
Net Patient Service Revenue	3,628,547	4,215,162
Salaries & Wages	\$ 1,400,000	\$ 1,442,000
Employee Benefits	210,000	216,300
Supplies Expense	798,280	931,859
Other Operating Expenses	217,713	252,910
Depreciation	453,545	453,545
Total Operating Expenses	\$ 3,079,538	\$ 3,296,614
Operating Income (loss)	\$ 549,009	\$ 918,548
<i>Operating Margin</i>	<i>15.13%</i>	<i>21.79%</i>
Net Income	\$ 549,009	\$ 918,548
Surgery Cases	2,250	2,550

Assumptions:

1. Gross and net revenue for the proposed services are based on Medicare ASC reimbursement rates.
2. Number of procedures is based on the utilization projections as described in the application.
3. Charity care reflects VHC's system-wide charity care condition of 3.0%.
4. Bad debt is based on historical experience for outpatient surgical services.
5. Allocated expenses are based on VHC's cost accounting system and include facility costs, billing and collection costs, ASC administration, and general service costs.
6. Depreciation for the facility is based on an average useful life of 20 years.