MAT-SU REGIONAL
MEDICAL CENTER

Certificate of Need Application: Establish Inpatient Adult Behavioral Health Services in the Mat-Su Borough

June 27, 2017

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CERTIFICATE OF NEED APPLICATION

APPLICANT IDENTIFICATION AND CERTIFICATION OF ACCURACY

1. Applicant Identification

Facility Name Mat-Su Regional Medical Center	**Medicaid Provider Number** 1006079
Facility Address Mat-Su Regional Medical Center 2500 S. Woodworth Loop, PO Box 1687 Palmer, Alaska 99645	**Medicare Provider Number** Acute: 020006, NPI 1417975061 Swing: 02U006, NPI 1003838384
Name and mailing address of organization that operates the facility Community Health Systems, Inc 4000 Meridian Blvd Franklin, Tennessee 37067	
Facility Administrator David Wallace Chief Executive Officer 2500 S. Woodworth Loop, PO Box 1687 Palmer, Alaska 99645	**Telephone** (907) 861-6000 **Facsimile** (907) 861-6559 **E-mail** d.wallace@msrmc.com
Applicant Mat-Su Regional Medical Center 2500 S. Woodworth Loop, PO Box 1687 Palmer, Alaska 99645	**Telephone** (907) 861-6000 **Facsimile** (907) 861-6559
Principal Contact Person Jared C. Kosin Director of Business Development 2500 S. Woodworth Loop, PO Box 1687 Palmer, Alaska 99645	**Telephone** (907) 861-6518 **Facsimile** (907) 861-6559 **E-mail** j.kosin@msrmc.com

2. Ownership Information

A. Type of Ownership (*check applicable category*)

For profit: individual	Not for profit: government
For profit: partnership	Not for profit: corporation
✓ **For profit: corporation**	Other (specify): _____

B. List of all Owners *(Page 2 of application)*

C. Accreditation Information *(Page 2 of application)*

3. Agreement to participate in the Uniform Statewide Reporting System

I hereby agree to participate in the uniform statewide reporting system required under AS 18.07.101 when requested to do so under 7 AAC 07.105(c).

4. Certification of Accuracy by Certifying Officer of the Organization

I hereby certify that the information contained in this application, including all documents that form any part of it, is true, to the best of my knowledge and belief. I agree to provide, within 60 days from receipt of a request from the department under 7 AAC 07.050(b), any additional information needed by the department to make a decision.

Name David Wallace	**Title** Chief Executive Officer
Signature	**Date**

Section I. General Applicant Information (Continued)

For Part 2.B. of the application form, provide the following ownership information under each requirement, using as much space as necessary to provide complete information:

(1) For individual owners and partnerships, list the names, titles, organizational name, mailing and street addresses, and telephone and facsimile numbers of the owner or partners.

Not Applicable: Mat-Su Regional Medical Center is neither individually owned nor owned as a partnership. Rather, it is a limited liability company doing business as Mat-Su Regional Medical Center. Therefore, owners are listed in (2) below.

(2) For corporations, list the names, titles, and addresses of the corporate officers and Board of Directors. If the facility is a subsidiary of another company or has multiple owners, provide the names and addresses of all of the companies that have ownership in the facility.

Applicable: Mat-Su Regional Medical Center's exact legal name is Mat-Su Valley Medical Center, LLC DBA Mat-Su Regional Medical Center. The two governing owners are Community Health Systems Professional Services Corporation (for-profit entity) and Mat-Su Health Foundation (not-for-profit entity). Community Health Systems Professional Services Corporation is also under contract to manage the facility. See the next two pages for names, titles, and addresses of officers and board of directors.

(3) For governmental or other nonprofit owners, list the names and addresses of hospital board members.

Not Applicable: See above.

For Part 2.C. of the application form, provide the following information:

Is this facility accredited or certified by a recognized national organization? ✓ **Yes** ☐ **No**

Accreditation: Mat-Su Regional Medical Center is accredited by the Joint Commission. The most recent accreditation is dated 3/3/17. The most current accreditation is enclosed on page 5.

COMMUNITY HEALTH SYSTEMS, INC				
BOARD OF DIRECTORS	**EXECUTIVE LEADERSHIP**	**OFFICERS**		**ADDRESS**
Wayne T. Smith	Wayne T. Smith	Martin J. Bonick	Tim G. Marlette	Community Health Systems, Inc 4000 Meridian Blvd. Franklin, Tennessee 37067
Chairman of the Board and	*Chairman of the Board and*	*President—Division I Operations*	*Senior Vice President and Chief Purchasing Officer*	
Chief Executive Officer	*Chief Executive Officer*			
		Michael T. Portacci	Justin D. Pitt	
John A. Clerico	Tim L. Hingtgen	*President—Division II Operations*	*Senior Vice President and Chief Litigation Counsel*	
Co-founder and Chairman	*President and Chief Operating Officer*			
ChartMark Investments, Inc.		P. Paul Smith	Pamela T. Rudisill	
	Lynn T. Simon, M.D.	*President—Division III Operations*	*Senior Vice President and Chief Nursing Officer*	
James S. Ely III	*President of Clinical Services and*			
Founder and Chief Executive Officer	*Chief Medical Officer*	John W. McClellan III	Ronald J. Shafer	
PriCap Advisors LLC (formerly known as		*President—Division IV Operations*	*Senior Vice President—Human Resources*	
Priority Capital Management LLC)	Thomas J. Aaron			
	Executive Vice President and	Andrea E. Bosshart	Manish H. Shah	
John A. Fry	*Chief Financial Officer*	*Senior Vice President—Corporate Compliance*	*Senior Vice President and Chief Information Officer*	
President		*Officer and Privacy Officer*		
Drexel University	Ben Fordham		Richard T. P. Willis	
	Executive Vice President and	T. Mark Buford	*Senior Vice President of Managed Care*	
William Norris Jennings, M.D.	*General Counsel and Assistant Secretary*	*Senior Vice President—Internal Audit*		
Former Managing Partner			Edward W. Lomicka	
Southend Medical Clinic	Martin G. Schweinhart	Larry M. Carlton	*Vice President and Treasurer*	
	Executive Vice President of Administration	*Senior Vice President—Revenue Management*		
Julia B. North				
Former President—Consumer Services		Tomi J. Galin		
BellSouth Telecommunications		*Senior Vice President—Corporate Communications,*		
		Marketing and Public Affairs		
Tim Hingtgen				
Member of the Board		Kevin J. Hammons		
President and Chief Operating Officer		*Senior Vice President and Chief Accounting Officer*		
H. James Williams, Ph.D.		Michael M. Lynd		
President		*Senior Vice President—Financial Services*		
Mount St. Joseph University				

Source: www.chs.net

MAT-SU HEALTH FOUNDATION		
BOARD OF DIRECTORS		**ADDRESS**
Scott Johannes	Jerry Troshynski	Mat-Su Health Foundation 950 E. Bogard Rd, Suite 218 Wasilla, Alaska 99654
Chair	*Member*	
Mary Olson	Fred Van Wallinga	
Vice Chair	*Member*	
Ken Kincaid	Randy Westbrook	
Secretary Treasurer	*Member*	
Talis Colberg		
Member		
Annie Bill		
Member		
Nathan Dahl		
Member		
Lisa Wade		
Member		
Keith Kehoe		
Member		
Lebron McPhail		
Member		
Teri Namtvedt		
Member		
Richard Porter		
Member		
Jody Simpson		
Member		

Source: http://www.healthymatsu.org/

The Joint Commission

May 26, 2017

John Lee
CEO
Mat-Su Regional Medical Center LLC
2500 S. Woodworth Loop
Palmer, AK 99645

Joint Commission ID #: 10219
Program: Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 05/26/2017

Dear Mr. Lee:

The Joint Commission is pleased to grant your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- **Comprehensive Accreditation Manual for Hospitals**

This accreditation cycle is effective beginning March 03, 2017 and is customarily valid for up to 36 months. Please note, The Joint Commission reserves the right to shorten or lengthen the duration of the cycle.

Should you wish to promote your accreditation decision, please view the information listed under the 'Publicity Kit' link located on your secure extranet site, The Joint Commission Connect.

The Joint Commission will update your accreditation decision on Quality Check®.

Congratulations on your achievement.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

Section II. Summary Project Description

Mat-Su Regional Medical Center seeks to establish acute behavioral health services in the Matanuska-Susitna Borough by adding 36 inpatient beds for adult psychiatric services and adult substance abuse services within the hospital. The beds will be "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes. The proposed service area for this project is the Matanuska-Susitna Borough. The project will be up to 28,040 square feet in size with a total cost not to exceed $19,250,756. The completion date for the project is on or before December 2020.

(1) A brief description of each proposed service, including whether equipment will be purchased or replaced and a list of that equipment.

Brief Description: Project Purpose

Mat-Su Regional Medical Center is submitting this certificate of need application to establish acute behavioral health services in the Matanuska-Susitna Borough (aka "Mat-Su Borough"). The project will specifically add 36 inpatient beds for adult psychiatric services and adult substance abuse services within the hospital. The beds will be "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes. Mat-Su Regional Medical Center is pursuing this project because Mat-Su Borough residents are in desperate need of behavioral health services.

> The complete array of services recommended by the Substance Abuse and Mental Health Services Administration (SAMHSA) to meet the needs of residents in crisis do not exist in the Mat-Su and access to these types of services requires private transportation to Anchorage. This results in the majority of residents who are in a behavioral health crisis seeing non-behavioral health professionals because they are accessing a system of care designed to treat physical health emergencies. *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 4.

As will be demonstrated throughout this application, access to care needs, long-term planning at the local, regional, state, and federal levels, voices from residents, providers, and clients, and the impact on health care systems all overwhelmingly support integrated, comprehensive behavioral health services in the Mat-Su Borough. "In 2013, as part of a Community Health Needs Assessment, professionals and residents ranked mental/emotional health and substance abuse issues (collectively referred to as behavioral health) as the highest priority health issues facing Mat-Su." *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 3.

Brief Description: Proposed Services

Mat-Su Regional Medical Center proposes adding 36 inpatient beds for adult psychiatric services and adult substance abuse services within the hospital. The beds will be "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes.

According to the *Alaska Behavioral Health Systems Assessment Final Report*, which was prepared for the Alaska Mental Health Trust Authority in 2015, "[t]he term 'behavioral health' refers to a state of mental and emotional being and/or choices and actions that affect wellness. Behavioral health problems include substance abuse or misuse, alcohol and drug addiction, serious psychological distress, suicide, and mental and substance use disorders." *Alaska Behavioral Health Systems Assessment Final Report* at 11. Accordingly, Mat-Su Regional Medical Center's project is designed to be a single behavioral health system that serves patients affected by mental health issues, substance abuse and addiction issues, or a combination of these conditions.

The proposed project requires the construction of entirely new space for the inpatient behavioral health beds, so any equipment required for the project will be purchased or leased. A list of equipment required for the project is provided in *Section III. Description of Facilities and Capacity Indicators*.

Brief Description: Service Area

The proposed service area for this project is the Matanuska-Susitna Borough.

"The Matanuska-Susitna Borough, located approximately 40 miles northeast of Anchorage, contains 27 communities and encompasses 24,682 square miles. It includes three incorporated cities (Wasilla, Palmer, and Houston) and 25 unincorporated regions or Census Designated Places." *Mat-Su Behavioral Health Environmental Scan: Report 1 – The Crisis Response System* at 21.

According to the *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013*, the Alaska Division of Behavioral Health uses reporting regions to conduct its analyses on access to care and service needs. *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013* at 2. These regions are borough and census area boundaries that are deliberately grouped to create ten distinct reporting areas with at least 20,000 residents. *Id*. Again, this is important because the Alaska Division of Behavioral Health uses these regions to produce analytics, address service needs, and, in part, to award grant funds to local providers.

The Division of Behavioral Health's reporting regions are also significant for Mat-Su Regional Medical Center's proposed project because according to population estimates from 2015 and beyond, the Mat-Su Borough is the second largest region in all of Alaska. *Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045*. This means that the Alaska Department of Health and Social Services, through the Division of Behavioral Health, identifies the Mat-Su Borough as a standalone, independent region for behavioral health

purposes that is separate and distinct from the Municipality of Anchorage, and that holds the second largest population in the entire state.

As will be demonstrated throughout this application, from a statistical and service delivery standpoint, and for purposes of a continuum of care that is consistent with state and federal best practices, Mat-Su Regional Medical Center's project is appropriately designed to meet the needs of its service area—the Mat-Su Borough—and to allow the hospital to fulfill a critical role in the behavioral health continuum of care. "More and more, hospitals and primary care organizations are embracing the call to deliver integrated behavioral health services." *Alaska Behavioral Health Systems Assessment Final Report* at 4.

(2) The number of square feet of construction/renovation.

The proposed project will be up to 28,040 square feet in size.

(3) The number and type of beds/surgery suites/specialty rooms.

The proposed project will add up to 36 inpatient behavioral health beds for purposes of providing adult psychiatric services and adult substance abuse services. The beds will be "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes.

(4) Services to be expanded, added, replaced, or reduced.

Since acute inpatient behavioral health services do not exist at Mat-Su Regional Medical Center, or in the proposed service area (i.e. the Mat-Su Borough), only new services are being "added" in this project.

(5) The total cost of the project.

The proposed project has a total cost not to exceed $19,250,756.

(6) How the project will be financed.

At this time, it is anticipated that the project will be self-funded.

(7) Estimated completion date.

The estimated completion date for the proposed project is on or before December 2020.

Section III. Description of Facilities and Capacity Indicators

A. ***Proposed changes in service capacity. Provide either the number of beds, surgery suites, rooms, pieces of equipment, or other service.***

.....

Type of Service	Current Capacity	Added, Expanded, or Replacement Capacity	TOTAL PROPOSED CAPACITY
IN-PATIENT ACUTE CARE HOSPITALS			
Med/Surg Beds			
1-bed room/unit	N/A	N/A	N/A
2-bed room/unit	N/A	N/A	N/A
Other (list)	N/A	N/A	N/A
ICU Beds	N/A	N/A	N/A
Obstetrics Beds	N/A	N/A	N/A
Pediatric Beds	N/A	N/A	N/A
Acute Rehab Beds	N/A	N/A	N/A
Ancillary Services	N/A	N/A	N/A
BEHAVIORAL HEALTH CARE			
I/P Adult Behavioral Health Beds (Adult Psychiatric Services + Adult Substance Abuse Services)	0	36	36
RPTC BEDS			
I/P RPTC Substance Abuse Beds	N/A	N/A	N/A
LONG-TERM CARE			
Acute Beds	N/A	N/A	N/A
1-bed room/unit	N/A	N/A	N/A
2-bed room/unit	N/A	N/A	N/A
Other (list)	N/A	N/A	N/A
Nursing Beds	N/A	N/A	N/A
1-bed room/unit	N/A	N/A	N/A
2-bed room/unit	N/A	N/A	N/A
Other (list)	N/A	N/A	N/A
DIAGNOSTIC AND DIAGNOSTIC IMAGING SERVICES			
MRI & CT	N/A	N/A	N/A
PET or PET/CT	N/A	N/A	N/A
Cardiac Catherization	N/A	N/A	N/A
Emerging Med. Tech. (list)			
SURGICAL CARE	N/A	N/A	N/A
AMBULATORY SURGERY OR DEDICATED OP SUITES			
Suites for IP & OP	N/A	N/A	N/A
Endoscopy Suites	N/A	N/A	N/A
Open-Heart Surgery	N/A	N/A	N/A

Type of Service	Current Capacity	Added, Expanded, or Replacement Capacity	TOTAL PROPOSED CAPACITY
Organ Transplantation	N/A	N/A	N/A
Other Services (list)	N/A	N/A	N/A
	N/A	N/A	N/A
THERAPEUTIC CARE			
Radiation Therapy	N/A	N/A	N/A
Lithotripsy	N/A	N/A	N/A
Renal Dialysis	N/A	N/A	N/A
Other (List)	N/A	N/A	N/A
Total Capacity			

B. Provide a detailed narrative description of each service identified in "A" above, including the type of change (addition, expansion, conversion, reduction, replacement, elimination). Include, as appropriate, detailed information relative to the scope and level of service.

Each of the services identified in "A" are new services, so they constitute an "addition" of services. For a detailed description of the services identified in "A," please see *Section VI. Narrative Description of How Project Meets Applicable Review Standards*.

C. Provide a table of information regarding equipment to be purchased.

Item Summary

CHS Community Health Systems

CHS - Mat-Su ED/BHU Add/Renv

ID#	Alt ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext Cost
11243		36	Bed, Psychiatric, Platform	Norix Group, Inc.	SHU1104 Safehouse Platform No Drawers	N	O/O	5	$904.80	$32,572.80
10656		4	Monitor, Physiologic, Bedside	Mindray North America	Passport 12M	N	O/V	2	$8,000.00	$32,000.00
4436-058		6	Stretcher, Procedure / Recovery	Stryker Medical	Prime with Fifth Wheel 1105 (30' Litter)	N	O/V	3	$5,000.00	$30,000.00
5251-071		8	Monitor, Physiologic, Vital Signs	Mindray North America	Accutorr V (NIBP, Masimo SET)	N	O/V	2	$3,300.00	$26,400.00
3678-033		2	Defibrillator, Monitor, w/Pacing	Philips Healthcare - Cardiology	HeartStart MRx (SpO2, NBP)	N	O/O	2	$12,071.00	$24,142.00
6590-024		2	Lift, Patient, Bariatric	ArjoHuntleigh	Tenor	N	O/O	3	$9,700.00	$19,400.00
C-267281		4	PACS, Monitor, 1 Panel	Carestream Health, Inc	MX Viewstation	N	O/V	2	$4,500.00	$18,000.00
11245		36	Mattress, Psych	Norix Group, Inc.	MRB6-3680 Remedy Blue 36x80	N	O/O	5	$343.20	$12,355.20
11136		4	Light, Exam/Procedure, Single Head, Ceiling Mount	STERIS Corporation	EXLCEIL Hexalux LED	N	O/V	1	$2,900.00	$11,600.00
C-208730		1	Allowance, Installation and Relocation of OFOI Equipment	Apex Moving and Storage	TBD	N	O/V	0	$8,000.00	$8,000.00
4817-055		2	Ice Machine, Dispenser, Nugget, Countertop	Follett Corporation	Symphony Plus 25CI425A-S	N	O/C	1	$3,891.15	$7,782.30
9944		4	Refrigerator, Commercial, Undercounter	Marvel Scientific	SA24RAS5RS Right Hinge w/Lock ADA Hgt Stainless	N	O/C	2	$1,617.79	$6,471.16
C-102294		1	Allowance, Warehouse	National Distribution Service, Inc.	TBD	N	O/V	0	$5,000.00	$5,000.00
QTM-1049		2	Cart, Procedure, Resuscitation	Waterloo Healthcare	W-MC-SB253246-6KIT	N	O/V	3	$1,636.75	$3,273.50
8794-012		4	Diagnostic System, Integrated	Welch Allyn, Inc.	Green Series 777 [77792-M]	N	O/C	1	$770.68	$3,082.72
C-208743		2	Allowance, Activity	TBD	TBD	N	O/O	3	$1,500.00	$3,000.00
11120		1	Installation, Emergency, No trip charges included	Quantum Medical	Installation	N	O/V	3	$2,785.00	$2,785.00
11244		2	Bed, Psychiatric, Security / Seclusion	Norix Group, Inc.	ATN101 Attenda Molded Platform	N	O/O	5	$1,335.60	$2,671.20
C-274702		4	Installation, Light, Exam	STERIS Corporation	SE1268120 Harmony LA300/385 or Hexalux	N	O/V	3	$635.00	$2,540.00
4266-072		2	Scale, Clinical, Adult, Digital, Floor	Health O Meter, Inc.	1100KL Bariatric Digital	N	O/O	3	$1,200.00	$2,400.00
C-112844		2	Allowance, Charts	Carstens, Inc.	TBD	N	O/O	3	$1,200.00	$2,400.00
C-227093		4	Bin, Storage, Wall Mounted	Storage Systems Unlimited, Inc.	36x61 Louvered Panel w/Standard Bins	N	O/V	1	$586.58	$2,346.32
5853-071		2	Cart, Procedure, Isolation	Quantum Medical	M-MC-322546-4YL (4 Drwr)	N	O/V	3	$888.00	$1,776.00
6029-001		2	Cart, Chart, 21-30 chart	Carstens, Inc.	Design-A-Line 3076-00	N	O/O	3	$781.00	$1,562.00
4248-169		4	Regulator, Suction, Intermittent/Continuous	Ohio Medical	8705-1351-901 Push-To-Set Digital	N	O/O	3	$390.00	$1,560.00
QTM-1041		2	Installation, Storage Equipment, Travel	Quantum Medical	Trip Charge	N	O/V	3	$775.00	$1,550.00
QTM-1034		2	Truck, Soiled Linen	Diversified Plastics	QMD-MOD72P	N	O/V	3	$680.00	$1,360.00
3374-021		2	Pump, Suction/Aspirator, General, Portable	Ohio Medical	Care-e-vac 3	N	O/O	2	$600.00	$1,200.00
4090-022		2	Oto/Ophthalmoscope Set, Desktop	Welch Allyn, Inc.	92850 PocketScope w/Hard Case	N	O/O	4	$587.61	$1,175.22

Item Summary

CHS Community Health Systems

CHS - Mat-Su ED/BHU Add/Renv

ID#	Alt ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext Cost
C-55622		2	OPHTHALMOSCOPE/OTOSCOPE, WALL MOUNT	Welch Allyn, Inc. - Med Division	76510 W/11710, 23820	N	O/C	3	$542.72	$1,085.44
10395		2	Washer, Clothes	GE Appliances	GTW490AC	N	O/C	2	$508.00	$1,016.00
C-271360		4	Bracket, Monitor, Wall Mount	Mindray North America	045-000926-00	N	O/C	1	$250.00	$1,000.00
QTM-1023		3	Shelving, Wire, Chrome, Mobile, 24 x 48	Quantum Medical	M2448CG47-LH45C	N	O/V	3	$324.99	$974.97
QTM-1029		2	Truck, Trash	R&B Wire	QMD-4620BL	N	O/V	3	$474.92	$949.84
11201		2	Dryer, Laundry, Domestic	GE Appliances	Electric GTD42EASJWW (7.2 cu ft/White)	N	O/C	2	$473.00	$946.00
QTM-1053		2	Cart, Linen, Wire, Chrome, with Cover	Quantum Medical	WRCS4-63-2460EPBNV	N	O/V	3	$457.47	$914.94
6260-012		2	Stand, Mayo, Foot-Operated	Pedigo Products	P-1066-SS	N	O/O	3	$454.56	$909.12
C-206348		4	Plate, Structural, Single Mount	STERIS Corporation	LB28 Harmony Exam Light Plate	N	O/C	1	$192.29	$769.16
4414-003		6	Stool, Exam, Cushion-Seat	Pedigo Products	P-36	N	O/O	3	$123.01	$738.06
4103-103		3	Oven, Microwave, Countertop	GE Appliances	GE Profile PEM31SFSS (1.1 cu ft)	N	O/C	2	$241.00	$723.00
11247		2	Mattress, Psych	Norix Group, Inc.	MRB6-3882 Remedy Blue 38x82	N	O/O	5	$356.40	$712.80
5873-019		2	Board, White, Dry Erase	Quartet GBC / ACCO Brands	S538 Standard White w/Aluminium Frame 96" x 48"	N	O/C	1	$345.00	$690.00
5845-009		2	Cart, Housekeeping, Polymer	Rubbermaid Commercial Products	9T75 High Security Cleaning Cart	N	O/O	3	$344.09	$688.18
C-230285		1	Refrigerator, Domestic with Freezer	GE Appliances	GTE18GSHSS (17.5 cu ft/Stainless)	N	O/C	2	$680.00	$680.00
6764-001		2	Thermometer, Temporal Artery	Exergen Corp	TAT 5000	N	O/O	3	$331.98	$663.96
7277-001		2	Water Treatment System, Ice Maker, Wall Mount	Follett Corporation	Standard Capacity 00130229	N	O/C	1	$320.00	$640.00
C-227102		4	Board, Patient Information	Chameleon	24 x 36	N	O/C	1	$156.00	$624.00
C-227091		60	Waste Can, Open Top	Grainger	4PGN6 Beige (28 Qt)	N	O/O	3	$7.71	$462.60
QTM-1030		4	Rack, Cylinder, Floor	Anthony Welded Products	QMD-6060NMP 6 Cylinder w/Non-Marring Pads	N	O/V	3	$91.74	$366.96
10645		6	Waste Can, Step-On	Tough Guy	6GAJ5 Beige (8 gal)	N	O/O	3	$53.75	$322.50
C-264041		4	Waste Can, Bio-Hazardous	Tough Guy	6GAJ6 Red (8 gal)	N	O/O	3	$68.52	$274.08
4689-019		4	Waste Can, Swing Top	Rubbermaid Commercial Products	3540 Slim Jim Gray w/2673-60 Lid	N	O/O	3	$64.44	$257.76
QTM-1001		2	Bin, Storage, Wall Mounted	Health Care Logistics	18BPP Snap-N-Store, 18-Bin	N	O/V	1	$128.20	$256.40
6364-053		8	Dispenser, Glove, Triple Box	Medline Industries Inc.	MDS193096B Plexiglass	N	O/C	1	$32.02	$256.16
3806-047		4	Flowmeter, Air	Amvex Corporation	FM-15UA-CH	N	O/O	3	$44.13	$176.52
4690-002		2	Waste Can, 32-40 Gallon	Rubbermaid Commercial Products	2632 BRUTE Gray w/2631 Lid & 2640 Dolly	N	O/O	3	$83.32	$166.64
8214-006		2	Waste Can, Bio-Hazardous, 32-55 Gallon	Rubbermaid Commercial Products	2632 BRUTE Red w/2631 Lid & 2640 Dolly	N	O/O	3	$83.32	$166.64
5873-015		1	Board, White, Dry Erase	Quartet GBC / ACCO Brands	S537 (72w x 48h)	N	O/C	1	$150.91	$150.91

Item Summary

CHS Community Health Systems

CHS - Mat-Su ED/BHU Add/Renv

ID#	Alt ID	Qty	Description	Manufacturer	Model	N/E	F/I	AC	Unit Cost	Ext Cost
QTM-1010		1	Mail Sorter, Wall Mount, 23 Pockets	Charnstrom Company	CHA-1472	N	O/V	1	$149.00	$149.00
4689-007		1	Waste Can, Swing Top	Rubbermaid Commercial Products	3958 Untouchable Square Beige w/2664 Lid (35 gal)	N	O/O	3	$140.80	$140.80
C-227094		2	Waste Can, Step-On	Tough Guy	6GAK1 Beige (23 Gal)	N	O/O	3	$64.63	$129.26
QTM-1036		2	Rack, Mop	Rubbermaid	RCP-1993-GRA	N	O/V	1	$52.81	$105.62
3803-036		4	Flowmeter, Oxygen	Amvex Corporation	FM-15UO-OH	N	O/O	3	$25.99	$103.96
5873-008		1	Board, White, Dry Erase	Quartet GBC / ACCO Brands	Standard White w/Aluminium Frame S534(48" x 36")	N	O/C	1	$102.00	$102.00
6081-001		1	Board, Bulletin	Quartet GBC / ACCO Brands	Standard Cork w/ Aluminum Frame 2304 (48" x 36")	N	O/C	1	$97.00	$97.00
5407-002		2	Waste Can, 20-31 Gallon	Rubbermaid Commercial Products	3540 Slim Jim Beige (23 gal)	N	O/O	3	$45.52	$91.04
QTM-1012		2	Shelf, Single, Wall Mount	Quantum Medical	DWB14-1436	N	O/V	3	$25.22	$50.44
C-261298		4	Board, Eraser and Marker Set	Chameleon	7E - Eraser Set	N	O/C	3	$11.24	$44.96
10088		2	Cord, Dryer, 3 Wire, 30 Amp	GE Appliances	WX9X3, 5 ft.	N	O/C	0	$13.00	$26.00
3708-106		2	Dispenser, Medication, Host (Main)	CareFusion - Pyxis	Pyxis MedStation 4000 (6-Drwr, 0 Cubie)	L	O/V	2	$0.00	$0.00
3711-029		2	Dispenser, Medication, Auxiliary	CareFusion - Pyxis	Pyxis MedStation 4000 Single Column (4 Door)	L	O/V	2	$0.00	$0.00
3714-004		2	Dispenser, Cleaning Solution	3M Health Care	Twist n Fill	L	O/C	1	$0.00	$0.00
3723-034		6	Disposal, Sharps, Wall Mount	Stericycle	Bio Systems C-02RES-0203 w/ Cabinet	L	O/C	1	$0.00	$0.00
5473-005		1	Bin, Shredding, Secure	Iron Mountain	Secure Shredding Bin	L	O/V	3	$0.00	$0.00
5473-007		2	Bin, Shredding, Secure	Iron Mountain	Mini Security Console	L	O/V	3	$0.00	$0.00
5185-168		3	Copier, Floor, Multifunction	Konica Business Machines	bizhub 222	L	O/V	2	$0.00	$0.00
C-184849		2	Waste, Pharmacy, Blue	Stericycle	8 Gallon	L	O/V	3	$0.00	$0.00
C-184850		2	Waste, Pharmacy, Black	Stericycle	8 Gallon	L	O/V	3	$0.00	$0.00
6451-002		2	Dispenser, Medication, Lock Module	CareFusion - Pyxis	Remote Manager	L	O/V	2	$0.00	$0.00
C-015442		3	COFFEE MAKER	Unknown	Obtained by Facility	L	O/V	2	$0.00	$0.00

Facility Sub Totals: $287,028.14

D. Provide in the following table information regarding equipment to be replaced or retired.

Since Mat-Su Regional Medical Center is only adding new services in its proposed project, no equipment will be replaced or retired under the project.

E. Describe replacement or upgrading of utilities including the electrical, heating, ventilation, and air conditioning systems.

Since Mat-Su Regional Medical Center's proposed project will be new construction, it does not anticipate replacing or upgrading utilities. However, any new utilities, including electrical, heating, ventilation, and air conditioning systems, and any changes to existing utilities from the project will be compliant with all local, state, and federal codes and requirements.

F. Describe the structural framing, floor system, and number of floors (including the basement).

The proposed project will have steel structural framing with concrete floor slab, and it will be a single story with no basement.

G. Total square footage in current facility/project.

Mat-Su Regional Medical Center is 201,749 square feet in size.

H. Total square footage of proposed facility/project.

The proposed project will be up to 28,040 square feet in size.

I. Area per bed, service unit, or surgery suite (if applicable).

Both private and semi-private rooms are currently designed to be 160 SF.

J. Percentage of total floor area used for direct service (non-bed activity).

It is estimated that approximately 20% of the overall space will be used for "non-bed activity."

K. Additional volume of service (non-bed activity) expected.

Mat-Su Regional Medical Center does not anticipate any additional volume of service from non-bed activities.

L. Provide a brief history of expansion and construction for the past five years, including new equipment purchases, additional beds, and new services. Describe how this project fits into the facility's long-range plans, including potential projects planned for development within the next five years.

Mat-Su Regional Medical Center was constructed in 2006. Due to its young facility age and regular upkeep, for the most part, there has been no major construction over the past five years

other than routine maintenance or routine replacement of equipment. Below is a summary of the construction activities.

2013:
- Routine replacement of ambulance bay doors
- Conversion of office to telemetry room in ICU
- Installation of new operating room

2014:
- Routine maintenance of parking lots with weather sealing
- Routine replacement of camera system
- Routine maintenance with install of HVAC system

2015:
- Routine maintenance in pharmacy department
- Routine maintenance in emergency department room 1
- Routine replacement of dishwasher
- Routine replacement of water heaters
- Routine maintenance in hospital outpatient department surgery center
- Routine replacement of nurse call system

2016:
- Routine replacement of CT equipment
- Routine maintenance of medical / surgical floor
- Routine maintenance for drain system
- Routine maintenance in lab
- Routine replacement of MRI
- Installation of telemetry system
- Routine replacement of cath lab

2017:
- Installation of new operating room
- Routine replacement of operating room lights

Mat-Su Regional Medical Center is planning multiple projects over the next 1 to 5 years for long-range hospital expansion. These projects include seeing the construction of a new medical office building on campus, finishing the shelled-in third floor, adding the proposed behavioral health services, and expanding other ancillary services and supports to allow the hospital to meet the needs of the Mat-Su Borough for years to come. Mat-Su Regional Medical Center is currently in the planning stage for several of the projects described above, and understands that it will need to apply for another certificate(s) of need prior to implementing some or all of those projects. Regardless, given the fact that hospital inpatient behavioral health services do not exist in the Mat-Su Borough, and given the sheer need for these services, the proposed behavioral health project fits perfectly into Mat-Su Regional Medical Center's long-range hospital expansion plans.

Order of Remaining Application Sections

7 AAC 07.025 requires that a certificate of need application "meets the certificate of need review standards and uses the methodologies identified in the department's document entitled Alaska Certificate of Need Review Standards and Methodologies, dated December 9, 2005, and adopted by reference." Since Section VI of the certificate of need application specifically addresses the certificate of need review standards and methodologies, Section VI is the next section presented in this application. The application returns back to Sections IV, V, and VII - IX following Section VI.

Section VI. Narrative Description of How Project Meets Applicable Review Standards

Describe in this section of the application how the proposed project meets each review standard applicable to all activities, and each specific review standard applicable to the proposed activity. Some of this information will duplicate information required elsewhere in the application packet; that duplication is intentional.

Mat-Su Regional Medical Center's proposed behavioral health project—adding 36 inpatient beds for adult psychiatric services and adult substance abuse services with "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes—meets all six certificate of need general review standards and all applicable service-specific review standards.

As with any application for a certificate of need, Mat-Su Regional Medical Center's proposed project must satisfy standards under General Review and certain applicable standards under Service-Specific Review. The project proposes adding inpatient behavioral health beds for delivering adult psychiatric services and adult substance abuse services.

In accordance with certificate of need procedures, Mat-Su Regional Medical Center's proposed project will first be analyzed under General Review. Since the project includes offering behavioral health services, it will then be subject to any applicable service-specific review standards under "Behavioral Health Care Services: Review Standards and Methodology." *Alaska Certificate of Need Review Standards and Methodologies* at 10. For purposes of this project, these service-specific review standards only address acute inpatient psychiatric treatment services, meaning they do not address substance abuse services (i.e. withdrawal management services or "detox"). Therefore, after completing General Review, the proposed project will be analyzed under Service-Specific Review as it relates to acute inpatient psychiatric treatment services.

Accordingly, the next portion of this application addresses General Review, and the portion thereafter addresses Service-Specific Review for acute inpatient psychiatric treatment services.

General Review Standards Applicable to all Certificate of Need Applications

1. ***The applicant documents need for the project by the population served, or to be served, including, but not limited to, the needs of rural populations in areas having distinct or unique geographic, socioeconomic, cultural, transportation, and other barriers to care.***

Behavioral health is the highest priority health care issue in the Mat-Su Borough. The Mat-Su Borough will be the population served, which is consistent with the fact that 92.3% of all hospital discharges at Mat-Su Regional Medical Center are from the Borough. The Alaska Division of Behavioral Health identifies the Mat-Su Borough as a standalone, independent behavioral health "region" that is separate and distinct from the Municipality of Anchorage, and that holds the second largest, fastest growing population in the entire state. Statistics show there is a heavy local and hospital need for the proposed project. Mat-Su Regional Medical Center went on psychiatric diversion 234 times in 2016, which represents a 1,850% increase from 2013. It also is on track to require over 1,100 behavioral health assessments for patients in crisis in 2017 (349 assessments were required just three years ago). Finally, more clients from Anchorage, Fairbanks, Juneau, Kenai, Southeast Alaska, Southwest Alaska, and the Y-K Delta were able to receive behavioral health care in their home region than Alaskans who live in the second largest, fastest growing region in the entire state (i.e. the Mat-Su Borough).

Project Overview & Priority

Mat-Su Regional Medical Center seeks to establish acute behavioral health services in the Matanuska-Susitna Borough by adding 36 inpatient beds for adult psychiatric services and adult substance abuse services within the hospital. The beds will be "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes.

Behavioral health is the highest priority health care issue in the Mat-Su Borough. "In 2013, as part of a Community Health Needs Assessment, professionals and residents ranked mental/emotional health and substance abuse issues (collectively referred to as behavioral health) as the highest priority health issues facing Mat-Su." *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 3.

Population to be Served

The proposed service area for this project is the Matanuska-Susitna Borough, and the population to be served consists of Mat-Su Borough residents. "The Matanuska-Susitna Borough, located approximately 40 miles northeast of Anchorage, contains 27 communities and encompasses 24,682 square miles. It includes three incorporated cities (Wasilla, Palmer, and Houston) and 25 unincorporated regions or Census Designated Places." *Mat-Su Behavioral Health Environmental Scan: Report 1 – The Crisis Response System* at 21.

The Mat-Su Borough is the customary geographical area served by Mat-Su Regional Medical Center for acute care. For example, based on a patient origin analysis of calendar year 2016, residents of the Mat-Su Borough accounted for 92.3% of all hospital inpatient discharges from Mat-Su Regional Medical Center. Identifying the Mat-Su Borough as the service area for Mat-

Su Regional Medical Center's proposed behavioral health project is clearly consistent with and supported by that fact that nearly all patients served at the hospital live in the Mat-Su Borough. In addition to this, from a behavioral health perspective, service delivery resources used by the Alaska Department of Health and Social Services' Division of Behavioral Health also support the designation of the Mat-Su Borough as the standalone service area for this project.

According to the *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013*, the Alaska Division of Behavioral Health uses reporting regions to conduct its analyses on access to care and service needs. *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013* at 2. These regions are borough and census area boundaries that are deliberately grouped to create ten distinct reporting areas with at least 20,000 residents. *Id*. Again, this is important because the Alaska Division of Behavioral Health uses these regions to produce analytics, address service needs, and, in part, to award grant funds to local providers.

The Division of Behavioral Health reporting regions are also significant for Mat-Su Regional Medical Center's proposed project because according to population estimates from 2015 and beyond, the Mat-Su Borough is the second largest, fastest growing region in all of Alaska. *Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045*. This means that the Alaska Department of Health and Social Services, through the Division of Behavioral Health, identifies the Mat-Su Borough as a standalone, independent region that is separate and distinct from the Municipality of Anchorage, and that holds the second largest, fastest growing population in the entire state.

Local Need for Project

The behavioral health services proposed in Mat-Su Regional Medical Center's project are non-existent in the Mat-Su Borough. The effect of this void in services has been felt throughout the Borough, and at Mat-Su Regional Medical Center, for years. To identify the extent of the need for the proposed services, Mat-Su Regional Medical Center worked with residents, stakeholders, and subject matter experts, reviewed numerous local, state, and federal studies concerning behavioral health, and drew from its own experience as a hospital and the rapidly growing need for services shown each day in its emergency department.

Statistics show there is an extensive local need for Mat-Su Regional Medical Center's proposed behavioral health project. For example, Alaska has the highest rate of suicide per capita in the United States. *Alaska Statewide Suicide Prevention Council Alaska Suicide Facts and Statistics*. The Mat-Su Borough in particular has a suicide death rate that is twice the national rate: "23.2 deaths per 100,000 people v. 11.3 for the US[.]"*Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 3. Since the behavioral health services proposed in this project are non-existent in the Mat-Su Borough, patients desperately needing services are forced to go to the emergency room. "When compared to national data, Mat-Su residents appear to use the ED more frequently for suicide ideation and intentionally self-inflicted injury . . . ." *Id.* at 5.

Similar to suicide rates, Alaska's substance abuse rates are also "considerably higher than the national average." *Feasibility Study for the Privatization of Alaska Psychiatric Institute* at 6. "In 2013-2014, approximately 77,000 Alaskans . . . had used illicit drugs in the past month [.]" This

equates to a prevalence rate of 13.2% compared to the national rate of 9.8%. *The Economic Cost of Drug Abuse in Alaska, 2016 Update* at 1, 2. The most prevalent illicit drug dependence or abuse in the past year comes from adults who are 18-25 years old. Alaska's prevalence rate for this age group in 2013-2014 was 8.7% compared to the national rate of 7.0%. *Id*. at 25.

In addition to the high substance abuse and prevalence rates cited above, the Mat-Su Borough has also been especially rocked by opioid abuse, as demonstrated by Governor Walker's declaration in February that the state's opioid crisis is a "public health disaster." *Alaska governor declares opioid abuse public health* disaster, Alaska Dispatch News, 2/15/2017. Opioid abuse continues to be a national crisis. "There are an estimated 2.6 million people addicted to opioids. . . . Fatal overdoses from these opioids have increased four times (8,200 to 33,000) in the last fifteen years, making them the leading cause of accidental deaths. Heroin deaths have edged out gun homicides for the first time since the government has been keeping such data." *Opioid Addiction Needs a Complete Continuum of Care*, Spectrum Articles, Mat-Su Opioid Task Force, www.matsuopioidtaskforce.com.

In sum, adult behavioral health needs in the Mat-Su Borough were and continue to be prevalent. In 2013, 6,282 of its residents needed treatment for illicit drug or alcohol use in the past year and 14,428 residents reported experiencing a range of mental illness within the past year. *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013* at 6. These needs either nearly equal or exceed statewide prevalence rates for Alaska. *Id*. at 8. Moreover, these needs are rapidly increasing. For example, Mat-Su adults receiving services for mental illness, substance use disorders, or co-occurring conditions, increased 35.8% from 2009 to 2013. *Id*. at 22.

Hospital Need for Project

As demonstrated above, statistics overwhelmingly show a need for Mat-Su Regional Medical Center's proposed behavioral health project. When there is a local need for services, and there is a void in those services, the local health care system will naturally experience some degree of pressure for service delivery. As a hospital with the only emergency room in the Mat-Su Borough, Mat-Su Regional Medical Center has experienced explosive pressure from the rapidly growing behavioral health needs of residents, to the point where its operations will eventually fail if this project is not approved for a certificate of need. The following hospital statistics demonstrate the absolute seriousness of this issue.

Mat-Su Regional Medical Center currently uses two treatment rooms in its emergency department that have been essentially repurposed for Title 47 involuntary "holds" of patients who are awaiting transfer to Alaska Psychiatric Institute. When these rooms are full, the hospital goes on psychiatric diversion, which diverts law enforcement and ambulances to Anchorage hospitals. Unfortunately, given the distance to Anchorage, law enforcement and ambulances are not always able to "divert" to Anchorage, which results in Mat-Su Regional Medical Center holding more than two behavioral health patients in its emergency department. Additionally, with Alaska Psychiatric Institute regularly operating at capacity, these patients more often than not spend several days being held in Mat-Su Regional Medical Center's emergency department waiting for a bed at Alaska Psychiatric Institute.

To put this concept of "psychiatric diversion" and "holds" into perspective, Mat-Su Regional Medical Center recently held 9 patients in its emergency department while it was on psychiatric diversion even though it has basic capacity for 2 patients. Moreover, all of those patients spent several days in the emergency department awaiting transfer to Alaska Psychiatric Institute.

In 2014, the *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* reported the following statistics about Mat-Su Regional Medical Center: "In 2012, MSRMC ED was on diversion status five times. In 2013, this number more than doubled (12 times). As of October 1, 2014, MSRMC ED has already been on divert status 14 times." *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 4. To put this in perspective, in 2016, Mat-Su Regional Medical Center went on psychiatric diversion 234 times. This represents a 1,850% increase in psychiatric diversions between 2013 and 2016.

Mat-Su Regional Medical Center has seen and continues to see significant year-to-year growth in the number of behavioral health assessments performed on behavioral health patients in its emergency department who are in crisis. Mat-Su Regional Medical Center contracts with Mat-Su Health Services to provide behavioral health assessments to patients. Mat-Su Health Services is a grantee of the State of Alaska that receives funds to be a Comprehensive Behavioral Center that provides psychiatric emergency services to all people in its service area who are in need of services, regardless of ability to pay. *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 6. The number of assessments performed for Mat-Su Regional Medical Center grew 44% from 2014 to 2015, and another 49% from 2015 to 2016. This growth trend continues in 2017 as the assessments in the first quarter are 47% higher than the number of assessments performed in the first quarter of 2016. If the first quarter trend holds, Mat-Su Regional Medical Center will require over 1,100 behavioral health assessments for patients in crisis. To put this in perspective, the total assessments conducted just three years ago was 349.

Need Compared to Other Service Areas

Despite demonstrating significant need for behavioral health services, and being the second largest region / behavioral health system recognized by the State of Alaska Department of Health and Social Services (see Behavioral Health Systems Assessment Reporting Regions on page 5 of *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013*), as of 2013, 36% of Mat-Su Borough residents who received behavioral health services had to leave their home region, and communities therein, to receive care. *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013* at 18. This means more clients from Anchorage, Fairbanks, Juneau, Kenai, Southeast Alaska, Southwest Alaska, and the Y-K Delta were able to receive behavioral health care in their home region than Alaskans who live in the second largest, fastest growing region in the entire state. *Id*. If the State of Alaska believes that "[h]ealth, home, purpose, and community are central to recovery from mental and substance use disorders[,]" then the behavioral health system and access to care for Mat-Su Borough residents is unacceptable. *Alaska Behavioral Health Systems Assessment Final Report* at 38 (Quoting *Excerpt from the FY 15-16 Draft Block Grant Application provided by DBH 6.22.15*).

A service area similar in size to the Mat-Su Borough in terms of population, and the service area closest in proximity to the Mat-Su Borough both have infrastructure for behavioral health services, despite the Mat-Su Borough being bigger, faster growing, and using services at a higher

rate. *Mat-Su Behavioral Health Environmental Scan: Report 1 – The Crisis Response System* at 36. For example, in comparing the Mat-Su Borough to a service area of smaller, yet similar size—Fairbanks—and to a service area in proximity—Anchorage—it is immediately obvious that access to care for critical inpatient behavioral health services is severely lacking in the Mat-Su Borough. Fairbanks Memorial Hospital has a behavioral health unit consisting of 20 beds, all of which are designated evaluation and treatment beds. *The DBH Comprehensive Daily Census Report*. Alaska Psychiatric Institute in Anchorage has 60 beds dedicated to "adult acute care." *Id.* The Mat-Su Borough, which has a larger population than Fairbanks, and is growing nearly four times faster than Anchorage (Mat-Su Borough 5-yr Growth Rate is 13.2%; Municipality of Anchorage 5-yr Growth Rate is 3.6%) has 0 hospital inpatient beds for adult acute behavioral health services. *Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045*.

Conclusion

As demonstrated throughout General Review Standard #1, there is a clear need for Mat-Su Regional Medical Center's proposed behavioral health project that will serve the Mat-Su Borough, and that need is strongly demonstrated by local statistics, statewide statistics, national statistics, service usage at Mat-Su Regional Medical Center, several reports, and feedback from local communities. Simply stated, the Mat-Su Borough needs access to this care now.

2. ***The applicant demonstrates that the project, including the applicant's long-range development plans, augments and integrates with relevant community, regional, state, and federal health planning, and incorporates or reflects evidence-based planning and service delivery. A demonstration under this standard should show that the applicant has checked with the department regarding any relevant state plan, with appropriate federal agencies for relevant federal plans, and with appropriate communities regarding community or regional plans.***

Mat-Su Regional Medical Center's proposed behavioral health project reflects evidence-based planning and service delivery because it follows the federal Substance Abuse and Mental Health Services Administration's ("SAMHSA") *Good and Modern Addictions and Mental Health Services System* by identifying a need for a behavioral health continuum of care and focusing on the hospital inpatient components for mental health and substance use disorders. The project also strong integrates with all levels of health planning because it was developed using 20 different studies or reports from local (i.e. community and regional), state, and federal health planning resources, which amounts to over 1,000 pages of material specific to delivering behavioral health services according to best practices and projections.

Project Reflects Evidence-Based Planning and Service Delivery

Many of the statistics cited in General Review Standard #1 were specific to either mental health or substance abuse. It is important to remember that behavioral health conditions are generally not one diagnosis or the other. For example, "[i]n 2013, there were approximately 62,815 adults in Alaska who needed treatment for a substance use disorder (SUD). Of those who needed

treatment, approximately 37 percent . . . also have a mental illness." *The Economic Cost of Drug Abuse in Alaska, 2016 Update* at 19.

This is reaffirmed by the all-inclusive definition of "behavioral health." According to the *Alaska Behavioral Health Systems Assessment Final Report*, which was prepared for the Alaska Mental Health Trust Authority in 2015, "[t]he term 'behavioral health' refers to a state of mental and emotional being and/or choices and actions that affect wellness. Behavioral health problems include substance abuse or misuse, alcohol and drug addiction, serious psychological distress, suicide, and mental and substance use disorders." *Alaska Behavioral Health Systems Assessment Final Report* at 11.

Given the complexity of behavioral health needs, national standards and evidence-based planning identify a need for a continuum of care for behavioral health. "To prevent and treat behavioral health issues and to support individuals in recovery requires a continuum of care." *Id*. at 38.

The behavioral health continuum of care is expansive, and as a hospital, Mat-Su Regional Medical Center and its proposed project focus on a very particular, yet crucial role in the continuum: hospital inpatient components for mental health and substance use disorders, as described in the federal Substance Abuse and Mental Health Services Administration's ("SAMHSA") *Good and Modern Addictions and Mental Health Services System*. Within this role, Mat-Su Regional Medical Center's project is designed to be a single behavioral health system that serves patients affected by substance abuse and addiction issues, mental health issues, or a combination of these conditions.

Mat-Su Regional Medical Center's proposed project is crucial for the Mat-Su Borough because no behavioral health continuum of care exists:

> The complete array of services recommended by the Substance Abuse and Mental Health Services Administration (SAMHSA) to meet the needs of residents in crisis do not exist in the Mat-Su and access to these types of services requires private transportation to Anchorage. This results in the majority of residents who are in a behavioral health crisis seeing non-behavioral health professionals because they are accessing a system of care designed to treat physical health emergencies. *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 4.

This means that the second most populated behavioral health "region" in all of Alaska—as designated by the Alaska Department of Health and Social Services Division of Behavioral Health—whose residents appear to need behavioral health services at a greater rate than both the largest service area in the State and a service area that is comparable in size, cannot offer any access to care as it relates to hospital inpatient mental health and substance abuse services. This is conveyed perfectly in the Mat-Su Behavioral Health Environmental Scan Report's conclusion concerning State funding for Psychiatric Emergency Services ("PES") grants: "While one may argue that the proximity of Mat-Su to Anchorage services mitigates the need for an equivalent level of PES funding, the size of the Mat-Su population, and the negative impacts the current

crisis response situation is creating for individuals, providers, and first responders, argues that additional funding is needed." *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 7. The certificate of need issue before the Department of Health and Social Services is not one of funding, but rather, approving this project so that the Mat-Su Borough can work to establish a basic continuum of care for its residents rather than forcing residents to attempt to receive behavioral health services in a costly emergency room setting or travel several miles to a severely overwhelmed Alaska Psychiatric Institute for inefficient care.

Project Integrates with Local, State, and Federal Health Planning

Mat-Su Regional Medical Center's proposed behavioral health project strongly integrates with all levels of health planning because it was developed using 20 different studies or reports from local (i.e. community and regional), state, and federal health planning resources. This amounts to over 1,000 pages of material specific to delivering behavioral health services according to best practices and projections that align with the United States Substance Abuse and Mental Health Services Administration, the Alaska Department of Health and Social Services Division of Behavioral Health, the Alaska Department of Labor and Workforce Development, the Office of the Governor, the Alaska Mental Trust Authority, the Mat-Su Health Foundation, and the Mat-Su Opioid Task Force.

Health Planning Sources
Local Health Planning
Mat-Su Behavioral Health Environmental Scan: Report 1 – The Crisis Response System
Mat-Su Behavioral Health Environmental Scan: Report 2 – The System of Care
Mat-Su Health Foundation 2016 Community Health Needs Assessment Supplemental Data Resource
Mat-Su Behavioral Health Services Crisis Data 2014 - 2017
Mat-Su Health Foundation 2017 Detox Services Demand Analysis
Mat-Su Health Foundation 2017 Detoxification Services Core Business Plan
Mat-Su Opioid Task Force, www.matsuopioidtaskforce.com
State Health Planning
Alaska Behavioral Health System Assessment Regional Data Report 2009-2013
Alaska Behavioral Health Systems Assessment Final Report
Feasibility Study for the Privatization of Alaska Psychiatric Institute
Behavioral Health Disorders Among Alaskans, Advisory Board on Alcoholism and Drug Abuse, Alaska Mental Health Board
The Economic Cost of Drug Abuse in Alaska, 2016 Update
State of Alaska, Department of Health and Social Services Medicaid Payment Reform SFY 2015 and SFY 2016 Data Book
Alaska Statewide Suicide Prevention Council Alaska Suicide Facts and Statistics
Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045
Governor Walker Disaster Declaration on Opioid Epidemic
Alaska Statutes Title 47
Alaska Administrative Code Title 7
Federal Health Planning
Alaska 2015 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System
Substance Abuse and Mental Health Services Administration Behavioral Health Barometer Alaska, 2015

3. ***The applicant demonstrates evidence of stakeholder participation in planning for the project and in the design and execution of services.***

In addition to meetings with experts, local providers, and others, Mat-Su Regional Medical Center conducted at least sixteen stakeholder meetings that included the following stakeholders: local rotaries, the Wasilla Chamber of Commerce, the Mat-Su Opioid Task Force, State Senators and State Representatives representing the Mat-Su Borough, a Mat-Su Borough official, the Mat-Su Health Foundation, Hospital Board of Directors, Hospital Board of Trustees, hospital physicians, hospital directors, hospital employees, architects, and behavioral health subject matter experts. Mat-Su Regional Medical Center believes this demonstrates clear evidence of stakeholder participation at all levels because without this involvement, there would be no project.

Project Demonstrates Significant Stakeholder Participation

While the need for behavioral health services in the Mat-Su Borough has been extensively studied and documented for years (See Health Planning Sources table in General Review Standard #2), the scope of Mat-Su Regional Medical Center's proposed project truly started taking shape in early 2016. As census pressure rose—behavioral health visits to the emergency department increased, and that created a major strain on resources because it resulted in exhausting, extended patient holds due to the long waitlist at Alaska Psychiatric Institute—Mat-Su Regional Medical Center started meeting with experts and stakeholders to find a solution to this growing need.

An onsite visit in April 2016 with behavioral health experts from Community Health Systems in Nashville, Tennessee led to enlightening meetings about behavioral health in the Mat-Su Borough with the Mat-Su Health Foundation, hospital physicians, hospital staff, staff from Providence's Psychiatric Emergency Department, Alaska Division of Behavioral Health Director Randall Burns, community providers like Mat-Su Health Services, MyHouse, and Alaska Family Services, and other stakeholders such as the Alaska State Troopers. The onsite visit left Mat-Su Regional Medical Center with the clear realization that a behavioral health project is absolutely critical for the health and wellbeing of Mat-Su Borough residents.

Following the onsite visit, Mat-Su Regional Medical Center started designing hypothetical behavioral health projects and vetting the concepts with key stakeholders. It also became a member of the Mat-Su Opioid Task Force, and toured Providence's Psychiatric Emergency Department on two more occasions.

Finally, after all of this work, and after conducting at least sixteen more stakeholder meetings that included—local rotaries, the Wasilla Chamber of Commerce, the Mat-Su Opioid Task Force, State Senators and State Representatives representing the Mat-Su Borough, a Mat-Su Borough official, the Mat-Su Health Foundation, Hospital Board of Directors, Hospital Board of Trustees, hospital physicians, hospital directors, hospital employees, architects, and behavioral health subject matter experts—Mat-Su Regional Medical Center's proposed behavioral health project took final form.

The involvement from all of the people and entities identified above was absolutely crucial to this effort and Mat-Su Regional Medical Center believes this demonstrates clear evidence of stakeholder participation at all levels because without this involvement, there would be no project.

4. ***The applicant demonstrates that they have assessed alternative methods of providing the proposed services and demonstrates that the proposed services are the most suitable approach.***

Prior to concluding that its proposed project is the most suitable approach, Mat-Su Regional Medical Center seriously considered options ranging from doing nothing to building a freestanding behavioral health unit at its hospital outpatient center in Wasilla. Given that "doing nothing" is clearly not suitable, and given that being attached to the existing hospital results in economies of scale and more patient privacy than developing a freestanding behavioral health unit in Wasilla, Mat-Su Regional Medical Center properly assessed alternative methods for meeting the behavioral health needs of the Mat-Su Borough, and reasonably concluded that its proposed project is the most suitable approach.

Several Project Alternatives Considered

As described in General Review Standard #3, Mat-Su Regional Medical Center used considerable stakeholder input to develop its proposed behavioral health project. Specifically, the project went through several iterations as Mat-Su Regional Medical Center incorporated input from stakeholders and explored other alternatives. Prior to concluding that its proposed project is the most suitable approach, Mat-Su Regional Medical Center seriously considered options ranging from doing nothing to building a freestanding behavioral health unit at its hospital outpatient center in Wasilla.

Project is Most Suitable Approach

Of the options considered, Mat-Su Regional Medical Center firmly believes that its project is the most suitable approach to meeting the needs of the Mat-Su Borough. "Doing nothing" is no longer an acceptable course. Mat-Su Regional Medical Center went on psychiatric diversion 234 times in 2016, which represents a 1,850% increase from 2013. It also is on track to require over 1,100 behavioral health assessments for patients in crisis in 2017 (349 assessments were required just three years ago). In terms of need, the Alaska Division of Behavioral Health identifies the Mat-Su Borough as a standalone, independent behavioral health "region" that is separate and distinct from the Municipality of Anchorage, and that holds the second largest, fastest growing population in the entire state. Statistics show an immense need for behavioral health services in the Borough, and without adding hospital-based behavioral health services, a continuum of care for behavioral health will never exist for the population to be served. Simply stated, neither the Mat-Su Borough nor the hospital can afford the "do nothing" approach.

Given the clear need for a behavioral health project, Mat-Su Regional Medical Center also considered converting space in its hospital outpatient center in Wasilla to accommodate a smaller, freestanding behavioral health facility. This approach was deemed less suitable because

it would require a new, standalone crisis intervention and intake unit and several new ancillary support services that are already available at the hospital. For example, something as simple as meal services becomes challenging at an offsite, freestanding facility because the hospital is already equipped with a kitchen, staff trained in nutrition, and protocols for meal service. Taking advantage of the economies of scale at the hospital versus recreating these support services from scratch at an offsite location will result in more efficient and lower-cost care. Additionally, Mat-Su Regional Medical Center's hospital outpatient center is located across the street from Wasilla High School. Building an inpatient behavioral health facility that close to the high school could be challenging for the community in that it may create a stigma for patients needing to access care at that location.

Given that "doing nothing" is clearly not suitable, and given that being attached to the existing hospital results in economies of scale and more patient privacy than developing a freestanding behavioral health facility in Wasilla, Mat-Su Regional Medical Center properly assessed alternative methods for meeting the behavioral health needs of the Mat-Su Borough, and reasonably concluded that its proposed project is the most suitable approach.

5. ***The applicant briefly describes the anticipated impact on existing health care systems within the project's service area that serve the target population in the service area, and the anticipated impact on the statewide health care system.***

Mat-Su Regional Medical Center's proposed project will immediately increase access to behavioral health services through a level of care that is non-existent in the Mat-Su Borough's health care system. This will act as a cornerstone for establishing a true continuum of care for the second largest, fastest growing population in Alaska that seamlessly connects the hospital with community behavioral health service providers, which will allow for true integration as social workers and other licensed professionals from the hospital connect with counterparts at the community level on effective discharge planning and plans of care that span across all levels of the continuum. This, in turn, will take census pressure off of Alaska Psychiatric Institute and the statewide health care system to allow Alaska Psychiatric Institute to function as a true safety-net psychiatric hospital of last resort.

Immediate Positive Impact on Health Care Systems

Mat-Su Regional Medical Center's proposed project will have an immediate, positive impact on the health care systems in the Mat-Su Borough and on a statewide basis. It will do this by helping establish a true behavioral health continuum of care in the Mat-Su Borough that brings much needed services and coordination with community behavioral health providers through effective discharge planning and comprehensive plans of care that span the continuum. This, in turn, will take pressure off of Alaska Psychiatric Institute and allow it to function as a true safety-net psychiatric hospital of last resort rather than a short-stay acute care environment.

Positive Impact on Mat-Su Borough Health Care System

Alaska's state hospital utilization rate (per 1,000 population) for behavioral health services is 1.66, which is nearly four times the national rate of 0.44. *Alaska 2015 Mental Health National*

Outcome Measures (NOMS): SAMHSA Uniform Reporting System. This means that Alaskans are using hospitals more frequently for behavioral health services. Why? The answer, in part, is because of the fragile state of community behavioral health systems, which is no fault of the dedicated community behavioral health providers across the state. For example, the utilization rate for adult behavioral health services at the community level is 0.56 compared to the national rate of 2.29. *Id*. This likely means that access to community behavioral health services are limited, which may be what drives the higher utilization of hospital behavioral health services.

Unless there are more acute hospitals offering behavioral health services, especially when highly populated, rapidly growing service areas—such as the Mat-Su Borough—are completely devoid of hospital behavioral health services, then the dynamic identified above results in bad outcomes, especially at the statewide level. For instance, while Alaska's hospital length of stay for adult patients receiving behavioral health services is 5 days compared to the national average length of stay of 75 days, Alaska's hospital readmission rate for behavioral health services is often close to double the national average. *Alaska 2015 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System*. Additionally, from a patient perspective, consumer surveys show that Alaska is well below the national average for access to behavioral health services, quality of care, positive outcomes, treatment planning, and general satisfaction. *Id*.

Based on the SAMHSA statistics cited above, and the trend of undesirable outcomes at an overall health care system level, there are two ways to correct service delivery and improve access to care: increase access to behavioral health services through acute inpatient hospitals, and enhance behavioral health services delivered by community behavioral health providers. Mat-Su Regional Medical Center's proposed project will immediately increase access to care by offering key services—acute inpatient adult behavioral health services—that are non-existent in its service area, which constitutes the second largest, fastest growing population in Alaska (it is important to remember that these services do not currently exist in any form within the Mat-Su Borough, and that the Mat-Su Borough is growing at rate that is nearly four times faster than Anchorage). *Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045*. This, in turn, will act as a cornerstone for establishing a true continuum of care for behavioral health services in the Mat-Su Borough that seamlessly connects the hospital with community behavioral health service providers. This will allow for true integration as social workers and other licensed professionals from the hospital connect with counterparts at the community level on effective discharge planning and plans of care that span across all levels of the continuum.

Positive Impact on Statewide Health Care System

Alaska Psychiatric Institute is "the safety net provider of inpatient psychiatric care for the entire state and Alaska's only state-run psychiatric hospital." *Feasibility Study of the Privatization of the Alaska Psychiatric Institute* at 3. Alaska Psychiatric Institute has experienced significant strain trying to meet demand the past few years and it is widely accepted that access to inpatient behavioral health services is severely lacking.

> Another recurring theme among parties interviewed is that Alaska does not have the necessary system capacity to fully provide care to Alaskans (*sic*) needing mental health services. In the last three decades, Alaska Psychiatric Institute's

> capacity has been halved from 160 beds to 80 beds. This was done with the plan of increasing statewide (*sic*) capacity with the addition of . . . private Designated Evaluation and Treatment [beds]. While there are 12 beds available at Bartlett Regional Hospital in Juneau and 20 at Fairbanks Memorial Hospital in Fairbanks, the state-wide census has been continually increasing. Alaska Regional has indicated interest in opening a 12 bed psychiatric unit, which could potentially help alleviate the current capacity concerns. *Regardless, the current statewide (sic) capacity in particular are not viewed as sufficient*. *Id* at 11 (emphasis added).

The lack of capacity and strain on Alaska Psychiatric Institute, and designated evaluation and treatment ("DET") beds in general, has a negative effect on outcomes and Alaska's overall health care system, which is directly felt in the Mat-Su Borough. "Several stakeholders noted that the limited capacity is possibly causing Alaska Psychiatric Institute to discharge patients before they are fully stabilized, in an effort to maintain sufficient beds for persons awaiting treatment at Alaska Psychiatric Institute who are being held in hospital emergency departments . . . in outlying areas." *Id*.

If an acute care hospital is designated by the Department of Health and Social Services as an evaluation and treatment facility under 7 AAC 72, it may conduct emergency examinations and treatments for adults being involuntary committed, as well as, provide treatment services during the 30-day commitment period. See *AS 47.30.700-740; 7 AAC 72.017(a)-(b).* For this reason, DET beds are the only bed-for-bed alternative to Alaska Psychiatric Institute. This is problematic for the Mat-Su Borough because without Mat-Su Regional Medical Center's proposed project to establish up to 36 DET beds, patients and family face an even greater barrier for access to care. "It is now not uncommon for an Anchorage or Mat-Su resident awaiting admission on a court order to Alaska Psychiatric Institute to be accepted by and transferred to either the Fairbanks or Juneau mental health units. It is difficult for patients and their families when the patient ends up being transferred . . . family visits rarely occur, given the distance and expense." *Feasibility Study of the Privatization of the Alaska Psychiatric Institute* at 33.

With Alaska Psychiatric Institute operating in a system where it is one of the only hospitals offering inpatient behavioral health services to a population with a heavy need for services, Alaska Psychiatric Institute is functioning as an acute setting designed for short stays, rather than a true safety-net specialty hospital that exists as a last resort. "Fueling concerns that decreased ALOS at Alaska Psychiatric Institute has become an indicator of diminished service quality is the fact that ALOS at Alaska Psychiatric Institute is also substantially lower than the lengths of stay seen across the county in other state hospital systems." *Id.* at 34. When comparing Alaska Psychiatric Institute to ten peer psychiatric hospitals in the lower 48 and national averages, it becomes apparent that Alaska Psychiatric Institute fills a role that it is not fit for and that does not align with the behavioral health continuum of care that is supported by SAMHSA. Unlike Alaska Psychiatric Institute,

> [peer hospitals in the lower 48] are able to rely on a broader set of private . . . inpatient psychiatric units at community hospitals to provide census relief and focused attention on short-stay stabilization. In most states, in fact, partnerships among multiple

> hospital providers tends to create a natural filtering within the behavioral health system, in which private hospitals act as a gatekeeper and front line for managing acute crisis, in order to allow the state hospital system . . . to receive the more complex cases requiring longer, higher intensity intervention. No such system exists in Alaska[.]" *Id*. at 35

"Because of Alaska Psychiatric Institute's specific role, with rare exceptions, it is focused exclusively on short-term stabilization." *Id*. Mat-Su Regional Medical Center's proposed project will immediately change this deficiency. Specifically, it will allow Alaska Psychiatric Institute to follow the models of care used in most other states through partnership with Mat-Su Regional Medical Center in a way that relieves Alaska Psychiatric Institute's daily census pressure. In turn, this will enable Alaska Psychiatric Institute to receive and focus on more complex cases requiring longer, higher intensity interventions, all while establishing a key piece in the continuum of care in the Mat-Su Borough that properly and effectively addresses acute behavioral health crises close to home.

"It is clear not only that the demand for inpatient beds is growing, but also that Alaska Psychiatric Institute's options for responding proactively are limited." *Id.* at 87. Mat-Su Regional Medical Center's proposed behavioral health project will give Alaska Psychiatric Institute the opportunity to proactively meet the needs of Alaskans as a true safety-net provider in the continuum of care.

6. The applicant demonstrates that the project's location is accessible to patients and clients, their immediate and extended families and community members, and to ancillary services. This includes the relocation of existing services or facilities.

Mat-Su Regional Medical Center's proposed behavioral health project demonstrates accessibility through its location next to two main Alaskan highways, its 24-7, 365-days per year hours of operation, its compliance with all local, state, and federal codes, including the Americans with Disabilities Act, and its commitment to providing quality service, regardless of ability to pay and race, creed, color, religious beliefs or national origin.

Project Increases and Ensures Access

Mat-Su Regional Medical Center asserts throughout this application that as the second largest, fastest growing population in Alaska, it is indefensible to prevent the Mat-Su Borough from developing its health care system to increase access to care for its residents. This is especially true for behavioral health:

> While the health care system in Mat-Su has often required residents to travel at least 44 miles (from core area) to Anchorage for specialty services, this requirement for some individuals undergoing a stressful BH issue puts a difficult financial and organizational obstacle in their path to seek care. There are no formal arrangements to assist individuals in crisis to access

services in Anchorage. *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 35.

Centrally located next to two main highways—the Glenn Highway and the George Parks Highway—Mat-Su Regional Medical Center is accessible to those traveling from the north, south, east, or west. In the event of an emergency, Mat-Su Regional Medical Center is also immediately accessible by helicopter by way of the helipad that is located adjacent to its emergency department.

Mat-Su Regional Medical Center (and its proposed behavioral health services) is open twenty-four hours per day, seven days per week, 365-days per year. All of its buildings, including the proposed behavioral health space, are compliant with the Americans with Disabilities Act, and all local, state, and federal codes.

Mat-Su Regional Medical Center provides care at a discount or as charity to patients who do not otherwise qualify for third party coverage, local, or government assistance. Care provided at a discount or as charity is provided to all patients without regard to race, creed, color, religious beliefs or national origin, and regardless of whether the patient qualifies for financial assistance. Over the course of the last five years, Mat-Su Regional Medical Center incurred nearly $13 million in unreimbursed costs for providing charity care.

Mat-Su Regional Medical Center Charity Care & Uncompensated Care					
Year	**2012**	**2013**	**2014**	**2015**	**2016**
Charges					
Charity Care	$11,230,342	$10,557,115	$12,756,212	$15,747,628	$7,996,744
Bad Debt	$18,440,749	$14,197,196	$17,379,755	$15,053,380	$12,063,423
Self-Pay Discount	$7,169,738	$9,938,059	$9,298,087	$8,418,369	$5,852,650
Total Uncompensated Care Charges	$36,840,829	$34,692,369	$39,434,053	$39,219,377	$25,912,817
Cost-to-Charge Ratio	**0.247**	**0.239**	**0.221**	**0.206**	**0.191**
Costs					
Charity Care Costs	$2,778,328	$2,526,731	$2,818,048	$3,236,406	$1,525,939
Bad Debt Costs	$4,562,145	$3,397,945	$3,839,461	$3,093,727	$2,301,942
Self-Pay Discount Costs	$1,773,756	$2,378,567	$2,054,094	$1,730,119	$1,116,803
Total Uncompensated Care Costs	$9,114,229	$8,303,243	$8,711,602	$8,060,252	$4,944,684

Given its accessible location next to two main Alaskan highways, its hours of operation, compliance with all local, state, and federal codes, including the Americans with Disabilities Act, and its commitment to providing quality service, regardless of ability to pay and race, creed, color, religious beliefs or national origin, Mat-Su Regional Medical Center's proposed behavioral health project ensures accessibility to patients, clients, immediate and extended families, and others.

Service-Specific Review: Behavioral Health Care Services

Acute Inpatient Psychiatric Treatment Services

Review Standards

After determining whether an applicant has met the general review standards in Section I of this document, the department will apply the following service-specific review standards in its evaluation of an application for a certificate of need to establish, expand, or relocate acute inpatient psychiatric treatment services:

Project: Mat-Su Regional Medical Center seeks to establish acute behavioral health services in the Matanuska-Susitna Borough by adding 36 inpatient beds for adult psychiatric services and adult substance abuse services within the hospital. The beds will be "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes.

Single Behavioral Health System: As explained throughout this application, "[t]he term 'behavioral health' refers to a state of mental and emotional being and/or choices and actions that affect wellness. Behavioral health problems include substance abuse or misuse, alcohol and drug addiction, serious psychological distress, suicide, and mental and substance use disorders." *Alaska Behavioral Health Systems Assessment Final Report* at 11. Accordingly, Mat-Su Regional Medical Center's project is designed to be a single behavioral health system that serves patients affected by substance abuse and addiction issues, mental health issues, or a combination of these conditions. Therefore, not all of the beds on the behavioral health floor will be used for inpatient psychiatric treatment services at a given time.

Inpatient Psychiatric Treatment Service Portion for CON Purposes: Only part of Mat-Su Regional Medical Center's proposed 36 behavioral health beds will be used for inpatient adult psychiatric services at a given time. More specifically, based on the proportion of diagnoses pertaining to psychiatric-related health issues versus substance-abuse related health issues for patients seen in Mat-Su Regional Medical Center's emergency department, and the likely average length of stay for behavioral health inpatient services for these different patients, Mat-Su Regional Medical Center anticipates that a maximum of 75% of its 36 behavioral health beds will be occupied by patients needing inpatient psychiatric services at a given time. This translates to an average daily use of 27 inpatient psychiatric beds and 9 beds for true substance abuse needs, including withdrawal management services (i.e. "detox").

Therefore, for certificate of need purposes, so long as the following service specific review standards show a need and capacity for 27 acute inpatient psychiatric treatment service beds in the Mat-Su Borough, and so long as the project as a whole passes general review, the Department of Health and Social Services should approve Mat-Su Regional Medical Center to build its proposed 36 behavioral health beds.

The Certificate of Need Service-Specific Review Standards for Behavioral Health Services for acute inpatient psychiatric treatment services show there is a bed need for at least 27 acute inpatient psychiatric treatment beds in the Mat-Su Borough. It should also be noted

that several national studies show that the psychiatric bed need in the Mat-Su Borough is actually between 36 beds and 72 beds with a median of 54 beds.

To show that this project, as it relates to acute inpatient psychiatric services, is within certificate of need capacity for the Mat-Su Borough, Mat-Su Regional Medical Center will first demonstrate capacity using the national studies, and it will then demonstrate capacity using the service-specific review standards detailed below.

Demonstrated Capacity Using National Standards / Studies

National Bed Capacity Standards: The State of Alaska commissioned a feasibility study for the privatization of Alaska Psychiatric Institute, and the final report was issued just five months ago. The report analyzes a variety of issues, including benchmarks for inpatient psychiatric bed capacity. This is especially pertinent because the report identifies six studies that were conducted over the last 48 years that specifically analyzed and recommended benchmark psychiatric bed capacity per 100,000 persons. *Feasibility Study for the Privatization of Alaska Psychiatric Institute* 88. The following table provides a summary of those studies and the recommended benchmarks for psychiatric bed capacity.

Benchmarks for Inpatient Psychiatric Bed Capacity from Feasibility Study of the Privatization of the Alaska Psychiatric Institute, 2/23/2017		
Study Year	**Author(s)**	**Recommended I/P Psychiatric Bed Capacity**
1969	British Department of Health and Social Security	50 beds per 100,000 persons
1986	Goplerud, E.N.	50 beds per 100,000 persons
1987	Hafner, H.	50-80 beds per 100,000 persons
1988	Royal College of Psychiatrists Working Party	43 beds per 100,000 persons
1998	Davis, G.E., Walter, L.E., Davis, G.L.	40 beds per 100,000 persons
2010	Torrey et al.	40-60 beds per 100,000 persons

Application of National Bed Capacity Standards to Mat-Su Borough: If one applies the recommended bed capacities to the Mat-Su Borough's projected adult population for 2025 (note, "adult population" only includes projections for ages 20 and above because of the breakdown in the *Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045*, so the full adult population is likely even higher), recommended psychiatric bed capacity needed for the Mat-Su Borough is as follows:

Benchmarks for Inpatient Psychiatric Bed Capacity from Feasibility Study of the Privatization of the Alaska Psychiatric Institute, 2/23/2017, APPLIED to MAT-SU BOROUGH				
Study Year	**Author(s)**	**Recommended I/P Psychiatric Bed Capacity Needed**	**2025 MSB Adult Population***	**Recommended Psychiatric Bed Capacity Needed for MSB**
1969	British Department of Health and Social Security	50 beds per 100,000 persons	89,370	45
1986	Goplerud, E.N.	50 beds per 100,000 persons	89,370	45
1987	Hafner, H.	50-80 beds per 100,000 persons	89,370	72
1988	Royal College of Psychiatrists Working Party	43 beds per 100,000 persons	89,370	39
1998	Davis, G.E., Walter, L.E., Davis, G.L.	40 beds per 100,000 persons	89,370	36
2010	Torrey et al.	40-60 beds per 100,000 persons	89,370	54

* 2025 MSB Adult Population is from Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045

Bed Capacity for Mat-Su Borough: Based on these expert studies, inpatient psychiatric bed capacity needed ranges from 40 beds per 100,000 persons to 80 beds per 100,000 persons. **The median is 60 beds per 100,000 persons. If one applies this median to the Mat-Su Borough's projected adult population for 2025, the recommended psychiatric bed capacity needed for the Mat-Su Borough is 54 adult inpatient psychiatric beds. Currently, there are 0 adult inpatient psychiatric beds in the Mat-Su Borough, so 54 new beds are needed.**

Observation Concerning Bed Capacity in Anchorage: For purposes of comparison, if this median is applied to the Municipality of Anchorage's projected adult population for 2025, the recommended psychiatric bed capacity needed for the Municipality of Anchorage is 140 adult inpatient psychiatric beds. Currently, there are 60 designated evaluation and treatment adult inpatient psychiatric beds (capable of receiving adult involuntary commitments) in the Municipality of Anchorage, so according to national standards, 80 new beds are needed in the Municipality of Anchorage alone.

Note: It should be noted that while the 1998 study in the tables above identifies "bed capacity need" as 40 beds per 100,000 persons, it also identifies 31 beds per 100,000 persons as "optimum." *Feasibility Study for the Privatization of Alaska Psychiatric Institute* 88. If this benchmark is applied to the Mat-Su Borough, the recommended psychiatric bed capacity needed for the Mat-Su Borough is 28 adult inpatient psychiatric beds.

Demonstrated Capacity Using CON Service-Specific Review Standards for Acute Inpatient Psychiatric Treatment Services

1. ***A new freestanding psychiatric hospital must have a minimum of 25 beds; new services located within existing acute care community hospitals must have a minimum of 12 beds. Any deviation must include a five-year projected cost benefit analysis that describes a sustainable "economy of scale."***

Standard Satisfied: Mat-Su Regional Medical Center's project proposes adding new services located within an existing acute care community hospital, and the project includes more than the minimum number of 12 beds. This standard is satisfied.

2. ***To be considered for authorization to expand bed capacity, inpatient psychiatric treatment services must have an annual average occupancy of at least 80% during the preceding three years.***

Standard Does Not Apply: Mat-Su Regional Medical Center does not have existing bed capacity for inpatient psychiatric treatment services. Therefore, its proposed project does not "expand bed capacity." This standard does not apply.

3. ***The applicant demonstrates that the project augments the existing community system of care and facilitates effective interface, transition and timely referral to lower levels of community-based settings.***

Standard Satisfied: Mat-Su Regional Medical Center's proposed project will immediately increase access to behavioral health services through a level of care that is non-existent in the Mat-Su Borough's health care system. This will act as a cornerstone for establishing a true continuum of care for the second largest, fastest growing population in Alaska that seamlessly connects the hospital with community behavioral health service providers, which will allow for true integration as social workers and other licensed professionals from the hospital connect with counterparts at the community level on effective discharge planning and plans of care that span across all levels of the continuum. This, in turn, will take census pressure off of Alaska Psychiatric Institute and the statewide health care system to allow Alaska Psychiatric Institute to function as a true safety-net psychiatric hospital of last resort.

Additional Considerations for Concurrent Review of More than one Application

In completing a concurrent review of two or more applications under 7 AAC 07.060, in addition to applying the standards set out above to each application, the department will

1. ***Compare the extent to which each applicant demonstrates a willingness to accept persons under court detention orders, or have contractual agreements to serve such persons; and***

Standard Does Not Apply: At the time of submission of this application, Mat-Su Regional Medical Center's proposed project is not under concurrent review with another application, so this standard does not apply. It should be noted that Mat-Su Regional Medical Center plans for all of its proposed 36 beds to be "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes.

2. ***Approve an otherwise equivalent proposal that entails the conversion of excess acute care hospital capacity to inpatient psychiatric treatment services use over a proposal that entails the development of new facilities and the addition of beds to the licensed bed complement.***

Standard Does Not Apply: At the time of submission of this application, Mat-Su Regional Medical Center's proposed project is not under concurrent review with another application, so this standard does not apply. It should be noted that Mat-Su Regional Medical Center does not have any excess acute care hospital capacity available to "convert" to inpatient psychiatric treatment services.

Review Methodology

The department will use the following formula to determine need for inpatient psychiatric treatment services and the number of dedicated hospital beds required.

Data Used for Formulas: The certificate of need formula for the inpatient psychiatric aspect of Mat-Su Regional Medical Center's proposed 36 behavioral health beds requires certain data. That data is summarized in the table below. It includes Mat-Su Regional Medical Center, the proposed service area for this project (Mat-Su Borough), the adult inpatient psychiatric bed days for each designated evaluation and treatment ("DET") facility in the state, the number of DET

beds in each of those facilities, and the official adult population estimates for the facilities' primary service areas in 2015 (to calculate UR in Step One below) and 2025 (to calculate P in Step One below). All data comes from official sources. The DET facilities and bed counts are from the Alaska Division of Behavioral Health Comprehensive Daily Census Report; the bed days are from the Certificate of Need Program's most recently completed facility surveys; and, the population estimates are from the Alaska Department of Labor and Workforce Development.

Key Data: Designated Eval & Treatment Beds (i.e. Acute I/P Psychiatric Treatment Services)		Adult I/P Psychiatric Bed Days*				Adult DET Beds**	Prior Adult Population (Primary Service Area)***	Projected Adult Population (Primary Service Area)***
Facility	**Primary Service Area**	**2013**	**2014**	**2015**	**3y Avg**	**N/A**	**2015**	**2025**
Mat-Su Regional Medical Center	Mat-Su Borough	0	0	0	0	0	69,405	89,370
Alaska Psychiatric Institute	Anchorage	17,729	20,055	20,093	19,292	60	217,399	232,386
Fairbanks Memorial Hospital	Fairbanks	3,681	3,931	4,074	3,895	20	71,737	76,486
Bartlett Regional Hospital	Juneau	3,017	2,707	3,100	2,941	12	25,058	26,488
Total		24,427	26,693	27,267	26,129	92	383,599	424,730

* Source: Alaska Department of Health and Social Services Certificate of Need Program

** Source: The DBH Comprehensive Daily Census Report

*** Source: Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045

►***STEP ONE:*** *Determine the potential inpatient psychiatric treatment services caseload using the formula:*

$$C = P \times UR$$

C *(caseload) = the number of days of inpatient psychiatric treatment care required five years from the project implementation date*
P *(projected population) = the official State population projected for the fifth year following implementation of the project*
UR *(use rate) = the current utilization rate (the average number of inpatient psychiatric treatment days of care used during the preceding three years, divided by population)*

C = 89,370 x 0.089 → C = 7,931

- Project implementation is Q4 2020, so P is the estimated adult population for the Mat-Su Borough in 2025. P = 89,370

- Since Mat-Su Regional Medical center does not currently have any inpatient behavioral health beds, it does not have any inpatient psychiatric treatment days to report for the preceding three years. Since Alaska Psychiatric Institute is the closest DET facility in distance, and since it receives patients from outside of Anchorage, including from the Mat-Su Borough, and since it is the only existing DET facility that is not smaller than Mat-Su Regional Medical Center's proposed project, its use rate is the correct percentage to use in the formula. UR = 19,292 / 217,399 → UR = 0.089

- C = 89,370 x 0.089 → C = 7,931

►***STEP TWO:*** *Determine the projected inpatient psychiatric treatment service average daily inpatient census using the formula:*

PSAT•ADC = C / SA

PSAT•ADC *= inpatient psychiatric treatment service average daily census*
SA *(service availability) = defined as 365 days a year*

PSAT•ADC = 7,931 / 365 → PSAT•ADC = 22

- C was calculated in Step 1. C = 7,931
- Service Availability is defined as 365 days per year. SA = 365
- PSAT•ADC = 7,931 / 365 → PSAT•ADC = 22

►***STEP THREE:*** *Determine the number of inpatient psychiatric treatment service beds required using the formula:*

PSATBN = PSAT•ADC / TO

PSATBN *= inpatient psychiatric treatment services bed need*
PSAT•ADC *= inpatient psychiatric treatment services average daily census*
TO *= target occupancy factor, defined as 80% for inpatient psychiatric treatment services*

PSATBN = 22 / 0.80 → PSATBN = 27

- PSAT•ADC was calculated in Step 2. PSAT•ADC = 22
- The target occupancy factor is defined as 80%. TO = 0.80
- PSATBN = 22 / 0.80 → PSATBN = 27

►***STEP FOUR:*** *Determine unmet inpatient psychiatric treatment services bed need, if any, by subtracting the number of licensed and CON-approved beds from the number projected to be needed.*

PBN_{sa} = 27 - 0 → PBN_{sa} = 27

- The number of licensed and CON-approved beds in the Mat-Su Borough is 0
- PBN_{sa} = 27 - 0 → PBN_{sa} = 27

►***STEP FIVE:*** *Determine projected bed need for a proposed service area by multiplying the statewide projected bed need by the service area share of population to be served.*

$$PBN_{sa} = PBN_t \times SAS$$

PBN_{sa} *= projected bed need for the service area*

PBN_t *= total projected bed need for the state*

SAS *(service area share) = the proposed service area's current share of the population to be served, as of the most recent geographic population estimates. If there is public information about service area population changes expected over the planning horizon, such as a military base closing, or a major economic project such as a new mine, the service area share estimate may be modified with explanation to reflect the expected change.*

PBN_{sa} = 27

- Since the usage rate and projected population used in Step 1 were specific to the proposed project's service area (i.e. the Mat-Su Borough), and since the existing number of licensed and CON-approved beds identified as 0 in Step 4 was also already specific to the project's service area (i.e. the Mat-Su Borough), the projected bed need for the service area has already been calculated in full in Step 4. Note, this follows the Certificate of Need Program's practice for applying service-specific review standards and formulas. For example, see page 18 of the Certificate of Need Program's most recent Staff Analysis in the *Review of Mat-Su Colony Skilled Nursing Facility & Maple Springs Skilled Nursing Facility*, October 2016.

- PBN_{sa} = 27

Service Specific Review Standards Satisfied in Full

As explained above, only part of Mat-Su Regional Medical Center's proposed 36 behavioral health beds will be used for inpatient adult psychiatric services at a given time. More specifically, based on the proportion of diagnoses pertaining to psychiatric-related health issues versus substance-abuse related health issues for patients seen in Mat-Su Regional Medical Center's emergency department, and the likely average length of stay for behavioral health inpatient services for these different patients, Mat-Su Regional Medical Center anticipates that a maximum of 75% of its 36 behavioral health beds will be occupied by patients needing inpatient psychiatric services at a given time. This translates to an average daily use of 27 inpatient psychiatric beds and 9 beds for true substance abuse needs, including withdrawal management services (i.e. "detox"). Since the service-specific review standards show a need for 27 inpatient adult psychiatric treatment beds in the Mat-Su Borough, Mat-Su Regional Medical Center's project satisfies this standard in full.

Section IV. Narrative Review Questions

Directions in the Certificate of Need application packet indicate that "information will duplicate information required elsewhere in the application packet; that duplication is intentional." All of the questions in Section IV are closely related to the General Review Standards analyzed in Section VI. Given this overlap, many answers provided below reference and incorporate answers provided in Section VI.

A. RELATIONSHIP TO APPLICABLE PLANS AND NATIONAL TRENDS

Indicate how the application relates to any relevant plans, including the applicant's long-range plans, appropriate local, regional, or state government plans, the current Alaska Certificate of Need Review Standards and Methodologies, adopted by reference in 7 AAC 07.025, and current planning guidelines of recognized national medical and health care groups. If the proposal is at variance with any of these documents, explain why. (See the department's website for state planning processes and materials and links to federal websites.)

See General Review Standard #2; Section VI *Narrative Description of How Project Meets Applicable Review Standards*

As demonstrated in Section VI of this application, Mat-Su Regional Medical Center's proposed behavioral health project satisfies all applicable general review standards and service-specific review standards in full. Additionally, the proposed project strongly relates to relevant plans at all levels, and logically integrates with Mat-Su Regional Medical Center's long-range plans for expansion of its facility and services.

Relation to Relevant Plans

Mat-Su Regional Medical Center's proposed behavioral health project appropriately relates to and integrates with relevant plans by virtue of the fact that it is grounded in evidence-based planning. The federal Substance Abuse and Mental Health Services Administration ("SAMHSA") and the Alaska Division of Behavioral Health, along with subject matter experts across the country, all agree that truly addressing behavioral health problems requires a continuum of care. *Alaska Behavioral Health Systems Assessment Final Report* at 38.

Mat-Su Regional Medical Center's project was designed with this evidence / model in mind, so the focus is offering a single behavioral health system that serves patients affected by substance abuse and addiction issues, mental health issues, or a combination of these conditions. Establishing these services at the hospital level will provide an anchor for creating a continuum in the Mat-Su Borough, which will generate coordination with community behavioral health providers. The ultimate goal is to address patients in crisis or with high acuity needs, and treat those patients in an effective manner in the hospital environment, and then connect with community behavioral health providers with discharge planning to ensure that the patient can easily progress through the continuum and have his or her needs full addressed.

In addition to being grounded in evidence-based planning, Mat-Su Regional Medical Center's project also clearly relates to relevant planning at all levels because it was developed using 20 different studies or reports from local (i.e. community and regional), state, and federal health planning resources. This amounts to over 1,000 pages of material specific to delivering behavioral health services according to best practices and projections that align with the United States Substance Abuse and Mental Health Services Administration, the Alaska Department of Health and Social Services Division of Behavioral Health, the Alaska Department of Labor and Workforce Development, the Office of the Governor, the Alaska Mental Trust Authority, the Mat-Su Health Foundation, and the Mat-Su Opioid Task Force.

Health Planning Sources
Local Health Planning
Mat-Su Behavioral Health Environmental Scan: Report 1 – The Crisis Response System
Mat-Su Behavioral Health Environmental Scan: Report 2 – The System of Care
Mat-Su Health Foundation 2016 Community Health Needs Assessment Supplemental Data Resource
Mat-Su Behavioral Health Services Crisis Data 2014 - 2017
Mat-Su Health Foundation 2017 Detox Services Demand Analysis
Mat-Su Health Foundation 2017 Detoxification Services Core Business Plan
Mat-Su Opioid Task Force, www.matsuopioidtaskforce.com
State Health Planning
Alaska Behavioral Health System Assessment Regional Data Report 2009-2013
Alaska Behavioral Health Systems Assessment Final Report
Feasibility Study for the Privatization of Alaska Psychiatric Institute
Behavioral Health Disorders Among Alaskans, Advisory Board on Alcoholism and Drug Abuse, Alaska Mental Health Board
The Economic Cost of Drug Abuse in Alaska, 2016 Update
State of Alaska, Department of Health and Social Services Medicaid Payment Reform SFY 2015 and SFY 2016 Data Book
Alaska Statewide Suicide Prevention Council Alaska Suicide Facts and Statistics
Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045
Governor Walker Disaster Declaration on Opioid Epidemic
Alaska Statutes Title 47
Alaska Administrative Code Title 7
Federal Health Planning
Alaska 2015 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System
Substance Abuse and Mental Health Services Administration Behavioral Health Barometer Alaska, 2015

Finally, the proposed behavioral health project fits perfectly with Mat-Su Regional Medical Center's long-range plan for expanding its facility and services. More specifically, Mat-Su Regional Medical Center is planning multiple projects over the next 1 to 5 years that include seeing the construction of a new medical office building on campus, finishing the shelled-in third floor, adding the proposed behavioral health services, and expanding other ancillary services and supports to allow the hospital to meet the needs of the Mat-Su Borough for years to come. Given the fact that hospital inpatient behavioral health services do not exist in the Mat-Su Borough, and given the sheer need for these services, the proposed behavioral health project is a natural service for the hospital to implement as it grows into the future.

B. DEMONSTRATION OF NEED

1. Identify the problems being addressed by the project. For example, identify whether this project is for (a) a new service; (b) an expanded service; or (c) an upgrade of an existing service.

See General Review Standard #1

Mat-Su Regional Medical Center seeks to establish acute behavioral health services in the Matanuska-Susitna Borough by adding 36 inpatient beds for adult psychiatric services and adult substance abuse services within the hospital. The beds will be "Designated Evaluation and Treatment" so that services are available to both voluntary admissions and involuntary commitments under Title 47 of the Alaska Statutes. These proposed behavioral health services do not currently exist at Mat-Su Regional Medical Center or in the Mat-Su Borough. Therefore, this project is for a new service.

The effect of these services not being available at the hospital has been felt throughout the Borough, and at Mat-Su Regional Medical Center, for years. The proposed project seeks to address some of the following problems.

Alaska has the highest rate of suicide per capita in the United States. *Alaska Statewide Suicide Prevention Council Alaska Suicide Facts and Statistics*. The Mat-Su Borough in particular has a suicide death rate that is twice the national rate: "23.2 deaths per 100,000 people v. 11.3 for the US[.]"*Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 3. Similar to suicide rates, Alaska's substance abuse rates are also "considerably higher than the national average." *Feasibility Study for the Privatization of Alaska Psychiatric Institute* at 6. In addition to the high substance abuse and prevalence rates cited above, the Mat-Su Borough has also been especially rocked by opioid abuse, as demonstrated by Governor Walker's declaration in February that the state's opioid crisis is a "public health disaster." *Alaska governor declares opioid abuse public health disaster*, Alaska Dispatch News, 2/15/2017.

Finally, Mat-Su Regional Medical Center went on psychiatric diversion 234 times in 2016, which represents a 1,850% increase from 2013. It also is on track to require over 1,100 behavioral health assessments for patients in crisis in 2017 (349 assessments were required just three years ago).

Simply stated, without the proposed project, Mat-Su Regional Medical Center is not equipped to handle this behavioral health surge. If the Certificate of Need Program does not approve the project, operational challenges and local need for services will only increase, problems will compound, and patient care will suffer.

2. ***Describe whether (and how) this project (a) addresses an unmet community need; (b) satisfies an increasing demand for services; (c) follows a national trend in providing this type of service; or (d) meets a higher quality or efficiency standard.***

See General Review Standard #1; General Review Standard #2; General Review Standard #5

The analysis performed in Section VI of this application provides an in-depth explanation of how Mat-Su Regional Medical Center's proposed project addresses unmet need at the community level, satisfies an increasing demand for services, follows national trends in providing this type of service, and meets a higher quality or efficiency standard.

Project Addresses Unmet Need

Mat-Su Regional Medical Center's project addresses unmet need for residents of the Mat-Su Borough because the proposed behavioral services are nonexistent in the Borough. "The complete array of services recommended by the Substance Abuse and Mental Health Services Administration (SAMHSA) to meet the needs of residents in crisis do not exist in the Mat-Su . . . ." *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 4. Statistics cited below, and throughout this application, showing increased demand for services demonstrate that not having access to the proposed behavioral health services is detrimental for the Mat-Su Borough and its hospital. Additionally, need for services appears to be greater in the Mat-Su Borough than nearly all other areas of the state.

The Mat-Su Borough is the second largest region / behavioral health system recognized by the State of Alaska Department of Health and Social Services (see Behavioral Health Systems Assessment Reporting Regions on page 5 of *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013*). As of 2013, 36% of Mat-Su residents who received behavioral health services had to leave their home region, and communities therein, to receive care. *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013* at 18. This means more clients from Anchorage, Fairbanks, Juneau, Kenai, Southeast Alaska, Southwest Alaska, and the Y-K Delta were able to receive behavioral health care in their home region than Alaskans who live in the second largest, fastest growing region in the entire state. *Id*.

The same holds true from a behavioral health bed standpoint. Fairbanks Memorial Hospital has a behavioral health unit consisting of 20 beds, all of which are designated evaluation and treatment ("DET") beds. *The DBH Comprehensive Daily Census Report*. Alaska Psychiatric Institute in Anchorage has 60 DET beds dedicated to "adult acute care." *Id.* The Mat-Su Borough, which has a larger population than Fairbanks, and is growing nearly four times faster than Anchorage (Mat-Su Borough 5-yr Growth Rate is 13.2%; Municipality of Anchorage 5-yr Growth Rate is 3.6%) has 0 hospital inpatient beds for adult acute behavioral health services. *Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045*.

Project Satisfies Increasing Demand for Services

Behavioral health is the highest priority health care issue in the Mat-Su Borough. "In 2013, as part of a Community Health Needs Assessment, professionals and residents ranked mental/emotional health and substance abuse issues (collectively referred to as behavioral health) as the highest priority health issues facing Mat-Su." *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 3.

While the prioritization of behavioral health needs by local professionals and residents is a clear indicator of increasing demand for services, the explosion in visits to Mat-Su Regional Medical Center's emergency department and behavioral health assessments provided to those patients in crisis fully demonstrated the increase in demand for services. In 2014, the *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* reported the following statistics about Mat-Su Regional Medical Center: "In 2012, MSRMC ED was on diversion status five times. In 2013, this number more than doubled (12 times). As of October 1, 2014, MSRMC ED has already been on divert status 14 times." *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 4. To put this in perspective, in 2016, Mat-Su Regional Medical Center went on psychiatric diversion 234 times. This represents a 1,850% increase in psychiatric diversions between 2013 and 2016.

Mat-Su Regional Medical Center contracts with Mat-Su Health Services to provide behavioral health assessments to patients. The number of assessments performed for Mat-Su Regional Medical Center grew 44% from 2014 to 2015, and another 49% from 2015 to 2016. This growth trend continues in 2017 as the assessments in the first quarter are 47% higher than the number of assessments performed in the first quarter of 2016. If the first quarter trend holds, Mat-Su Regional Medical Center will require over 1,100 behavioral health assessments for patients in crisis. To put this in perspective, the total assessments conducted just three years ago was 349.

Project Follows National Trend in Providing this Service

Mat-Su Regional Medical Center's proposed behavioral health project is grounded in evidence-based planning that originated at the national level with the federal Substance Abuse and Mental Health Services Administration ("SAMHSA"). In addition to being grounded in evidence-based planning, Mat-Su Regional Medical Center specifically analyzed national trends for service delivery in developing the proposed project. Again, the project was developed using 20 different studies or reports from local (i.e. community and regional), state, and federal health planning resources. This amounts to over 1,000 pages of material specific to delivering behavioral health services according to best practices and projections that align with the United States Substance Abuse and Mental Health Services Administration, the Alaska Department of Health and Social Services Division of Behavioral Health, the Alaska Department of Labor and Workforce Development, the Office of the Governor, the Alaska Mental Trust Authority, the Mat-Su Health Foundation, and the Mat-Su Opioid Task Force.

Project Meets Higher Quality and Efficiency Standard

To date, the behavioral health care system in the Mat-Su Borough is inefficient and often produces undesirable results. Based on the following statistics, Mat-Su Regional Medical

Center's proposed project should immediately improve efficiency and generate better outcomes for patient care.

Alaska's state hospital utilization rate (per 1,000 population) for behavioral health services is 1.66, which is nearly four times the national rate of 0.44. *Alaska 2015 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System*. This means that Alaskans are using hospitals more frequently for behavioral health services. The utilization rate for adult behavioral health services at the community level is 0.56 versus the national rate of 2.29. *Id*.

Unless there are more acute hospitals offering behavioral health services, especially when highly populated, rapidly growing service areas—such as the Mat-Su Borough—are completely devoid of hospital behavioral health services, then the dynamic identified above results in bad outcomes, especially at the statewide level. For instance, while Alaska's hospital length of stay for adult patients receiving behavioral health services is 5 days compared to the national average length of stay of 75 days, Alaska's hospital readmission rate for behavioral health services is often close to double the national average. *Alaska 2015 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System*.

3. Describe any internal deficiencies of the facility that will be corrected, and document which of these deficiencies have been noted by regulatory authorities. Note any deficiencies that will not be corrected by this project, what efforts have been taken to correct the deficiencies, and how this project will affect the deficiencies. Attach any pertinent inspection records and other relevant reports as an appendix to the application.

See General Review Standard #1; General Review Standard #5

Mat-Su Regional Medical Center recently completed its triennial survey with the Joint Commission and a validation survey with the Centers for Medicare and Medicaid Services shortly thereafter. Both surveys were successful, and Mat-Su Regional Medical Center does not have any formal internal deficiencies noted by these regulatory authorities that need to be addressed by the proposed project. However, the proposed project will alleviate deficiencies resulting from excessive Title 47 "holds" in the emergency department and the constant need for the hospital to go on psychiatric diversion.

Mat-Su Regional Medical Center currently uses two treatment rooms in its emergency department that have been essentially repurposed for Title 47 involuntary "holds" of patients who are awaiting transfer to Alaska Psychiatric Institute. When these rooms are full, the hospital goes on psychiatric diversion, which diverts law enforcement and ambulances to Anchorage hospitals. Unfortunately, given the distance to Anchorage, law enforcement and ambulances are not always able to "divert" to Anchorage, which results in Mat-Su Regional Medical Center holding more than two behavioral health patients in its emergency department. Additionally, with Alaska Psychiatric Institute regularly operating at capacity, these patients more often than not spend several days being held in Mat-Su Regional Medical Center's emergency department waiting for a bed at Alaska Psychiatric Institute.

Mat-Su Regional Medical Center recently held 9 patients in its emergency department while it was on psychiatric diversion even though it has basic capacity for 2 patients. Moreover, all of those patients spent several days in the emergency department awaiting transfer to Alaska Psychiatric Institute. Unfortunately, this was not a "onetime" event. Mat-Su Regional Medical Center went on psychiatric diversion 234 times in 2016, which equates to a 1,850% increase in psychiatric diversions between 2013 and 2016.

Without Mat-Su Regional Medical Center's proposed project to establish up to 36 designated evaluation and treatment beds, Mat-Su Borough residents needing behavioral health services will continue to overwhelm the hospital's emergency department as they wait for transfer to Alaska Psychiatric Institute. Simply stated, Mat-Su Regional Medical Center's proposed project will give it the ability to more effectively move behavioral health patients to the proper level of care, which will cure the deficiencies associated with excessive Title 47 "holds" in the emergency department and the constant need for the hospital go on psychiatric diversion.

4. ***Identify the target population to be served by this project. The "target population" is the population that is or may reasonably be expected to be served by a specific service at a particular site. Explain whether this is a local program, or a program that serves a population outside of the proposed service area. Use the most recent Alaska Department of Labor and Workforce Development statistics for population data and projections. Explain and document any variances from those projections.***

See General Review Standard #1; Service-Specific Review Standards.

The target population to be served by this project is the Matanuska-Susitna Borough. The target population can reasonably be expected to be served because it is completely consistent with Mat-Su Regional Medical Center's existing utilization trends and it is the customary geographical area of the hospital, as verified by a patient origin analysis. The proposed project is a "local program" in that it is designed to serve the Mat-Su Borough. However, given the capacity strain at Alaska Psychiatric Institute for designated evaluation and treatment beds, it would not be surprising if patients from outside of the Borough seek services at Mat-Su Regional Medical Center. While the project may be able to accommodate patients from outside of the Borough, it is specifically designed to serve Mat-Su Borough residents.

Patient Origin Analysis Supports Proposed Service Area

Patient Origin Analysis: 2016 I/P Discharges	
Patient Origin (Zip code)	**Percentage**
Matanuska-Susitna Borough	92.3%
Municipality of Anchorage	4.00%
Other	3.70%
TOTAL	100.00%

As demonstrated above, of the total number of patients who received inpatient hospital services at Mat-Su Regional Medical Center in 2016, 92.3% were from a zip code within the Mat-Su Borough. Given this overwhelming majority, it is reasonable and appropriate for Mat-Su Regional Medical Center to identify the Mat-Su Borough as the target population to be served by its proposed behavioral health project.

5. ***Describe the projected utilization of the proposed services and the method by which this projection was derived. Do not annualize utilization data. It must include the last complete year of operation (indicate if it is a calendar year or fiscal year) and as many prior years as is feasible to show trends. If graphs are used to depict this information, and they do not include the actual utilization numbers, numerical charts must be included. In providing this information:***

See Service-Specific Review Standards; Section IX *Financial Data – All Proposed Activities*

Mat-Su Regional Medical Center's projected utilization of the proposed services is best reflected in Schedule IV from Section IX below. As is custom with any new service, the projections account for a slow ramp up in 2021 when the beds first become operational. Utilization then increases to reach target occupancy of 80%—as defined in Step 3 of the Certificate of Need Service-Specific Review Standards for acute inpatient psychiatric treatment services—in 2023. Finally, the projections level off in 2025. Note, the projected utilization is an estimate only. As with any estimate or projection, especially one that will not occur for 4+ years from current day, variables may change.

Projected utilization was derived from a method that analyzed capacity. More specifically, Mat-Su Regional Medical Center used local, state, and federal sources / standards to identify needed capacity for the Mat-Su Borough (See "Demonstrated Capacity Using National Standards / Studies" section provided in the Service-Specific Review Standards for acute inpatient psychiatric treatment services). Using these objective sources, capacity was identified and Mat-Su Regional Medical Center then used a gradual growth trend to determine possible utilization patterns. Since the Certificate of Need Program identifies target occupancy as 80%, Mat-Su Regional Medical Center specifically analyzed the timing and probability of reaching this target occupancy at different points in time.

For example, full project implementation was measured over a 5-year projection period, so timing and probability were analyzed for "early implementation" (i.e. upon opening the beds), "mid-implementation" (i.e. on or around Year 3), and "late-implementation" (i.e. on or around Year 5). Based on hospital utilization for behavioral health services in Alaska being quadruple the national average (See *Alaska 2015 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System)*, and based on the surge in emergency department use for behavioral health needs at Mat-Su Regional Medical Center, probability dictates that target occupancy will more likely than not be reached before "late-implementation." Based on those statistics, and given that behavioral health services of this nature do not currently exist in the Mat-Su Borough, it would be reasonable to project utilization reaching target occupancy during "early implementation." However, Mat-Su Regional Medical Center ultimately concluded that a more conservative projection is the responsible course because it provides a more thoughtful

analysis of financial feasibility and provides a gradual ramp up in the event that utilization is slower at the beginning of implementation.

Mat-Su Regional Medical Center did not include the last complete year of operation or prior year utilization for behavioral health services because these services do not currently exist at Mat-Su Regional Medical Center or in the Mat-Su Borough.

a. Include evidence of the number of persons from the target population who are currently using these services and who are expected to continue to use the service, including individuals served out of the service area or out of state;

Mat-Su Regional Medical Center has cited significant evidence throughout this application concerning the number of persons from the target population who are currently using, and who are expected to continue using behavioral health services in the Mat-Su Borough. Ultimately, Mat-Su Regional Medical Center expects utilization to be consistent with projected bed capacity. It also anticipates that based on its patient origin analysis of 2016 hospital inpatient discharges, 90% to 100% of the behavioral health utilization will come from Mat-Su Borough residents.

In terms of capacity needed in the Mat-Su Borough for the proposed behavioral health services, six national studies spanning over 40 years all support the belief that there is an absolute need for bed capacity in the Mat-Su Borough. In fact, the studies support a range of 40 to 80 beds per 100,000 population with a median of 60 beds. Again, based on the studies, if one applies this median to the Mat-Su Borough's projected adult population for 2025, the recommended psychiatric bed capacity needed for the Mat-Su Borough is 54 adult inpatient psychiatric beds. Currently, there are 0 adult inpatient psychiatric beds in the Mat-Su Borough. A breakdown of the studies is as follows:

Benchmarks for Inpatient Psychiatric Bed Capacity from Feasibility Study of the Privatization of the Alaska Psychiatric Institute, 2/23/2017, APPLIED to MAT-SU BOROUGH

Study Year	Author(s)	Recommended I/P Psychiatric Bed Capacity Needed	2025 MSB Adult Population*	Recommended Psychiatric Bed Capacity Needed for MSB
1969	British Department of Health and Social Security	50 beds per 100,000 persons	89,370	45
1986	Goplerud, E.N.	50 beds per 100,000 persons	89,370	45
1987	Hafner, H.	50-80 beds per 100,000 persons	89,370	72
1988	Royal College of Psychiatrists Working Party	43 beds per 100,000 persons	89,370	39
1998	Davis, G.E., Walter, L.E., Davis, G.L.	40 beds per 100,000 persons	89,370	36
2010	Torrey et al.	40-60 beds per 100,000 persons	89,370	54

* 2025 MSB Adult Population is from Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045

b. Include evidence of the number of persons who will begin to use any new services that are not now available, accessible, or acceptable to the target population.

Please see a. above. Again, Mat-Su Regional Medical Center expects utilization to be consistent with projected bed capacity. Six national studies spanning over 40 years support capacity for 54 adult inpatient psychiatric beds for the Mat-Su Borough. Currently, there are 0 adult inpatient psychiatric beds in the Mat-Su Borough.

c. Provide annual utilization data and demand trends for the five most recent years and monthly utilization data for the most recent incomplete year prior to the application for each existing facility offering a similar service in the service area. Provide projections for utilization for three years (or the appropriate planning horizon set out in the review standards related to this project) after construction, and show methodology used to determine use, including the math.

There is no other facility offering a similar service in the Mat-Su Borough. Mat-Su Regional Medical Center did analyze utilization data that is publicly available from the Certificate of Need Program for all of the existing facilities in the state with designated evaluation and treatment ("DET") beds. Unfortunately, only three years of historic data was available. A breakdown of that data is as follows:

Key Data: Designated Eval & Treatment Beds (i.e. Acute I/P Psychiatric Treatment Services)		Adult I/P Psychiatric Bed Days*				Adult DET Beds**	Prior Adult Population (Primary Service Area)***	Projected Adult Population (Primary Service Area)***
Facility	**Primary Service Area**	**2013**	**2014**	**2015**	**3y Avg**	**N/A**	**2015**	**2025**
Mat-Su Regional Medical Center	Mat-Su Borough	0	0	0	0	0	69,405	89,370
Alaska Psychiatric Institute	Anchorage	17,729	20,055	20,093	19,292	60	217,399	232,386
Fairbanks Memorial Hospital	Fairbanks	3,681	3,931	4,074	3,895	20	71,737	76,486
Bartlett Regional Hospital	Juneau	3,017	2,707	3,100	2,941	12	25,058	26,488
Total		24,427	26,693	27,267	26,129	92	383,599	424,730

* Source: Alaska Department of Health and Social Services Certificate of Need Program

** Source: The DBH Comprehensive Daily Census Report

*** Source: Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045

For Mat-Su Regional Medical Center's projections after construction, please see question 5 above and Schedule IV from Section IX below.

d. If the project is an acquisition of a new piece of major equipment or a new service, provide utilization data for similar services, existing equipment, or older technology. Indicate whether similar existing equipment will continue to be used and the project's effect on utilization of similar services. If this service or equipment was not in place in the service area, compare the expected utilization with other similar communities in Alaska or in other states.

Mat-Su Regional Medical Center's proposed project is for a new service that does not exist in the Mat-Su Borough, so there is no utilization data available for similar services, existing equipment, or older technology. As demonstrated in c. above, and as demonstrated in the Service-Specific Review Standards for acute inpatient psychiatric treatment services, Mat-Su Regional Medical Center fully analyzed the utilization data (i.e. 3-years of adult inpatient psychiatric bed days) in all facilities in Alaska with designated evaluation and treatment beds.

e. If an increase in utilization is projected, list the factors that will affect the increase. Provide annual utilization projections for three to five years in the future, as applicable, for each specific service in the proposal (in general, equipment projections are for three years, and new beds and facility construction are for five years).

Mat-Su Regional Medical Center provided projected utilization, and the factors thereof, for its proposed behavioral health project in question 5 above and Schedule IV from Section IX below.

f. If any services will be reduced, indicate how the proposed reduction will affect the service area needs and patient access.

Mat-Su Regional Medical Center does not anticipate any services being reduced as a result of its proposed behavioral health project.

g. Provide any other information that may be pertinent to establishing the need for this project.

Please accept all of the information presented in this full application as being pertinent for establishing the need for Mat-Su Regional Medical Center's proposed behavioral health project.

h. Attach letters of support from local and regional agencies, other health care facilities, individuals, governmental bodies, etc.

All letters of support from local and regional agencies, other health care facilities, individuals, government bodies, etc will be provided through the upcoming public comment process.

6. Include your calculations of numerical need for each proposed activity for your service area. If the proposed project is expected to have a larger capacity than that projected by (and available from) the department, explain the rationale and provide documentation to support the larger capacity.

Please see the Service-Specific Review in Section VI for the full calculation of numerical need for the proposed behavioral health services.

C. AVAILABILITY OF LESS COSTLY OR MORE EFFECTIVE ALTERNATIVES

See General Review Standard #4

1. Describe the different alternatives considered in developing this project. Explain why the particular alternative for providing the services proposed by this application was selected. Include as an alternative a discussion of the effect of doing nothing.

Mat-Su Regional Medical Center used considerable stakeholder input to develop its proposed behavioral health project. Specifically, the project went through several iterations as Mat-Su Regional Medical Center incorporated input from stakeholders and explored other alternatives. Prior to concluding that its proposed project is the most suitable approach, Mat-Su Regional Medical Center seriously considered options ranging from doing nothing to building a freestanding behavioral health unit at its hospital outpatient center in Wasilla.

Of the options considered, Mat-Su Regional Medical Center firmly believes that its project is the most suitable approach to meeting the needs of the Mat-Su Borough. "Doing nothing" is no longer an acceptable course. Mat-Su Regional Medical Center went on psychiatric diversion 234 times in 2016, which represents a 1,850% increase from 2013. It also is on track to require over

1,100 behavioral health assessments for patients in crisis in 2017 (349 assessments were required just three years ago). In terms of need, the Alaska Division of Behavioral Health identifies the Mat-Su Borough as a standalone, independent behavioral health "region" that is separate and distinct from the Municipality of Anchorage, and that holds the second largest, fastest growing population in the entire state. Statistics show an immense need for behavioral health services in the Borough, and without adding hospital-based behavioral health services, a continuum of care for behavioral health will never exist for the population to be served. Simply stated, neither the Mat-Su Borough nor the hospital can afford the "do nothing" approach.

Given the clear need for a behavioral health project, Mat-Su Regional Medical Center also considered converting space in its hospital outpatient center in Wasilla to accommodate a smaller, freestanding behavioral health facility. This approach was deemed less suitable because it would require a new, standalone crisis intervention and intake unit and several new ancillary support services that are already available at the hospital. For example, something as simple as meal services becomes challenging at an offsite, freestanding facility because the hospital is already equipped with a kitchen, staff trained in nutrition, and protocols for meal service. Taking advantage of the economies of scale at the hospital versus recreating these support services from scratch at an offsite location will result in more efficient and lower cost of care. Additionally, Mat-Su Regional Medical Center's hospital outpatient center is located across the street from Wasilla High School. Building an inpatient behavioral health facility that close to the high school could be challenging for the community in that it may create a stigma for patients needing to access care at that location.

Given that "doing nothing" is clearly not suitable, and given that being attached to the existing hospital results in economies of scale and more patient privacy than developing a freestanding behavioral health facility in Wasilla, Mat-Su Regional Medical Center properly assessed alternative methods for meeting the behavioral health needs of the Mat-Su Borough, and reasonably concluded that its proposed project is the most suitable approach.

2. ***Describe any special needs and circumstances. Special needs may include special training, research, Health Maintenance Organizations (HMOs), managed care, access issues, or other needs.***

As described throughout this application, access to care is the major circumstance being addressed through Mat-Su Regional Medical Center's proposed project, and based on its consideration of alternatives, adding the 36 behavioral health beds to its hospital campus is the most effective means for addressing the access issues.

D. THE RELATIONSHIP OF THE PROPOSED PROJECT TO EXISTING HEALTH CARE SYSTEM AND TO ANCILLARY OR SUPPORT SERVICES

1. ***Identify any existing comparable services within the service area and describe any significant differences in population served or service delivery. If there are no existing comparable services in the area, describe the unmet need and how the target population currently accesses the services. Describe significant factors affecting utilization, including cost, accessibility, and acceptability.***

See General Review Standard #1

There are no existing comparable services in the Mat-Su Borough, and unfortunately, there is significant unmet need for the proposed behavioral health services. According to numerous reports used to develop the proposed project, the target population attempts to access behavioral health services through Mat-Su Regional Medical Center's emergency department or foregoes services altogether. The biggest barriers affecting utilization appear to be the inability for those needing behavioral health services to commute over 40 miles to Anchorage, and the fact that even if they make it to Anchorage, hospital behavioral health services there are largely unavailable due to scarcity of beds and the magnitude of demand for the beds.

In terms of describing unmet need, "The complete array of services recommended by the Substance Abuse and Mental Health Services Administration (SAMHSA) to meet the needs of residents in crisis do not exist in the Mat-Su . . . ." *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 4. As of 2013, 36% of Mat-Su residents who received behavioral health services had to leave their home region, and communities therein, to receive care. *Alaska Behavioral Health System Assessment Regional Data Report 2009-2013* at 18. This means more clients from Anchorage, Fairbanks, Juneau, Kenai, Southeast Alaska, Southwest Alaska, and the Y-K Delta were able to receive behavioral health care in their home region than Alaskans who live in the second largest, fastest growing region in the entire state. *Id*.

The same holds true from a behavioral health bed standpoint. Fairbanks Memorial Hospital has a behavioral health unit consisting of 20 beds, all of which are designated evaluation and treatment ("DET") beds. *The DBH Comprehensive Daily Census Report*. Alaska Psychiatric Institute in Anchorage has 60 DET beds dedicated to "adult acute care." *Id.* The Mat-Su Borough, which has a larger population than Fairbanks, and is growing nearly four times faster than Anchorage (Mat-Su Borough 5-yr Growth Rate is 13.2%; Municipality of Anchorage 5-yr Growth Rate is 3.6%) has 0 hospital inpatient beds for adult acute behavioral health services. *Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045*.

2. ***Describe the probable effect on other community resources, including any anticipated impact on existing facilities offering the same/similar services or alternatives locally or statewide if applicable. Describe how each proposed new or expanded service will: complement existing services; provide an alternative or unique service; provide a service for a specific target population; provide needed competition.***

See General Review Standard #5

Mat-Su Regional Medical Center's proposed project will have an immediate, positive impact on the health care systems in the Mat-Su Borough and on a statewide basis. It will do this by helping establish a true behavioral health continuum of care in the Mat-Su Borough that brings much needed services and coordination with community behavioral health providers through effective discharge planning and comprehensive plans of care that span the continuum. This, in turn, will take pressure off of Alaska Psychiatric Institute and allow it to function as a true safety-net psychiatric hospital of last resort rather than a short-stay acute care environment.

Alaska's state hospital utilization rate (per 1,000 population) for behavioral health services is 1.66, which is nearly four times the national rate of 0.44. *Alaska 2015 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System*. This means that Alaskans are using hospitals more frequently for behavioral health services. Why? The answer, in part, is because of the fragile state of community behavioral health systems, which is no fault of the dedicated behavioral health providers across the state. For example, the utilization rate for adult behavioral health services at the community level is 0.56 compared to the national rate of 2.29. *Id*. This likely means that access to community behavioral health services are limited, which may be what drives the higher utilization of hospital behavioral health services.

Unless there are more acute hospitals offering behavioral health services, especially when highly populated, rapidly growing service areas—such as the Mat-Su Borough—are completely devoid of hospital behavioral health services, then the dynamic identified above results in bad outcomes, especially at the statewide level. For instance, while Alaska's hospital length of stay for adult patients receiving behavioral health services is 5 days compared to the national average length of stay of 75 days, Alaska's hospital readmission rate for behavioral health services is often close to double the national average. *Alaska 2015 Mental Health National Outcome Measures (NOMS): SAMHSA Uniform Reporting System*. Additionally, from a patient perspective, consumer surveys show that Alaska is well below the national average for access to behavioral health services, quality of care, positive outcomes, treatment planning, and general satisfaction. *Id*.

Based on the SAMHSA statistics cited above, and the trend of undesirable outcomes at an overall health care system level, there are two ways to correct service delivery and improve access to care: increase access to behavioral health services through acute inpatient hospitals, and enhance behavioral health services delivered by community behavioral health providers. Mat-Su Regional Medical Center's proposed project will immediately increase access to care by offering key services—acute inpatient adult behavioral health services—that are non-existent in its service area, which constitutes the second largest, fastest growing population in Alaska (it is important to remember that these services do not currently exist in any form within the Mat-Su Borough, and that the Mat-Su Borough is growing at rate that is nearly four times faster than

Anchorage). *Alaska Department of Labor and Workforce Development Alaska Population Projections 2015 to 2045*. This, in turn, will act as a cornerstone for establishing a true continuum of care for behavioral health services in the Mat-Su Borough that seamlessly connects the hospital with community behavioral health service providers. This will allow for true integration as social workers and other licensed professionals from the hospital connect with counterparts at the community level on effective discharge planning and plans of care that span across all levels of the continuum.

Alaska Psychiatric Institute is "the safety net provider of inpatient psychiatric care for the entire state and Alaska's only state-run psychiatric hospital." *Feasibility Study of the Privatization of the Alaska Psychiatric Institute* at 3. Alaska Psychiatric Institute has experienced significant strain trying to meet demand the past few years and it is widely accepted that access to inpatient behavioral health services is severely lacking.

> Another recurring theme among parties interviewed is that Alaska does not have the necessary system capacity to fully provider care to Alaskans (*sic*) needing mental health services. In the last three decades, Alaska Psychiatric Institute's capacity has been halved from 160 beds to 80 beds. This was done with the plan of increasing statewide (*sic*) capacity with the addition of . . . private Designated Evaluation and Treatment [beds]. While there are 12 beds available at Bartlett Regional Hospital in Juneau and 20 at Fairbanks Memorial Hospital in Fairbanks, the state-wide census has been continually increasing. Alaska Regional has indicated interest in opening a 12 bed psychiatric unit, which could potentially help alleviate the current capacity concerns. *Regardless, the current statewide (sic) capacity in particular are not viewed as sufficient*. *Id* at 11 (emphasis added).

The lack of capacity and strain on Alaska Psychiatric Institute, and designated evaluation and treatment ("DET") beds in general, has a negative effect on outcomes and Alaska's overall health care system, which is directly felt in the Mat-Su Borough. "Several stakeholders noted that the limited capacity is possibly causing Alaska Psychiatric Institute to discharge patients before they are fully stabilized, in an effort to maintain sufficient beds for persons awaiting treatment at Alaska Psychiatric Institute who are being held in hospital emergency departments . . . in outlying areas." *Id*.

If an acute care hospital is designated by the Department of Health and Social Services as an evaluation and treatment facility under 7 AAC 72, it may conduct emergency examinations and treatments for adults being involuntary committed, as well as, provide treatment services during the 30-day commitment period. See *AS 47.30.700-740; 7 AAC 72.017(a)-(b).* For this reason, DET beds are the only bed-for-bed alternative to Alaska Psychiatric Institute. This is problematic for the Mat-Su Borough because without Mat-Su Regional Medical Center's proposed project to establish up to 36 DET beds, patients and family face an even greater barrier for access to care. "It is now not uncommon for an Anchorage or Mat-Su resident awaiting admission on a court order to Alaska Psychiatric Institute to be accepted by and transferred to either the Fairbanks or Juneau mental health units. It is difficult for patients and their families when the patient ends up being transferred . . . family visits rarely occur, given the distance and expense." *Feasibility Study of the Privatization of the Alaska Psychiatric Institute* at 33.

With Alaska Psychiatric Institute operating in a system where it is one of the only hospitals offering inpatient behavioral health services to a population with a heavy need for services, Alaska Psychiatric Institute is functioning as an acute setting designed for short stays, rather than a true safety-net specialty hospital that exists as a last resort. "Fueling concerns that decreased ALOS at Alaska Psychiatric Institute has become an indicator of diminished service quality is the fact that ALOS at Alaska Psychiatric Institute is also substantially lower than the lengths of stay seen across the county in other state hospital systems." *Id.* at 34. When comparing Alaska Psychiatric Institute to ten peer psychiatric hospitals in the lower 48 and national averages, it becomes apparent that Alaska Psychiatric Institute fills a role that it is not fit for and that does not align with the behavioral health continuum of care that is supported by SAMHSA. Unlike Alaska Psychiatric Institute,

> [peer hospitals in the lower 48] are able to rely on a broader set of private . . . inpatient psychiatric units at community hospitals to provide census relief and focused attention on short-stay stabilization. In most states, in fact, partnerships among multiple hospital providers tends to create a natural filtering within the behavioral health system, in which private hospitals act as a gatekeeper and front line for managing acute crisis, in order to allow the state hospital system . . . to receive the more complex cases requiring longer, higher intensity intervention. No such system exists in Alaska[.]" *Id.* at 35

"Because of Alaska Psychiatric Institute's specific role, with rare exceptions, it is focused exclusively on short-term stabilization." *Id.* Mat-Su Regional Medical Center's proposed project will immediately change this deficiency. Specifically, it will allow Alaska Psychiatric Institute to follow the models of care used in most other states through partnership with Mat-Su Regional Medical Center in a way that relieves Alaska Psychiatric Institute's daily census pressure. In turn, this will enable Alaska Psychiatric Institute to receive and focus on more complex cases requiring longer, higher intensity interventions, all while establishing a key piece in the continuum of care in the Mat-Su Borough that properly and effectively addresses acute behavioral health crises close to home.

"It is clear not only that the demand for inpatient beds is growing, but also that Alaska Psychiatric Institute's options for responding proactively are limited." *Id.* at 87. Mat-Su Regional Medical Center's proposed behavioral health project will give Alaska Psychiatric Institute the opportunity to proactively meet the needs of Alaskans as a true safety net provider in the continuum of care.

3. ***Identify existing working relationships the applicant has with hospitals, nursing homes, and other resources serving the target population in the service area. Include a discussion of cooperative planning activities, shared services (i.e. agreements assigning services such as emergency or obstetrics), and patient transfer agreements. If other organizations provide ancillary or support services to your facility, describe the relationship. Attach copies of relevant agreements in an appendix in the application. If a service requires support from another agency but does not have an agreement, explain why.***

See General Review Standard #3; General Review Standard #5

Mat-Su Regional Medical Center has a collaborative relationship with counterpart hospitals in Anchorage, Fairbanks, and Juneau that serve Mat-Su Borough residents with behavioral health needs. It also has a strong working relationship with community behavioral health providers in the Mat-Su Borough. For example, Mat-Su Regional Medical Center is a member of the Mat-Su Opioid Task Force, and regularly works with community providers through its social workers in the emergency department and case management. Also, an example of shared services that relate to behavioral health is Mat-Su Regional Medical Center's contract with Mat-Su Health Services for behavioral health assessments. Mat-Su Health Services is a federally qualified health center that is a grantee of the State of Alaska that receives funds to be a Comprehensive Behavioral Center that provides psychiatric emergency services to all people in its service area who are in need of services, regardless of ability to pay. *Mat-Su Behavioral Health Environmental Scan Report 1 – The Crisis Response System* at 6.

E. FINANCIAL FEASIBILITY

1. ***Demonstrate how the project will ensure financial feasibility, including long-term viability, and what the financial effect will be on consumers and the state, region, or community served.***

For specific projections of financial feasibility, please see Schedule IV of Section IX. Mat-Su Regional Medical Center's projections demonstrate its anticipation that the proposed behavioral health project is viable long-term. The project should be a financial benefit for consumers who need behavioral health services because they will no longer have to make repeated visits to the emergency department, which often is an unnecessary, more expensive, higher level of care. It will also eliminate nearly all transfer costs for patients generally covered by the State of Alaska and Medicaid funds who are sent to Anchorage, Fairbanks, or Juneau for behavioral health care. Finally, patients who currently forego services due to dissatisfaction of care will also have a new avenue for more effective treatment that will save the health care system from incurring higher costs in the future due to untreated conditions spiraling out of control from lack of treatment.

2. ***Discuss how the project construction and operation is expected to be financed. Demonstrate access to sufficient financial resources and the financial stability to build and operate this project.***

At this time, Mat-Su Regional Medical Center anticipates self-funding its proposed behavioral health project. It should be noted that Mat-Su Regional Medical Center does have a contingency cost built into its project budget to account for financing in the event that it decides to not self-fund the project.

Mat-Su Regional Medical Center's majority owner, Community Health Systems, is a publicly traded company that is the largest provider of general hospital health care services in the United States. Mat-Su Regional Medical Center is also owned by the Mat-Su Health Foundation. Both entities are financially healthy and have significant financial resources that are available to build and operate the proposed project.

3. ***Provide a description and estimate of:***

a. The probable impact of the proposal on the annual increase on the overall costs of the health services to the target population to be served;

Since Mat-Su Borough residents desperately need access to behavioral health services, the impact of the proposed project is positive. Without more guidance from the Certificate of Need Program, Mat-Su Regional Medical Center does not understand how to answer this question and is unable to estimate the "probable impact . . . on the overall costs of the health services[.]"

b. If applying to build a residential psychiatric treatment centers, nursing homes, or additional nursing home beds the annual increase to Medicaid required to support the new project, and the projected cost of and charges for providing the health care services in the first year of operation (per diem rate, scan, surgery etc);

Mat-Su Regional Medical Center is not applying to build a residential psychiatric treatment center, nursing home, or nursing home beds, so this question is not applicable.

c. The immediate and long-term financial feasibility of continuing operations of the proposal.

Please see Schedule IV of Section IX.

F. ACCESS TO SERVICE BY THE GENERAL POPULATION AND UNDER-SERVED GROUPS

See General Review Standard #6

1. ***Provide information on service needs and access of under-served groups of people such as low-income persons, racial and ethnic minorities, women, and persons with a disability. Discuss any plans to overcome language and cultural barriers of groups to be served.***

Mat-Su Regional Medical Center currently serves all groups of people. It has protocols in place for overcoming language and cultural barriers, so it does not anticipate this being an issue with its proposed behavioral health project. Mat-Su Regional Medical Center (and its proposed behavioral health services) is open twenty-four hours per day, seven days per week, 365-days per year. All of its buildings, including the proposed behavioral health space, are compliant with the Americans with Disabilities Act, and all local, state, and federal codes.

2. ***Indicate the annual amount of charity care provided in each of the last five years with projections for the next three years. Include columns for revenue deductions, contractual allowances, and charity care.***

Mat-Su Regional Medical Center provides care at a discount or as charity to patients who do not otherwise qualify for third party coverage, local, or government assistance. Care provided at a discount or as charity is provided to all patients without regard to race, creed, color, religious beliefs or national origin, and regardless of whether the patient qualifies for financial assistance. Over the course of the last five years, Mat-Su Regional Medical Center incurred nearly $13 million in unreimbursed costs for providing charity care. In terms of projecting charity care for the next three years, Mat-Su Regional Medical Center anticipates that the average trend between 2012 and 2016 should continue for 2017 through 2019.

Mat-Su Regional Medical Center Charity Care & Uncompensated Care					
Year	**2012**	**2013**	**2014**	**2015**	**2016**
Charges					
Charity Care	$11,230,342	$10,557,115	$12,756,212	$15,747,628	$7,996,744
Bad Debt	$18,440,749	$14,197,196	$17,379,755	$15,053,380	$12,063,423
Self-Pay Discount	$7,169,738	$9,938,059	$9,298,087	$8,418,369	$5,852,650
Total Uncompensated Care Charges	$36,840,829	$34,692,369	$39,434,053	$39,219,377	$25,912,817
Cost-to-Charge Ratio	**0.247**	**0.239**	**0.221**	**0.206**	**0.191**
Costs					
Charity Care Costs	$2,778,328	$2,526,731	$2,818,048	$3,236,406	$1,525,939
Bad Debt Costs	$4,562,145	$3,397,945	$3,839,461	$3,093,727	$2,301,942
Self-Pay Discount Costs	$1,773,756	$2,378,567	$2,054,094	$1,730,119	$1,116,803
Total Uncompensated Care Costs	$9,114,229	$8,303,243	$8,711,602	$8,060,252	$4,944,684

3. Address the following access issues:

a. transportation and travel time to the facility;

Centrally located next to two main highways—the Glenn Highway and the George Parks Highway—Mat-Su Regional Medical Center is accessible to those traveling from the north, south, east, or west. In the event of an emergency, Mat-Su Regional Medical Center is also immediately accessible by helicopter by way of the helipad that is located adjacent to its emergency department.

b. special architectural provisions for the aged and persons with a disability;

All of Mat-Su Regional Medical Center's buildings, including the proposed behavioral health space, are compliant with the Americans with Disabilities Act, and all local, state, and federal codes.

c. hours of operation; and

Mat-Su Regional Medical Center (and its proposed behavioral health services) is open twenty-four hours per day, seven days per week, 365-days per year.

d. the institution's policies for nondiscrimination in patient services.

Mat-Su Regional Medical Center does not discriminate. Care provided at a discount or as charity is provided to all patients without regard to race, creed, color, religious beliefs or national origin, and regardless of whether the patient qualifies for financial assistance.

Section V. Consideration of Quality, Effectiveness, Efficiency, and Benefits of the Applicant's Services

1. ***ACCREDITATION AND LICENSURE: The current status, source, date, length, etc., of the applicant's license and certification. Include information on Medicaid and Medicare Certification.***

Mat-Su Regional Medical Center is a licensed 74-bed acute care hospital with swing beds. Its State of Alaska Department of Health and Social Services License Number is GACH-011, and the license is effective through June 30, 2018. Mat-Su Regional Medical Center just successfully completed its triennial survey with the Joint Commission and a validation survey for the Centers for Medicare and Medicaid Services ("CMS").

2. ***QUALITY CONTROL: How the applicant plans to ensure high quality service.***

Mat-Su Regional Medical Center is accredited with the Joint Commission. It also is affiliated with a Patient Safety Organization, and is on a quality journey for being a High Reliability Organization. Therefore, Mat-Su Regional Medical Center is constantly implementing process improvements and validating that appropriate, high quality care is being delivered in accordance with the standards required by the Joint Commission and CMS.

3. ***PERSONNEL: Plans for optimum utilization and appropriate ratios of professional, sub-professional and ancillary personnel.***

Mat-Su Regional Medical Center will staff according to actual utilization and its census' needs to ensure efficient, quality care.

4. ***APPROPRIATE UTILIZATION: Development of programs such as ambulatory care, assisted living, home health services, and preventive health care that will eliminate or reduce inappropriate use of inpatient services***

As described extensively throughout this application, Mat-Su Regional Medical Center recognizes the need for a continuum of care for behavioral health services in the Mat-Su Borough, and the fact that its proposed project will only fulfill a dedicated role on the continuum. This shows its recognition of and commitment to other facilities and community-level providers and their roles on the continuum for eliminating or reducing inappropriate use of inpatient services.

5. ***NEW TECHNOLOGY AND TREATMENT MODES: Plans to use modern diagnostic and treatment devices to enhance the accuracy and reliability of diagnostic and treatment procedures.***

Given the nature of acute behavioral health services, this question is not applicable to the proposed project. However, Mat-Su Regional Medical Center will follow national best practices for delivering the services, and the technology and treatment modes recommended therein.

6. ***LABOR SAVING DEVICES AND EFFICIENCY: The employment of labor-saving equipment and programs to provide operating economies.***

Mat-Su Regional Medical Center will staff according to actual utilization and its census' needs to ensure efficient, quality care. Mat-Su Regional Medical Center will also follow national best practices for delivering behavioral health services, and any labor saving devices and efficiency recommended therein.

7. ***PROGRAM EVALUATION: Future plans for evaluation of the proposed activity to ensure that it fulfills present expectations and benefits.***

Mat-Su Regional Medical Center constantly evaluates existing services and activities to ensure that they fulfill expectations. This same practice will apply to the proposed behavioral health project.

8. ***ORGANIZATIONAL STRUCTURE: Include an organizational chart, descriptions of major position requirements and board representation; show representation from community economic and ethnic groups.***

Once the proposed project receives a certificate of need, after accounting for the size and scope of certificate of need approval (i.e. in the event that the project is not approved in full), Mat-Su Regional Medical Center will develop and finalize its organizational chart and requirements.

9. ***STAFF SKILLS: Provide descriptions of major position requirements, appropriate staff-to-patient ratios to maintain quality, and the minimal level of utilization that must be maintained to ensure that staff skills are maintained. Provide a source for the staffing standards.***

Mat-Su Regional Medical Center will staff according to actual utilization and its census' needs to ensure efficient, quality care. Also, as stated above, once the proposed project receives a certificate of need, after accounting for the size and scope of certificate of need approval (i.e. in the event that the project is not approved in full), Mat-Su Regional Medical Center will develop and finalize its organizational chart and the descriptions of major position requirements.

10. ***ECONOMIES OF SCALE: The minimum and maximum size of facility or unit required to ensure optimum efficiency. If the planned project is significantly smaller or larger, explain the effect and why the size was chosen.***

Please see General Review Standard #4.

Section VII. Construction Data

A. Please check appropriate boxes:

1.	Construction type	**New**	Expansion	Renovation
2.	Basement	Full	Partial	**None**

B. Project Development Schedule	**Date**
1. Estimated completion of final drawings / specifications	**6-8 months after CON approval**
2. Estimated construction begun by	**Q2 2019**
3. Estimated construction complete by	**Q4 2020**
4. Estimated opening of proposed services	**Q4 2020**

C. Facility site data: Provide the following as attachments (referenced by the subsection and item number):

1. A legal description and area of the proposed site. Is the site now owned by the facility? If not, how secure are the arrangements to acquire the site?

The proposed site is attached to the hospital on Mat-Su Regional Medical Center's existing property, so the site is owned by the facility. The abbreviated legal description used by the Matanuska-Susitna Borough is "MAT-SU REG HOSP RSB L/1&2 LOT 1A."

2. Diagrammatic plan showing:

- ***a. dimensions and location of structures, easements, rights-of-way or encroachments;***
- ***b. location of all utility services available to the site; and***
- ***c. Location of service roads, parking facilities, and walkways within site boundaries.***

Six site diagrams showing all of the information requested in (a) – (c) are enclosed at the end of this section.

3. Document clearances regarding zone restrictions, fire protection, sewage, and other waste disposal arrangements (under special circumstances, it is acceptable to present evidence of conditional approvals from local government and regulatory agencies).

This is an ongoing process that will be completed with final drawings after the proposed project is approved for a certificate of need.

4. An architectural master plan including long-range concept and development of total facility.

The presentation sheet prepared by Mat-Su Regional Medical Center's architects that shows the proposed behavioral health space and how it attaches to the existing hospital represents the master plan for behavioral health services. The presentation sheets are further reflected at a more

detailed level in the schematic floor plan drawings (presentation sheets and schematic floor drawings are enclosed for question # 5 below). As described earlier in this application, Mat-Su Regional Medical Center is currently in the early planning stages for multiple projects over the next 1 to 5 years for long-range hospital expansion, so an architectural master plan showing a long-range concept and development of the total facility is not available at this time.

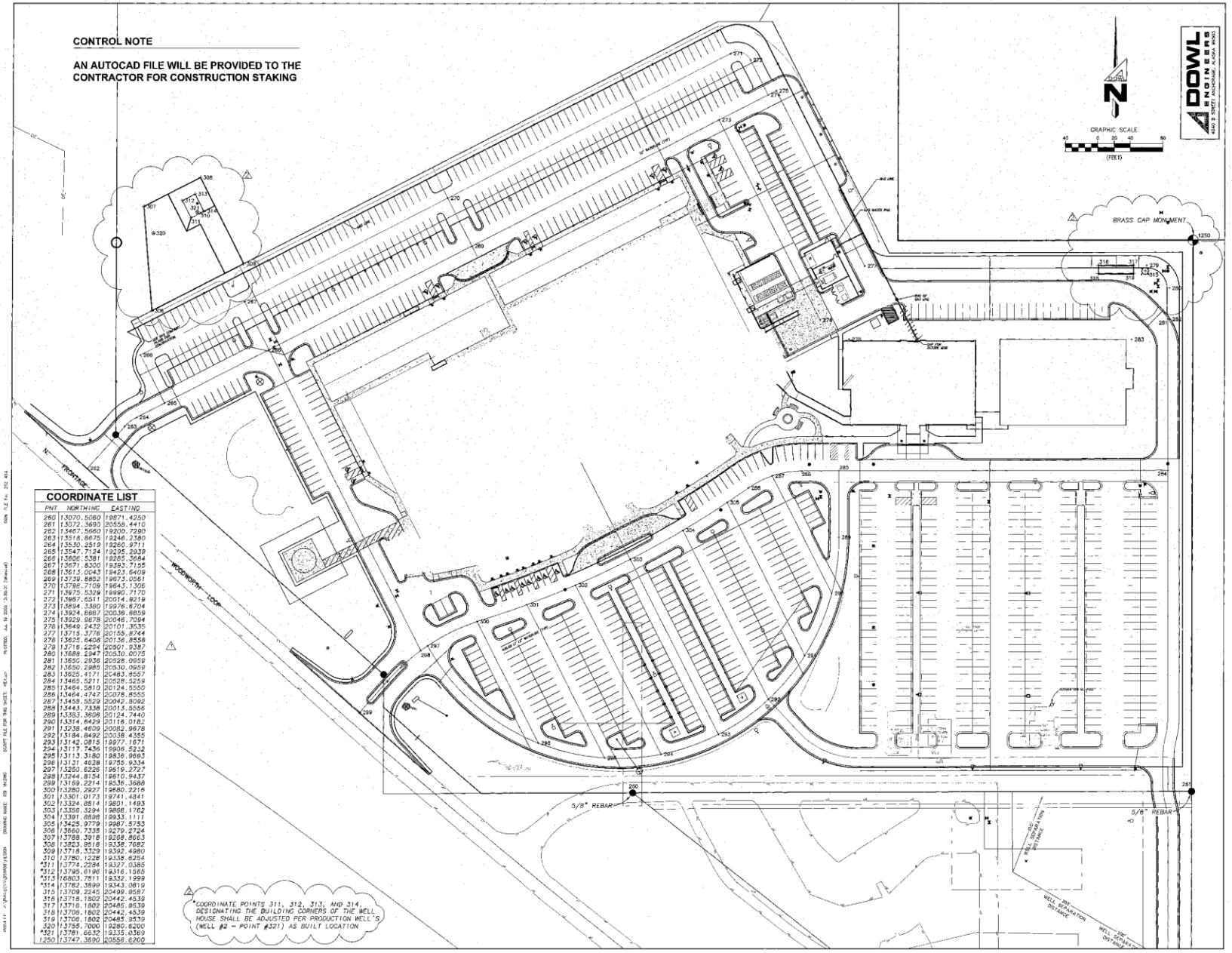
5. Schematic floor plan drawings (or conceptual drawings) of proposed activity, including functional use of various rooms.

Schematic floor plan drawings of the proposed behavioral health space, including the functional use of the various rooms, are enclosed at the end of this section.

D. Describe the plan for completing construction and the effect (disruption) construction activities will have on existing services.

Specific planning for completing construction will occur once the proposed project receives a certificate of need in case the size or scope of the proposed project is altered by the final certificate of need decision. As with any construction project, Mat-Su Regional Medical Center will perform all necessary construction activities in the safest manner possible and the manner that results in the least amount of disruption on existing services.

Diagrammatic Plans for Question 2 in Section VII



COORDINATE LIST

PNT	NORTHING	EASTING
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261	13072.3690	20558.4410
262	13467.5660	19200.7290
263	13518.8675	19246.2380
264	13530.2519	19260.9711
265	13547.7124	19295.2939
266	13606.5381	19265.3684
267	13671.8300	19393.7155
268	13613.0043	19423.6409
269	13739.8852	19673.0561
270	13796.7109	19643.1306
271	13975.5329	19990.7170
272	13967.6511	20014.9219
273	13894.3380	19976.6704
274	13924.8887	20036.8859
275	13929.9678	20046.7094
276	13649.2432	20101.3535
277	13715.3776	20155.8744
278	13625.6408	20136.8558
279	13716.2294	20501.9387
280	13688.2947	20530.0075
281	13650.2936	20528.0959
282	13650.2985	20530.0959
283	13625.4171	20483.8557
284	13465.5211	20528.5259
285	13464.5810	20124.5550
286	13464.4747	20078.8555
287	13458.5529	20042.8092
288	13443.7338	20013.5556
289	13383.3606	20124.7440
290	13314.6429	20116.0182
291	13238.4609	20082.9678
292	13184.8492	20038.4355
293	13142.0815	19977.1671
294	13117.7436	19906.5232
295	13113.3180	19836.9863
296	13131.4628	19755.9334
297	13250.6226	19619.2727
298	13244.8154	19810.9437
299	13169.2214	19536.3688
300	13280.2927	19560.2216
301	13301.0173	19741.4341
302	13324.8814	19801.1493
303	13358.3294	19868.1762
304	13391.8898	19933.1111
305	13425.9779	19987.5753
306	13660.7335	19279.2724
307	13788.3918	19268.8663
308	13823.9518	19338.7682
309	13718.1329	19392.4980
310	13780.1228	19338.6254
*311	13774.2284	19327.0385
*312	13795.6198	19316.1365
*313	16803.7811	19332.1999
*314	13782.3899	19343.0819
315	13709.2245	20499.8567
316	13715.1802	20442.4539
317	13716.1802	20485.8539
318	13706.1802	20442.4539
319	13706.1802	20485.9539
320	13755.7000	19280.6200
*321	13781.6632	19335.0369
1250	13747.3690	20558.6200

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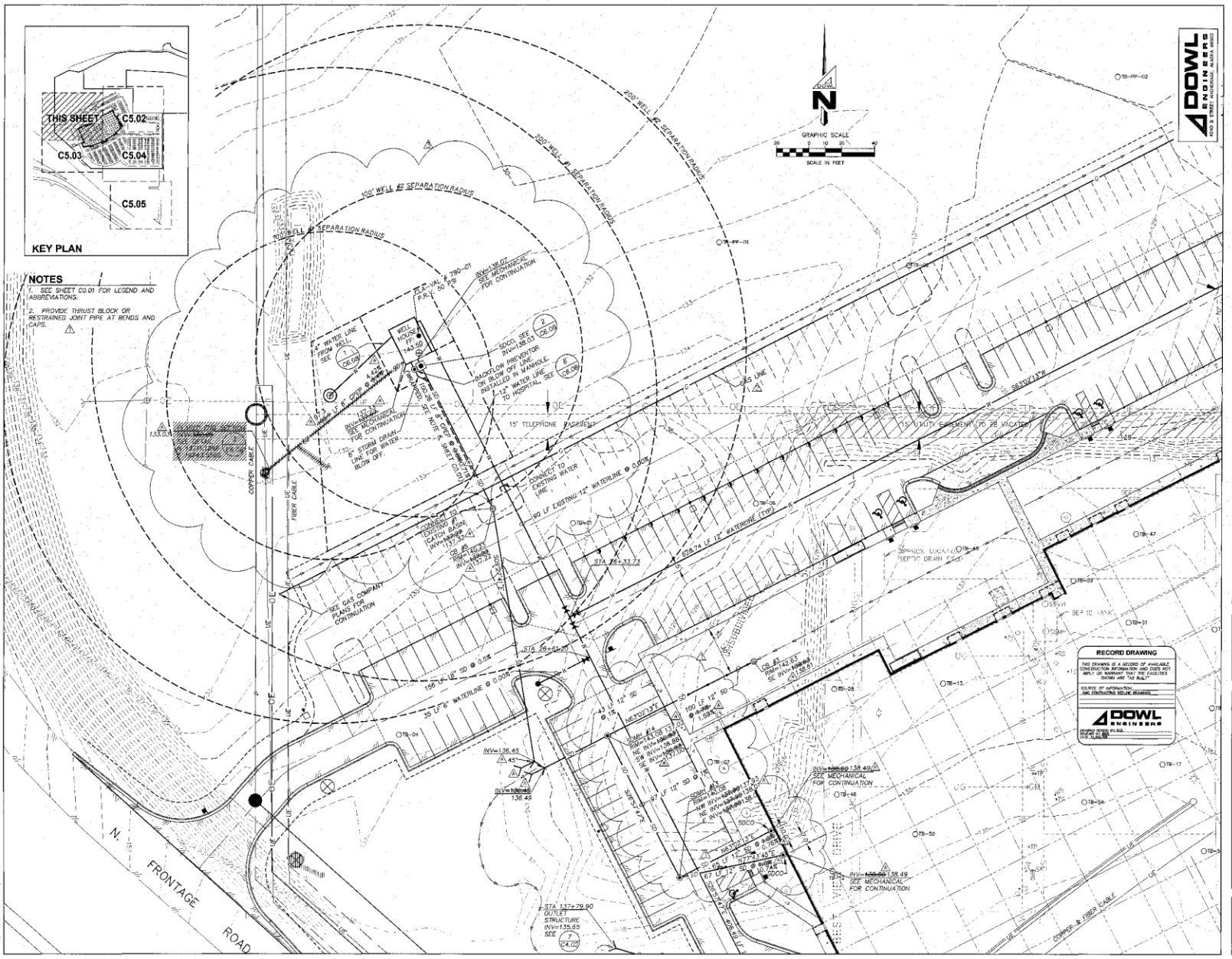
STATE OF ALASKA
Scott R. Hallman
LS-9232
MARCH 27, 2006

Revisions:
1 8/5/04 ADDITIONAL CONTROL COORDINATES
2 12/17/04 TILE BLOCK CHANGE
ADDED WATER WELL PUMP HOUSE, SEWER HOLDING TANK, AND SEWER LIFT STATION

Record Issue Date: March 2009
Drawn By: GLB
Checked By: KRH
Date: MARCH 27, 2006
Project No: 2002-52

Sheet No.
C0.02
SITE CONTROL


KEY PLAN
THIS SHEET
C5.02
C5.03
C5.04
C5.05
NOTES
1. SEE SHEET C0.01 FOR LEGEND AND ABBREVIATIONS.
2. PROVIDE THRUST BLOCK OR RESTRAINED JOINT PIPE AT BENDS AND CAPS.
GRAPHIC SCALE
SCALE IN FEET
150' WELL #2 SEPARATION RADIUS
200' WELL #1 SEPARATION RADIUS
15' TELEPHONE EASEMENT
15' UTILITY EASEMENT TO BE VACATED
COPPER CABLE
FIBER CABLE
N. FRONTAGE ROAD
RECORD DRAWING
DOWL ENGINEERS
Ascension Group Architects LLP
Triad HOSPITALS INC.
VALLEY HOSPITAL
ISSUED FOR FINAL CONSTRUCTION RECORD
NEW HOSPITAL EXPANSION FOR
VALLEY HOSPITAL OF ALASKA
SOUTH WOODWORTH LOOP
PALMER, ALASKA
Revisions:
6/3/04
TITLE BLOCK CHANGE
KEY PLAN AND SHEET
NOTES ADDED
STORM DRAIN REVISION
6/30/04
GAS LINE ADDED
12/21/04
ADDED WATER WELL PUMP HOUSE, SEWER HOLDING TANK, AND SEWER LIFT STATION
11/09/05
PER CONTRACTOR'S REDLINES
Record Issue Date: March 2006
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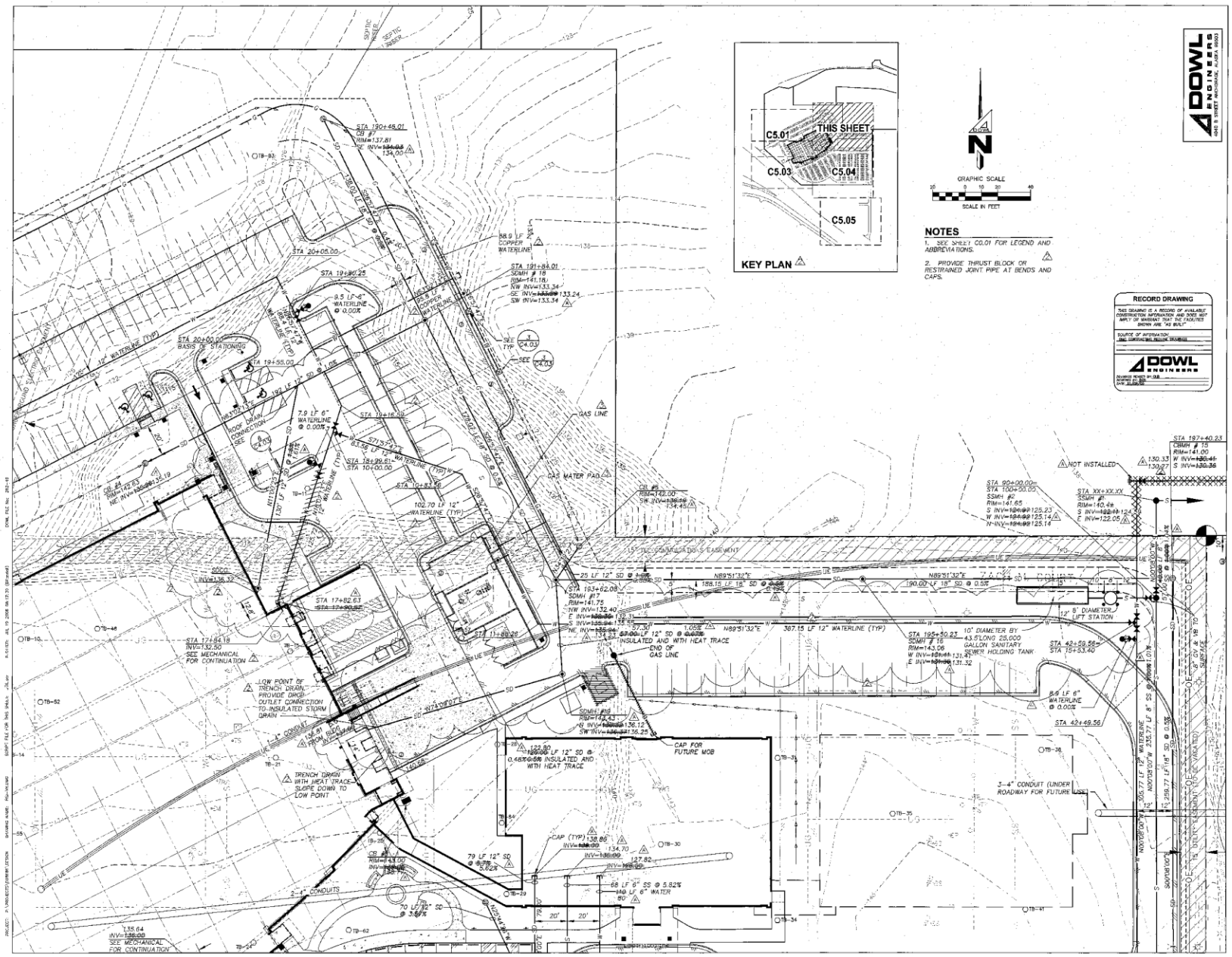
Checked By: KRM
Date: MARCH 27, 2006
Project No: 2003-02
Sheet No:
C5.01
SITE UTILITIES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C5.01
THIS SHEET
C5.03
C5.04
C5.05
GRAPHIC SCALE
SCALE IN FEET
NOTES
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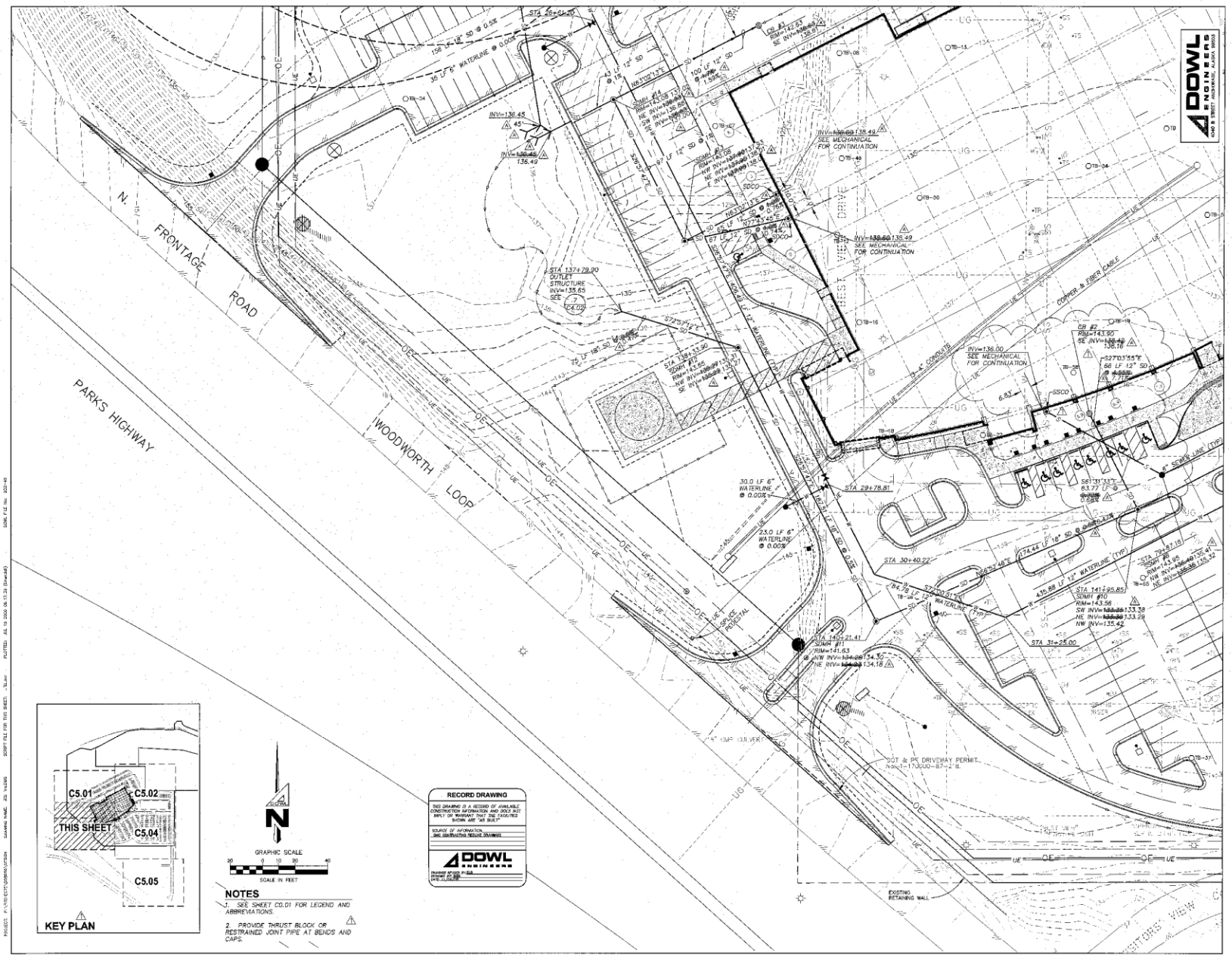
2. PROVIDE THRUST BLOCK OR RESTRAINED JOINT PIPE AT BENDS AND CAPS.
RECORD DRAWING
DOWL ENGINEERS
Ascension Group Architects LLP
Triad HOSPITALS, INC.
VALLEY HOSPITAL
ISSUED FOR FINAL CONSTRUCTION RECORD
NEW HOSPITAL EXPANSION FOR
VALLEY HOSPITAL OF ALASKA
SOUTH WOODWORTH LOOP
PALMER, ALASKA
Revisions:
4/7/04 ADDENDUM #1
7/9/04
TITLE BLOCK CHANGE AND KEY PLAN SHEET NOTES ADDED STORM SEWER, AND WATER CHANGES WATERLINE ADDED.
9/30/04
GAS LINE AND GAS METER PAD ADDED
12/17/04 ADDED WATER WELL, PUMP HOUSE SEWER HOLDING TANK, AND SEWER LIFT STATION.
11/09/05
PER CONTRACTOR'S REDLINES
Record Issue Date:March 2006
Drawn By: GJB
Checked By: RBH
Date: MARCH 27, 2004
Project No: 2003-03
Sheet No:
C5.02
SITE UTILITIES


N. FRONTAGE ROAD
PARKS HIGHWAY
WOODWORTH LOOP
STA 137+79.90
OUTLET STRUCTURE
INV=135.65
SEE 7 / C4.02
STA 29+78.81
STA 30+40.22
STA 31+25.00
STA 141+95.85
SDMH #10
RIM=143.56
SW INV=133.38
NE INV=133.29
NW INV=135.42
STA 140+21.41
SDMH #11
RIM=141.63
NW INV=134.30
NE INV=134.18
30.0 LF 6" WATERLINE @ 0.003
25.0 LF 6" WATERLINE @ 0.003
SEE MECHANICAL FOR CONTINUATION
INV=136.00
SEE MECHANICAL FOR CONTINUATION
COPPER & FIBER CABLE
SPLICE PEDESTAL
DOT & PF DRIVEWAY PERMIT
EXISTING RETAINING WALL
VISITORS VIEW
C5.01
C5.02
THIS SHEET
C5.04
C5.05
KEY PLAN
GRAPHIC SCALE
SCALE IN FEET
NOTES
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NEW HOSPITAL EXPANSION FOR
VALLEY HOSPITAL OF ALASKA
SOUTH WOODWORTH LOOP
PALMER, ALASKA
Revisions:
6/3/04
TITLE BLOCK CHANGE
KEY PLAN AND SHEET
NOTES ADDED
STORM DRAIN AND SEWER
REVISIONS
11/28/05
PER CONTRACTOR'S
SUBMITTALS
Record Issue Date/March 2006
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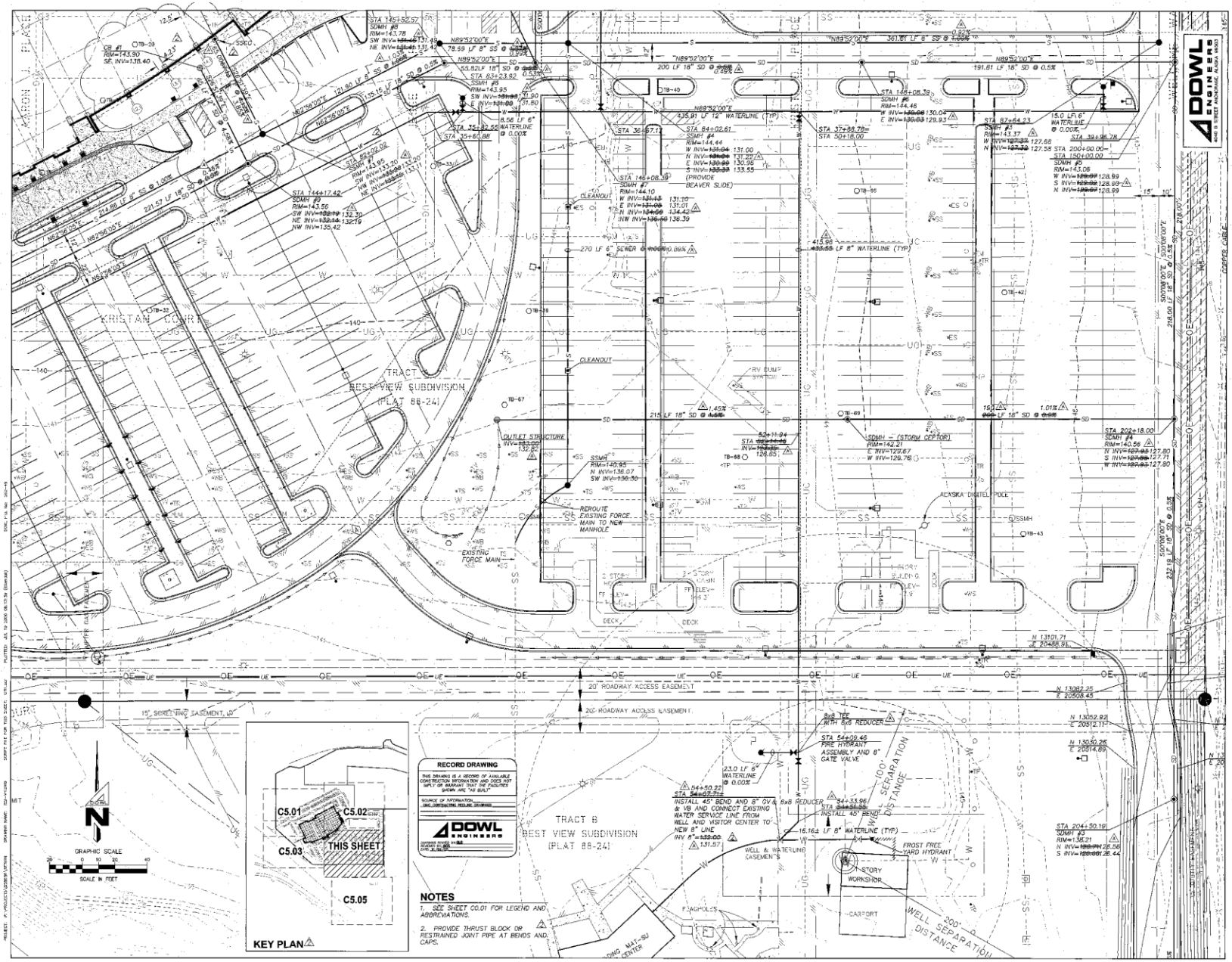
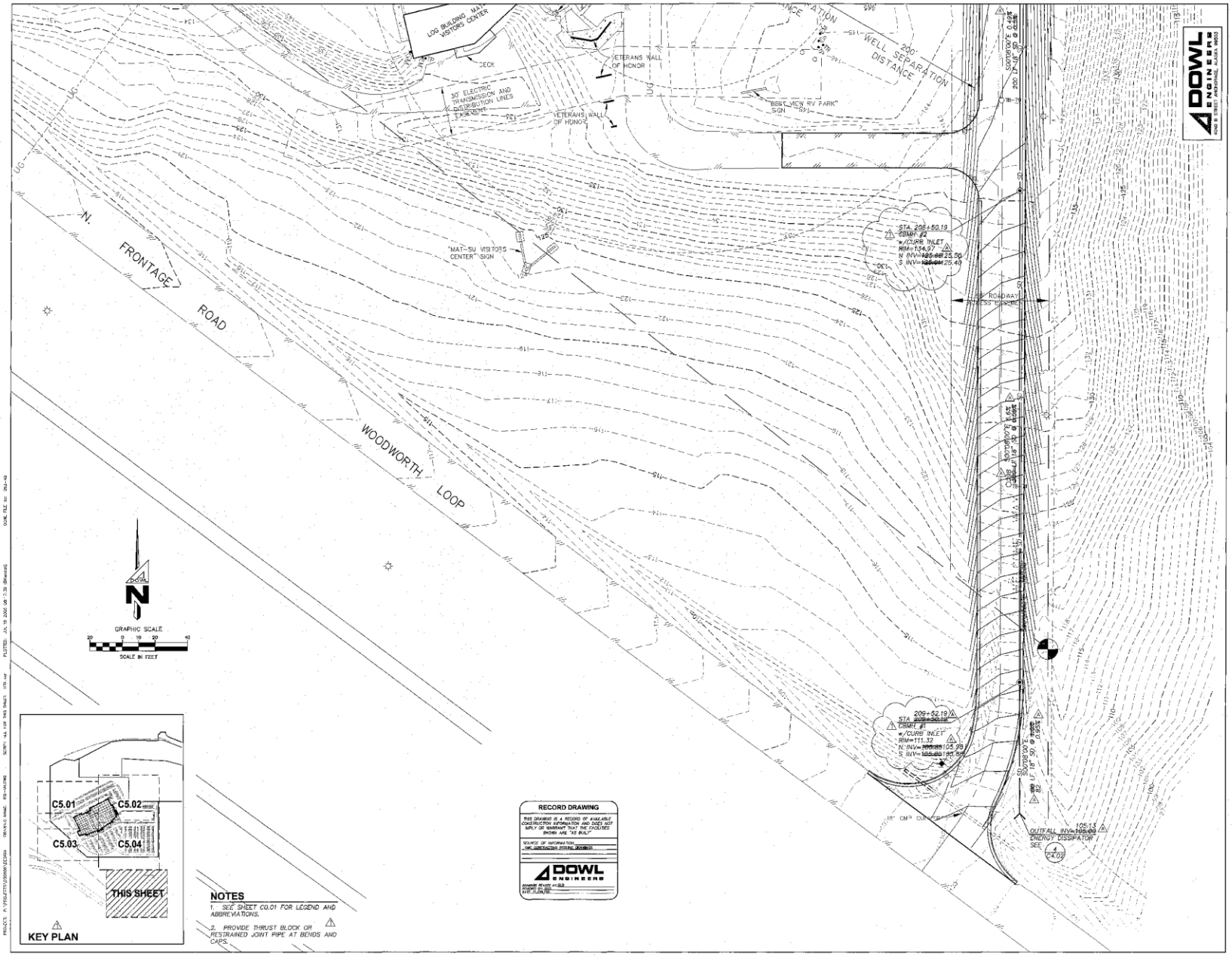
Checked By: RDH
Date: MARCH 27, 2006
Project No: 2005-52
Sheet No:
C5.03
SITE UTILITIES


DOWL ENGINEERS
Ascension Group Architects LLP
Triad HOSPITALS, INC.
VALLEY HOSPITAL
ISSUED FOR FINAL CONSTRUCTION RECORD
NEW HOSPITAL EXPANSION FOR
VALLEY HOSPITAL OF ALASKA
SOUTH WOODWORTH LOOP
PALMER, ALASKA
Revisions:
4/7/04 ADDENDUM #1
7/9/04 TITLE BLOCK CHANGE AND KEY PLAN SHEET NOTES ADDED STORM DRAIN, WATER AND SEWER CHANGES
11/09/05 PER CONTRACTOR'S REQUEST
Sheet No:
C5.04
SITE UTILITIES
RECORD DRAWING
THIS DRAWING IS A RECORD OF AVAILABLE CONSTRUCTION INFORMATION AND DOES NOT IMPLY OR WARRANT THAT THE FACILITIES SHOWN ARE "AS BUILT"
KEY PLAN
C5.01
C5.02
C5.03
THIS SHEET
C5.05
NOTES
1. SEE SHEET C0.01 FOR LEGEND AND ABBREVIATIONS.
2. PROVIDE THRUST BLOCK OR RESTRAINED JOINT PIPE AT BENDS AND CAPS.
GRAPHIC SCALE
SCALE IN FEET
TRACT B
BEST VIEW SUBDIVISION
(PLAT 88-24)
KRISTAN COURT
20' ROADWAY ACCESS EASEMENT
15' SCREENING EASEMENT
WELL SEPARATION DISTANCE
WELL & WATERLINE EASEMENTS
FROST FREE YARD HYDRANT
STORY WORKSHOP
CARPORT
FLAGPOLES
COOPER CIRCLE


LOG BUILDING MAT-SU VISITORS CENTER
DECK
30' ELECTRIC TRANSMISSION AND DISTRIBUTION LINES EASEMENT
VETERANS WALL OF HONOR
VETERANS WALL OF HONOR
"BEST VIEW RV PARK" SIGN
200' WELL SEPARATION DISTANCE
"MAT-SU VISITORS CENTER" SIGN
N. FRONTAGE ROAD
WOODWORTH LOOP
STA 206+50.19
CBMH #2
w/CURB INLET
RIM=134.97
N INV=125.50
S INV=125.40
ROADWAY CROSS SECTION
STA 209+52.19
CBMH #1
w/CURB INLET
RIM=111.32
N INV=105.29
S INV=105.20
OUTFALL INV=105.13
ENERGY DISSIPATOR
SEE 4 C4.03
GRAPHIC SCALE
SCALE IN FEET
C5.01
C5.02
C5.03
C5.04
THIS SHEET
KEY PLAN
NOTES
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RECORD DRAWING
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SOURCE OF INFORMATION
DOWL ENGINEERS
DOWL ENGINEERS
4040 B STREET, ANCHORAGE, ALASKA 99503
Ascension Group Architects LLP
Architecture
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Interior Design
1250 E. Copeland Rd. Suite 900
Arlington, Texas 76011
Tel 817.226.1917
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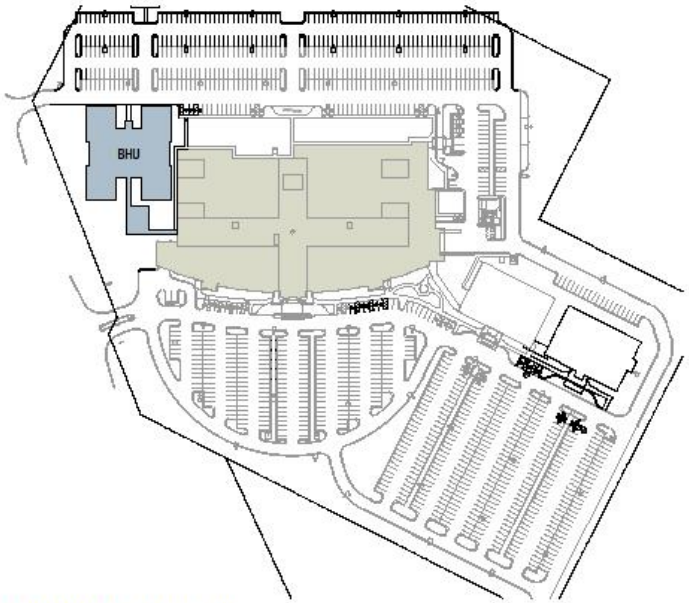
Triad HOSPITALS, INC.
VALLEY HOSPITAL
ISSUED FOR FINAL CONSTRUCTION RECORD
NEW HOSPITAL EXPANSION FOR
VALLEY HOSPITAL OF ALASKA
SOUTH WOODWORTH LOOP
PALMER, ALASKA
STATE OF ALASKA
49TH
Revisions:
6/3/04
TITLE BLOCK CHANGE
KEY PLAN AND SHEET NOTES ADDED
STORM DRAIN COVERS CHANGED TO CURB INLETS
11/08/05
PER CONTRACTOR'S REQUEST
Second Issue Date:March, 2005
Drawn By: GLD
Checked By: KRH
Date: MARCH 27, 2004
Project No: 2030-58
Sheet No:
C5.05
SITE UTILITIES

Diagrammatic Plans for Question 5 in Section VII



PROPOSED SITE PLAN

PROPOSED FLOOR PLAN

KEY PLANNING UNITS

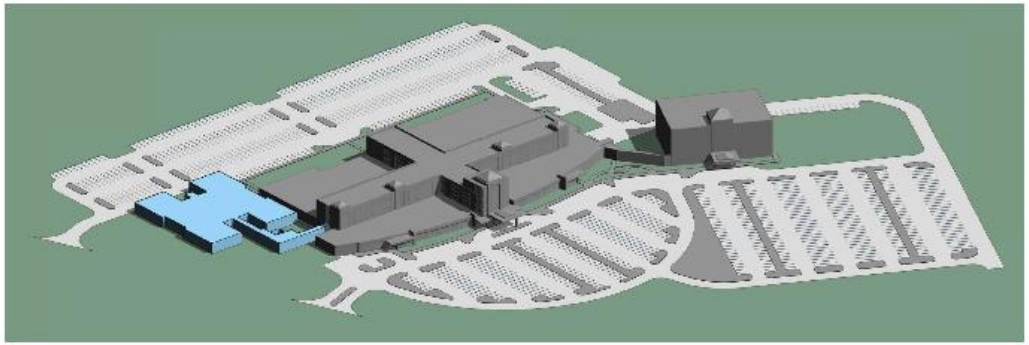
BEHAVIORAL HEALTH UNIT
- 36 SEMI PRIVATE PATIENT BEDS

PROJECT SCOPE

- ADDITION FOR BEHAVIORAL HEALTH UNIT

CURRENT HOSPITAL SF - 205,341 SF
- 3,161 SF (PENTHOUSES)

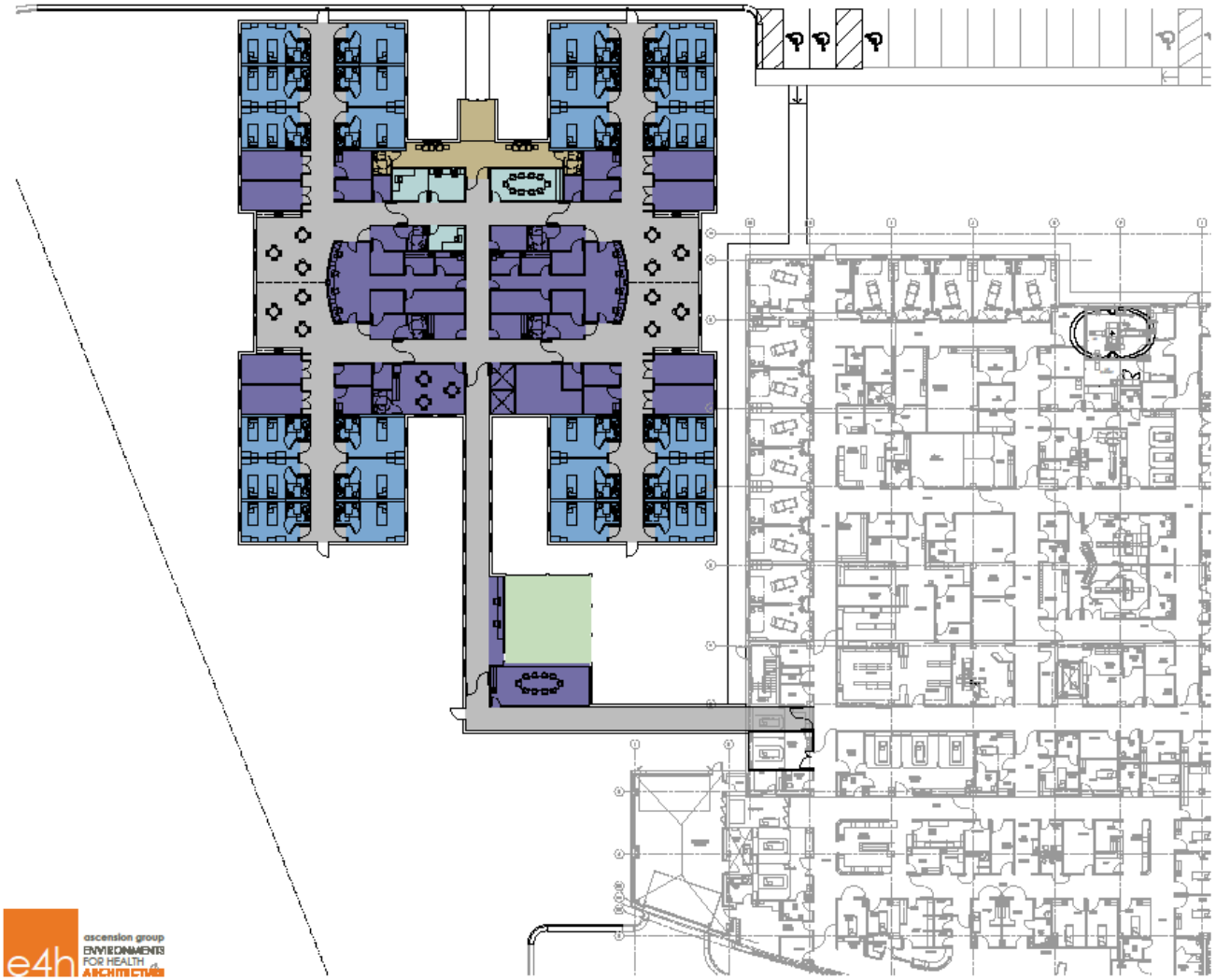
NEW CONSTRUCTION - 27,553 SF
RENOVATION - 487 SF
TOTAL PROJECT SF - 28,040 SF



ascension group
ENVIRONMENTS FOR HEALTH
ARCHITECTURE

June 26, 2017

Mat-Su Regional Medical Center | A1
Proposed Site | Scale: NTS



KEY PLANNING UNITS

SEMI PRIVATE PATIENT ROOMS	36

- BEHAVIORAL HEALTH HOUSEHOLD 1
- BEHAVIORAL HEALTH HOUSEHOLD 2
- SUPPORT SPACE
- ADMINISTRATION
- PUBLIC
- OUTDOOR SPACE

PROJECT SCOPE

- ADDITION FOR BEHAVIORAL HEALTH UNIT

CURRENT HOSPITAL SF - 205,341 SF
- 3,161 SF (PENTHOUSES)

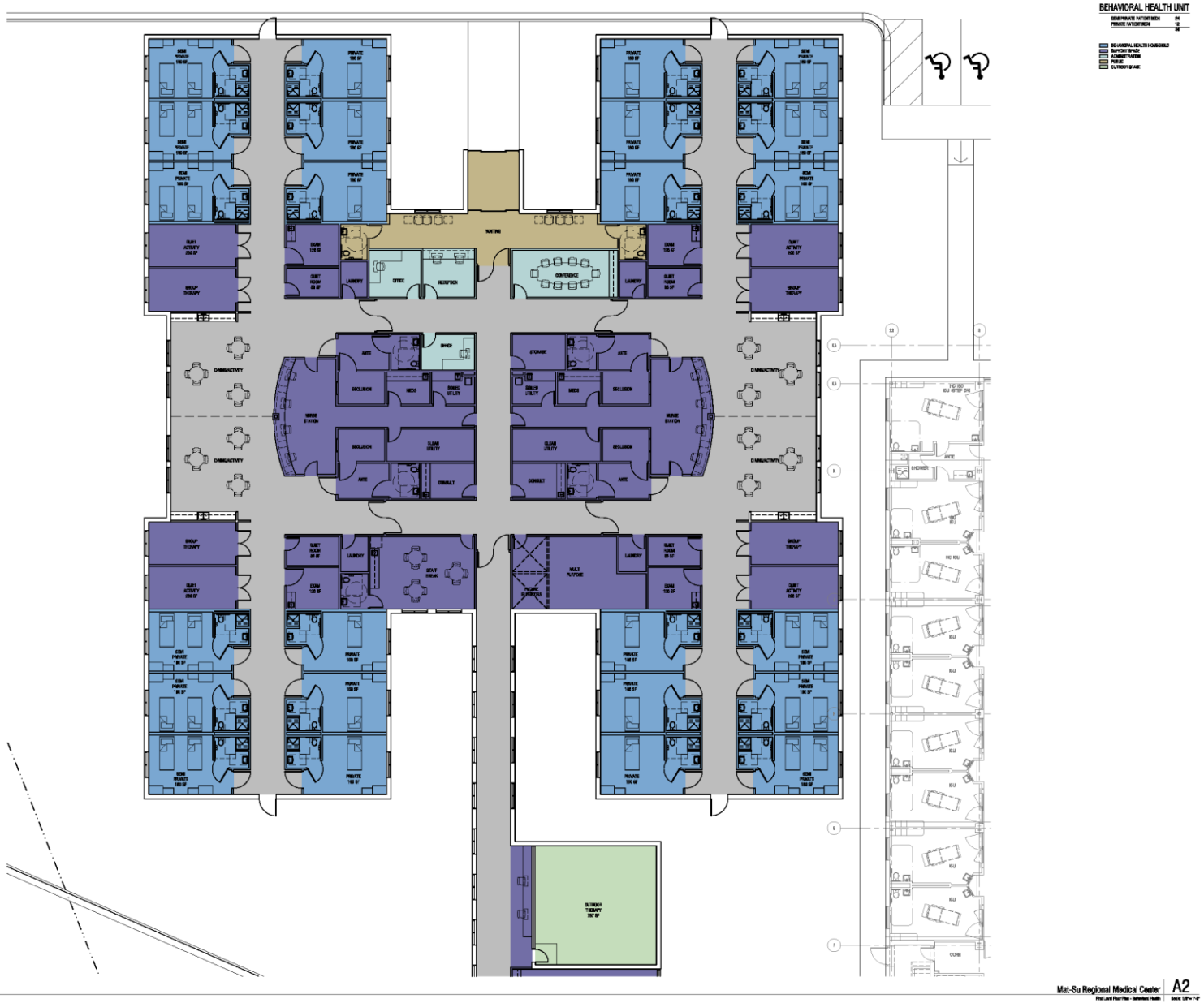
NEW CONSTRUCTION - 27,553 SF
RENOVATION - 487 SF
TOTAL PROJECT SF - 28,040 SF

e4h ascension group ENVIRONMENTS FOR HEALTH ARCHITECTURE

June 26, 2017

Mat-Su Regional Medical Center | A2

Proposed Floor Plan | Scale: NTS


BEHAVIORAL HEALTH UNIT
SEMI-PRIVATE PATIENT BEDS 24
PRIVATE PATIENT ROOM 12
36
BEHAVIORAL HEALTH HOUSEHOLD
SUPPORT SPACE
ADMINISTRATION
PUBLIC
OUTDOOR SPACE
WAITING
OFFICE
RECEPTION
CONFERENCE
LAUNDRY
GROUP THERAPY
DAY/ACTIVITY
NURSE STATION
SECLUSION
CLEAN UTILITY
SOILED UTILITY
STORAGE
MEDS
SHOWER
ANTE
CONSULT
STAFF DINING
MULTI PURPOSE
PRIVATE 150 SF
SEMI PRIVATE 180 SF
EXAM 120 SF
GUEST ROOM 80 SF
OUTDOOR THERAPY 750 SF
ICU
HC ICU
CORE
e4h
Mat-Su Regional Medical Center
A2
First Level Floor Plan - Behavioral Health

Section VIIIB. Financial Data – Construction Only

1. Construction Method (Please check)

a.	Conventional bid	**Contract management**	Design and build
b.	Phased	**Single project**	Fast Track

2. Construction Cost (New Activity) (Omit cents)

a. Site acquisition (Section VIIIA.2.f)		$0.00
b. Estimated general construction**		$15,000,000
c. Fixed equipment, not included in a**		$0.00
d. Total construction costs (sum of items a, b, and c)**		$15,000,000
e. Major movable equipment**		$1,145,241
f. Professional Fees:**		$1,696,053
(1) Architect / Engineer		$1,177,500
(2) Related Professional Fees		$256,553
(3) Program Manager		$62,000
(4) Impact Fees		$200,000
g. Total project cost (sum of items d, e, f)		$17,841,294
h. Contingency for Financing (If MSRMC Does Not Self-Fund Project)		$802,858
i. Contingency Allowance General		$606,604
j. Total project budget (sum of items g, h, i)		$19,250,756
k. Anticipated long-term interest rate	N/A%	
l. Anticipated interim (construction) interest rate	N/A%	
m. Anticipated long-term interest amount		$N/A
n. Anticipated interim interest amount		$N/A
o. Total items with fianancing		$N/A
p. Estimated annual debt service requirement		$N/A
q. Construction cost per sq. ft.		$535
r. Construction cost per bed		$416,667
s. Project cost per sq. ft.		$687
t. Project cost per bed (if applicable)		$534,743

*Site acquisition should be stated as "book" value, i.e., actual purchase price (or estimate of value if donated) plus costs of development. If desired, the applicant may elect to state as "fair market value" (in which case, so indicate). A form for use in calculating fair market value is included on page 31 of this packet. Include your calculations as part of this section of your application.

** Items must be certified estimates from an architect or other professional. Major medical equipment may be documented by bid quotes from suppliers.

Section IX. Financial Data – All Proposed Activities

Schedules I - VII

Schedule I. Facility Income Statement					
	2012	2013	2014	2015	2016
NET PATIENT SERVICE REVENUE	$ 168,401,083	$ 163,406,281	$ 164,286,762	$ 185,782,706	$ 205,210,579
OTHER REVENUE	1,891,717	1,597,096	1,996,164	1,950,945	1,653,019
PROVISION FOR DOUBTFUL ACCOUNTS	(16,601,088)	(15,902,619)	(17,078,072)	(12,698,137)	(12,523,365)
Total net operating revenues	153,691,712	149,100,758	149,204,854	175,035,514	194,340,233
OPERATING COSTS AND EXPENSES:					
Salaries and benefits	58,464,367	57,173,103	55,306,914	61,013,111	65,662,517
Other operating expenses	19,093,993	19,422,338	20,031,530	21,861,924	23,964,095
Supplies	15,332,628	14,643,616	13,576,140	15,433,117	19,371,473
Depreciation and amortization	7,972,900	7,670,002	7,563,928	7,455,650	9,532,748
Rentals and leases	2,127,132	2,087,320	2,157,489	1,967,440	2,253,740
Electronic health record incentive reimbursement	(1,610,357)	(1,012,730)	(588,428)	(312,071)	-
Management fees	2,988,784	3,006,526	2,921,261	3,454,709	3,898,810
Total operating costs and expenses	104,369,447	102,990,175	100,968,834	110,873,880	124,683,383
INCOME FROM OPERATIONS	49,322,265	46,110,583	48,236,020	64,161,634	69,656,850
INTEREST INCOME-Net	929,033	1,047,597	1,188,760	1,065,705	1,363,877
NET INCOME	$ 50,251,298	$ 47,158,180	$ 49,424,780	$ 65,227,339	$ 71,020,727

Schedule I. Facility Income Statement

1. ***Provide facility income statement for the most recent five prior full fiscal or calendar years***

Applicable: Mat-Su Regional Medical Center's facility income statement for the most recent five prior full fiscal years (note: Mat-Su Regional Medical Center's fiscal year follows a calendar year) is reflected in Schedule I above.

2. ***Projections during construction or implementation***

Not Applicable: Mat-Su Regional Medical Center currently does not offer hospital inpatient behavioral health services, so there are no projections for services that would otherwise occur during construction or implementation.

3. ***Projections for three years following completion of construction, or implementation of the proposed activity.***

Applicable: Mat-Su Regional Medical Center developed projections for its proposed behavioral health project that span the five years following completion of construction or implementation of the proposed activity. Given that this is the only service that is changing as a result of the proposed project, and given that the proposed service currently does not exist at Mat-Su Regional Medical Center, the best projection for three years following completion of construction or implementation of the proposed activity is reflected in Schedule IV below.

Schedule II. Facility Balance Sheet						
	2012	2013	2014	2015	2016	2017 YTD (May)
ASSETS						
CURENT ASSETS:						
Cash	$ 5,000	$ 5,644	$ 6,626	$ 118,564	$ 6,179	$ (579,044)
Due from majority partner-cash management	35,003,126	41,760,915	29,815,422	33,333,559	36,696,998	33,044,139
Account receivable-net of allowance for doubtful accounts	32,021,535	29,726,030	33,840,122	39,994,310	34,765,925	33,267,435
Estimated third party payor settlments-net	162,097	-	508,061	209,103	62,406	344,205
Supplies	5,134,709	5,028,701	5,060,726	5,159,252	5,432,262	5,531,282
Prepaid expenses and other current assets	1,004,868	2,287,909	1,622,434	1,809,735	1,709,596	1,568,402
Total current assets	73,331,335	78,809,199	70,853,391	80,624,523	78,673,366	73,176,419
PROPERTY AND EQUIPMENT						
Land and improvements	8,902,382	8,916,786	8,958,834	9,026,185	9,026,185	9,026,185
Buildings and improvements	85,917,326	86,709,591	86,712,233	86,808,399	87,101,158	87,297,886
Equipment	39,613,523	39,646,924	41,803,061	43,853,481	41,504,869	42,805,512
Construction in progress			6,839	-		-
Total property and equipment	134,433,231	135,273,301	137,480,967	139,688,065	137,632,212	139,129,583
Less-accumulated depreciation	(42,565,291)	(48,030,250)	(53,564,895)	(58,621,045)	(60,813,234)	(59,271,190)
Net property and equipment	91,867,940	87,243,051	83,916,072	81,067,020	76,818,978	79,858,393
GOODWILL	18,993,392	18,993,392	18,993,392	18,993,392	18,993,392	18,993,392
INTANGIBLE ASSETS-NET	6,740,293	7,239,717	7,653,362	7,341,366	6,393,914	6,028,047
OTHER ASSETS-Net of accumulated amortization	321,032	497,782	1,085,580	2,596,370	2,137,223	1,633,280
TOTAL	$ 191,253,992	$ 192,783,141	$ 182,501,797	$ 190,622,671	$ 183,016,873	$ 179,689,531
LIABILITIES AND MEMBERS' EQUITY						
CURRENT LIABILITIES:						
Accounts payable	$ 7,605,781	$ 4,343,976	$ 5,006,922	$ 4,618,099	$ 5,381,215	$ 3,383,415
Accrued salaries and benefits	7,865,821	7,204,653	7,410,825	7,598,978	8,396,493	7,180,667
Accrued expenses	756,444	794,757	4,038,453	5,415,438	1,228,832	838,970
Estimated third party payor settlments-net	-	145,392	692,712		-	-
Other current liabilities	2,070,376	2,239,706	2,477,249	1,441,729	1,331,231	61,965
Total current liabilities	18,298,422	14,728,484	19,626,161	19,074,244	16,337,771	11,465,017
OTHER LONG-TERM LIABILITIES	4,784,874	5,201,719	5,103,138	5,608,710	5,390,878	15,555
MEMBERS' EQUITY	168,170,696	172,852,938	157,772,498	165,939,717	161,288,224	168,208,959
TOTAL	$ 191,253,992	$ 192,783,141	$ 182,501,797	$ 190,622,671	$ 183,016,873	$ 179,689,531

Schedule II. Facility Balance Sheet

1. For the most recent five prior fiscal or calendar years

Applicable: Mat-Su Regional Medical Center's balance sheet for the most recent five prior full fiscal years (note: Mat-Su Regional Medical Center's fiscal year follows a calendar year) is reflected in Schedule II above.

2. Current fiscal or calendar year to date

Applicable: Mat-Su Regional Medical Center's balance sheet for the most recent fiscal or calendar year to date is reflected in Schedule II above.

SCHEDULE III. Average Patient Cost Per Day and Revenue Amounts					
	2021	2022	2023	2024	2025
Projected Utilization					
Average Daily Census	23	26	29	32	35
Admissions	1,624	1,836	2,047	2,259	2,471
Patient Days	8,395	9,490	10,585	11,680	12,775
Average Length of Stay	5.17	5.17	5.17	5.17	5.17
Projected Revenue					
Average Net Patient Revenue Per Day	$2,860	$2,896	$2,932	$2,969	$3,006
Total Net Patient Revenue	$24,009,700	$27,480,668	$31,034,658	$34,673,204	$38,397,864
Projected Operating Costs					
Average Cost Per Day	$2,574	$2,606	$2,639	$2,672	$2,705
Total Operating Costs	$21,608,730	$24,732,601	$27,931,192	$31,205,883	$34,558,078
EBITDA	$2,400,970	$2,748,067	$3,103,466	$3,467,320	$3,839,786

Schedule III. Provide revenue and expense data for each service that is identified as changing

1. ***For the most recent five prior full fiscal or calendar years (information may be obtained on total patient load, directly from your respective years' Medicare Cost Reports)***

Not Applicable: Mat-Su Regional Medical Center currently does not offer hospital inpatient behavioral health services, so there is no revenue or expense data to report for prior years.

2. ***Current fiscal or calendar year to date***

Not Applicable: Mat-Su Regional Medical Center currently does not offer hospital inpatient behavioral health services, so there is no revenue or expense data to report for the current fiscal year or calendar year to date.

3. ***Projection for five years following completion of construction or implementation***

Applicable: Mat-Su Regional Medical Center's projected average patient cost per day and average revenue amount per day are estimated in Schedule III above. The schedule is an estimate only. As with any estimate or projection, especially for future expenses and revenue that are not anticipated to occur for 4+ years from current day, variables will likely change.

SCHEDULE IV Projected Operating Budget (Target Occupancy Reached in Yr 3)					
	2021	2022	2023	2024	2025
Projected Utilization					
Average Daily Census	23	26	29	32	35
Admissions	1,624	1,836	2,047	2,259	2,471
Patient Days	8,395	9,490	10,585	11,680	12,775
Average Length of Stay	5.17	5.17	5.17	5.17	5.17
Projected Revenue					
Average Net Patient Revenue Per Day	$2,860	$2,896	$2,932	$2,969	$3,006
Total Net Patient Revenue	$24,009,700	$27,480,668	$31,034,658	$34,673,204	$38,397,864
Projected Operating Costs					
Average Cost Per Day	$2,574	$2,606	$2,639	$2,672	$2,705
Total Operating Costs	$21,608,730	$24,732,601	$27,931,192	$31,205,883	$34,558,078
EBITDA	$2,400,970	$2,748,067	$3,103,466	$3,467,320	$3,839,786

Schedule IV. Projected Operating Budget

Current and projected line item capital and operating budgets for the proposed activity, and Describe what alternative plans have been made if deficits occur.

Projected Operating Budget: Mat-Su Regional Medical Center's projected operating budget is reflected in Schedule IV above. The schedule is an estimate only. As with any estimate or projection, especially for future expenses and revenue that are not anticipated to occur for 4+ years from current day, variables will likely change. Given all of the local, state, and federal studies that demonstrate a significant need for these services in the Mat-Su Borough, and given that these services currently do not exist in the Borough, Mat-Su Regional Medical Center does not anticipate running a deficit. It is possible that a deficit could occur in early years as the project ramps up, and Mat-Su Regional Medical Center is prepared to manage its expenses and resources in an economical manner to ensure the project makes it through any such deficits.

Projected Capital Budget: Given that Mat-Su Regional Medical Center's proposed behavioral health project consists of new construction, the only capital budget for years one through five following implementation is already fully accounted for and reflected in the project's construction budget. See Section VIIIB for that budget.

Schedule V. Debt Service Summary

A debt service cash flow schedule over the life of the debt, if applicable, for all long-term debt of the facility. Identify each debt, including the proposed activity, and break out interest, principal, and other costs

Not Applicable: As reported in its audited financial statements, Mat-Su Regional Medical Center does not have any long-term debt. Therefore, there is no debt service summary for existing long-term debt. In terms of new project debt, Mat-Su Regional Medical Center anticipates self-funding its proposed behavioral health project, so there is no debt service summary for new project debt. It should be noted that Mat-Su Regional Medical Center does have a contingency cost built into its project budget to account for financing in the event that it decides to not self-fund the project.

Schedule VI. Reimbursement Sources					
	2012	2013	2014	2015	2016
Gross Patient Charges	$380,920,825	$403,991,703	$418,561,003	$492,471,020	$596,441,592
Net Patient Revenues	$168,401,083	$163,406,281	$164,286,762	$185,782,689	$205,210,539
Medicare	$30,109,313	$27,781,753	$27,732,012	$31,641,313	$36,209,799
Medicaid	$13,849,704	$11,312,361	$11,214,199	$14,340,137	$21,969,028
Private Insurance & Other 3rd Party Payors	$111,777,699	$106,337,278	$107,114,312	$126,215,516	$139,636,264
Self-pay	$12,664,367	$17,974,889	$18,226,239	$13,585,723	$7,395,448

Schedule VI. Reimbursement Sources

Showing reimbursement sources for the facility for the previous five full years and projected for three years after implementation

Applicable: Mat-Su Regional Medical Center's gross patient charges and net patient revenue broken down by reimbursement source is reflected in Schedule VI above. The certificate of need application also requests a three year projection of the reimbursement sources following implementation of the proposed project. Projected net patient revenue from the proposed behavioral health project is in Schedule IV. Mat-Su Regional Medical Center assumes that the same overall growth trend in the schedule above for 2012 to 2016 will continue into the future, and that the net patient revenue projected in Schedule IV will track closely to the proportionate weights of the reimbursement sources reflected above.

Schedule VII. Depreciation Schedule							
Description	Ext Cost	Useful Life	Straight Line Annual Depreciation	Description	Ext Cost	Useful Life	Straight Line Annual Depreciation
Bed, Psychiatric Platform	32,572.80	15	2,172	Cart, Linen	914.94	10	91
Monitor, Physiologic Bedside	32,000.00	5	6,400	Stand	909.12	10	91
Stretcher	30,000.00	10	3,000	Plate	769.16	10	77
Monitor, Physiologic Vital Signs	26,400.00	5	5,280	Stool	738.06	15	49
Defibrillator	24,142.00	5	4,828	Oven, Microwave	723.00	5	145
Lift, Patient Bariatric	19,400.00	10	1,940	Mattress, Psych	712.80	8	89
PACS, Monitor	18,000.00	5	3,600	Board White	690.00	12	58
Mattress, Psych	12,355.20	8	1,544	Cart, Housekeeping	688.18	10	69
Light, Exam/Procedure	11,600.00	10	1,160	Regfrigerator	680.00	10	68
Installation of equipment	8,000.00	5	1,600	Thermometer	663.96	5	133
Ice Machine	7,782.30	10	778	Ice Machine	640.00	10	64
Refrigerator	6,471.16	10	647	Board, Patient Info	624.00	12	52
Warehouse	5,000.00	10	500	Waste Can	462.60	10	46
Cart	3,273.50	10	327	Rack	366.96	10	37
Diagnostic System	3,082.72	10	308	Waste Can	322.50	10	32
Install diagnostic system	3,000.00	10	300	Waste Can	274.08	10	27
Install emergency system	2,785.00	10	279	Waste Can	257.76	10	26
Bed, Psychiatric Security	2,671.20	15	178	Bin	256.40	10	26
Light, Exam/Procedure	2,540.00	10	254	Glove dispensor	256.16	10	26
Scale	2,400.00	10	240	Flowmeter, air	176.52	10	18
Charts	2,400.00	20	120	Waste Can	166.64	10	17
Bin	2,346.32	15	156	Waste Can	166.64	10	17
Cart	1,776.00	10	178	Board, White	150.91	12	13
Cart	1,562.00	10	156	Mail Sorter	149.00	20	7
Regulator	1,560.00	10	156	Waste Can	140.80	10	14
Storage Equpment	1,550.00	10	155	Waste Can	129.26	10	13
Linen Cart	1,360.00	10	136	Rack, Mop	105.62	10	11
Pump, Suction/Aspirator	1,200.00	10	120	Flowmeter, Oxygen	103.96	5	21
Opthamaloscope	1,175.22	10	118	Board, White	102.00	10	10
Opthamaloscope	1,085.44	10	109	Board, Bulletin	97.00	10	10
Washer, Clothes	1,016.00	8	127	Waste Can	91.04	10	9
Bracket, Monitor	1,000.00	10	100	Shelf	50.44	20	3
Shelving	974.97	20	49	Board, White	44.96	10	4
Cart, Trash	949.84	10	95	Dryer, Laundry	26.00	10	3
Dryer, Laundry	946.00	8	118	TOTAL	287,028.14		38,601.11

Schedule VII. Depreciation Schedule

Showing a depreciation schedule for all items acquired through the proposed project. Note that the straight-line method must be used. Indicate on the depreciation schedule or separately which major movable equipment is being purchased for the project.

Applicable: Mat-Su Regional Medical Center's depreciation schedule for equipment acquired through the proposed project is reflected in Schedule VII above. At this time, Mat-Su Regional Medical Center anticipates purchasing (rather than leasing) the equipment. For any other equipment or furnishings not included in the itemized depreciation schedule, Mat-Su Regional Medical Center assumes an average useful life of 10 years for purposes of estimating straight-line depreciation. Once the proposed project receives a certificate of need, after accounting for the size and scope of certificate of need approval (i.e. in the event that the project is not approved in full), and after finalizing construction drawings and specifications, Mat-Su Regional Medical Center will be able to produce a more comprehensive, final depreciation schedule for all items acquired through the proposed project.

APPLICATION FEE – DETERMINATION AND CERTIFICATION OF AMOUNT

Determination of Application Fee Using 7 AAC 07.079

7 AAC 07.079 specifies: *An applicant for a certificate of need must include with the application a nonrefundable application fee as follows:*

(2) for an activity valued at more than $2,500,000, a fee equal to 0.1 percent of the estimated cost, up to a maximum fee of $75,000.

Estimated Cost of Project (i.e. activity value)	**$19,250,756**
Amount of Application Fee submitted with this application	**$19,250.76**

Certification of Individual Determining Application Fee

I certify that, to the best of my knowledge, as of this date, the estimated value and fee for this certificate of need activity are accurate.

Date: June 27, 2017

Facility Name and Address: Mat-Su Regional Medical Center
2500 S. Woodworth Loop, PO Box 1687
Palmer, Alaska 99645

Name and Title of Person Determining Application Fee: David Wallace, CEO

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Signature of Certifying Officer of the Organization