



CERTIFICATE OF NEED APPLICATION

APPLICANT IDENTIFICATION AND CERTIFICATION OF ACCURACY

1. Applicant Identification

Facility Name Providence Surgery Centers, LLC d/b/a Creekside Surgery Center	Medicaid Provider Number Not received
Facility Address (Street/City/State/Zip Code) 3831 Piper Street Suite S-110 Anchorage, AK 99508	Medicare Provider Number Not received
Name and mailing address of organization that operates the facility (if different from above)	
Facility Administrator (Name, title, mailing address, including City/State/Zip Code) Debra Kay Nemec, RN, Administrator 3831 Piper Street Suite S-110 Anchorage, AK 99508	Telephone 907 339-7800 Facsimile 907 865-8898 E-mail knemec@creeksidesurgerycenter.com
Applicant (Name, title, mailing address, including City/State/Zip Code)	Telephone Facsimile E-mail
Principal Contact Person (Name, title, physical address, mailing address, including City/State/Zip Code) Susan Humphrey Barnett 3760 Piper Street Anchorage, AK 99508	Telephone 907 212 3694 Mobile Phone Facsimile 907 212-2884 E-mail susan.humphreybarnett@providence.org

2. Ownership Information

A. Type of Ownership (check applicable category)

- | | |
|---|--|
| <input type="checkbox"/> For profit: individual | <input type="checkbox"/> Not for profit: government |
| <input checked="" type="checkbox"/> For profit: partnership | <input type="checkbox"/> Not for profit: corporation |
| <input type="checkbox"/> For profit: corporation | <input type="checkbox"/> 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 Susan Humphrey Barnett

Title Vice Chair, Board of
Managers

Signature

Date

Susan Humphrey-Barnett 10/28/10

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:

Class A Managers (physicians)

Thomas P Vasileff MD, Board Chair
3260 Providence Drive Suite 200
Anchorage, AK 99508
Phone 907 563 3145
Fax 907 561 3967

Richard P McEvoy MD
3260 Providence Drive Suite 200
Anchorage, AK 99508
Phone 907 563 3145
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John T. Duddy MD
2741 De Barr Road Suite C-305
Anchorage, AK 99508
Phone 907 278 8141
Fax 907 279 3727

Class B Managers (Providence)

Susan Humphrey Barnett Board Vice Chair
3760 Piper Street
Anchorage, AK 99508
Phone 907 212 3675
Fax 907 212 2884

Colleen Bridge Board Secretary
3760 Piper Street
Anchorage, AK 99508
Phone 907 212 3035
Fax 907 212 7992

Laura McDonough
3340 Providence Drive
Anchorage, AK 99508
Phone 907 212 3182
Fax 907 212 5828

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

**State of Alaska DHSS Licensing & Certification survey October 28, 2010
Accreditation Association for Ambulatory Health Care (AAAHC) Medicare deemed status
survey scheduled to follow, will occur unannounced.**

If yes, identify the organization, the date of accreditation or certification, and attach as an appendix to this application a copy of the most current accreditation or certification.

APPLICATION FEE – DETERMINATION AND CERTIFICATION OF AMOUNT

How to Determine the Amount of the Application Fee Required Under 7 AAC 07.079

(1) For a project that does not include a lease of a facility or equipment, the value of the project is:

- A. the amount listed on page 20 of this packet under Section VIIIA, Financial Data – Acquisitions, subsection (2), item “a” (total acquisition cost of land and buildings):

\$ 0

plus

- B. the amount listed on page 21 of this packet under Section VIIIB, Financial Data – Construction Only, item “g” (total project cost, which is the sum of items d, e, and f):

\$ 1,820,963

Estimated Value of the Activity for (1)
(sum of A & B above)

\$ 1,820,963

(2) For a project that has a component that is leased, the fair market value of the leased equipment, facility, or land must be considered in addition to the acquisition cost. See the form on page 31 of this packet for how to determine fair market value.

Estimated Fair Market Value for (2): *Equipment*

\$ 260,138

Estimated Value for (1) from above: *Leased space*

\$ 118,098

Total Estimated Value of the Activity
(sum of (1) and (2):

\$ 378,236

Amount of Application Fee submitted with this application
(see 7 AAC 07.079 to calculate amount due):

\$ 2,500

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:

Facility Name and Address:

Name and Title of Person Determining Application Fee:

Susan Humphrey-Barrett
Signature of Certifying Officer of the Organization

SECTION II SUMMARY PROJECT DESCRIPTION

EXPANSION OF CREEKSIDO SURGERY CENTER

Providence Surgery Centers, LLC d/b/a Creekside Surgery Center ("Creekside") is requesting a Certificate of Need to expand the existing ambulatory surgery center located on the first floor of the Providence Health Park at 3831 Piper Street, Anchorage.

Creekside is a joint venture owned 50% by Providence Health & Services, and 50% is owned by 17 surgeons investing individually. The applicant will lease the space and purchase \$1.8 million worth of equipment.

On July 28, 2008, Providence Surgery Centers LLC was approved to build a 20,100 square foot ambulatory surgery facility with 4 operating rooms (O.R.s), and some shelled-in space for additional ORs. The CON was approved with the understanding that a certificate of need was required before the additional shelled-in space could become operational. This CON application is submitted for approval to equip and complete 2,444 sq ft of shelled-in space that will house 3 ORs and sterile storage space. Staff took possession of the newly built facility on Sept 1, 2010. Although not currently in operation, a licensing survey is scheduled for Oct 28, 2010, and an AAAHC accreditation survey (CMS deemed status) to occur shortly thereafter. The facility will open upon receipt of the facility license which is expected almost immediately after the license survey.

In the 2005 CON application, the shelled-in space was planned to be built out as the volume increased. The projected volumes in that document, based on historic growth rates from 2000-2004, showed that the shelled-in space for ORs would be needed by 2009 (nearly two years ago). Since the original CON application was submitted in May 2005, Creekside has offered two subscription periods to investing surgeons (2009 and 2010). This resulted in a significant increase in the number of investing surgeons and physicians to 17. Other surgeons not currently interested in equity ownership have applied for medical staff membership at Creekside primarily because of the efficient work environment the facility offers. Creekside estimates there will be between 20 and 25 credentialed surgeons who will use the facility when it opens. The number of surgeons and physicians that will be operating at the facility creates substantial additional demand upon its capacity.

The total cost for building out the shelled space will be included in Creekside's lease rate. The total cost for equipping the additional three surgery suites is estimated to be \$1,820,963. If approved, construction on the build out of the shelled-in space is planned to start in March 2011 and will be completed in 8 months. The additional surgery suites are planned to be open by January 2012.

Section III.

Description of Facilities and Capacity Indicators

A. Proposed changes in service capacity. Table B shows the number of existing surgery suites and the additional capacity proposed in this application. No other changes are proposed.

Table A. Existing and Proposed Surgery Capacity at Creekside

Type of Service	Current Capacity	Additional Capacity	Total Proposed Capacity
Ambulatory Surgery Suites	4	3	7

There are no other services besides ambulatory surgery proposed by this project.

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 - Creekside will fully furnish and outfit the shelled-in space, creating three surgery suites at the facility's existing location at 3831 Piper Street. No other activities are contemplated at this time.

C. Provide information regarding equipment to be purchased: The total cost of equipment to be purchased is \$1,820,963. A list of equipment is contained in Appendix 1 on page 27.

D. Provide in the following table information regarding equipment to be replaced or retired. – No equipment will be replaced or retired.

E. Describe replacement or upgrading of utilities including the electrical, heating, ventilation, and air conditioning systems. The existing bases of design were sized to account for the three future OR's, therefore the various electrical and mechanical systems can tie into existing systems without having any modifications.

F. Describe the structural framing, floor system, and number of floors (including the basement). The three future OR's are on level one of Tower S. The building is structural steel over concrete foundations. The exterior consists of cold formed structural metal stud framing as the exterior envelope. The floor system consists of reinforced concrete placed over metal decking.

G. Total square footage in current facility/project - 20,128 SF

H. Total square footage of proposed facility/project - 2,444 SF

I. Area per bed, service unit, or surgery suite (if applicable) - Area per surgery suite: There will be 3 surgery suites and a sterile supply area plus hallway area.

The square footage distribution is:

OR #5	532 SF
OR #6	530 SF
OR #7	889 SF
Sterile Supply	493 SF
Total	2,444 SF

J. Percentage of total floor area used for direct service (non-bed activity).
2,444 SF

K. Additional volume of service (non-bed activity) expected. The additional volumes of services expected are for the three additional ambulatory surgery suites. Each suite is expected to meet the standard of 1,200 surgery cases within five years of completion of the project.

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.

Creekside Surgery Center spent the last 5 years working on CON approval for this project and building it after it was approved. The original CON application was submitted in May 2005 and approved in July 2008. At that time Providence Surgery Centers, LLC, d/b/a Creekside Surgery Center was approved to build a 20,100 square foot facility with 4 operating rooms (ORs) and shelled-in space for additional surgery suites. The facility moved into the newly-built suite on September 1, 2010 and will open for business following the DHSS Licensing and Certification survey October 28, 2010.

Creekside requested an extension of the project completion date which was approved and extended to December 31, 2011. No other CON applications have been submitted.

The applicant's long range plans are to maximize the operational efficiencies inherent in a seven suite ambulatory surgery center. Further physical expansion is not anticipated in the next five years.

SECTION IV DEMONSTRATION OF NEED

A. Relationship to Applicable Plans

Relationship to Creekside Plans – This project for three additional surgery suites is a fulfillment of Creekside's plans to add additional surgery suites to the existing facility. The plans were included in the original 2005 CON application. There are no existing State, regional or local surgery plans that define the demand or need for operating rooms or freestanding ambulatory surgery centers in Alaska.

B. Demonstration of Need

1. **Problems Addressed by the Project** - This project is an expansion of an existing service that addresses a number of problems, including unmet community need, increasing demand for services, a national trend towards outpatient services, and higher quality and efficiency standards.
2. **Community Need, Demand, Trends, and Efficiency** –
 - a. **Unmet Need:** There is an unmet need for additional outpatient surgery suites based on population growth since 2005 and an increase in surgery use per 1000 population due to aging. From 2005 to 2016, the service area population will have increased by over 75,000 persons or 23%. Calculations of the numerical need in section B-6 show there will be an unserved caseload of 6,452 surgeries by 2016 that will require 6 more ambulatory surgery suites.
 - b. **Increasing Demand:** The number of surgeons and physicians who are planning to use the facility has more than doubled since the original CON was submitted 5 years ago. At the time of the public hearing in 2005, there were 3 surgeons and 6 physicians that planned to use the facility. Currently, there are 19 surgeons and one anesthesiologist on staff who will use the facility. Other physicians and surgeons have indicated an interest in using the facility when it opens
 - c. **National Trends:** There is a national trend that has continued for the last 20 years to move patients out of institutions and to serve them in less intensive venues. Ambulatory surgery centers are a part of that trend, which is expected to continue due to cost and access benefits. In 2008, 39% of surgeries in the Anchorage area were performed in an ambulatory surgery center. That trend is expected to increase to over 50% within the next 5-10 years. CMS's actions to expand the types of procedures deemed appropriate for ambulatory surgery centers will continue to fuel the trend.

- d. **Higher Quality and Efficiency:** Technology has improved so that many procedures that were formerly performed in a hospital and required an overnight stay are now being performed on an outpatient basis. Some surgeons are only performing outpatient procedures. The shift to outpatient surgeries has also lead to an increase in efficiencies. In 2005, about 6 procedures could be performed in an 8-hour day in one outpatient OR. Most outpatient procedures last less than 2 hours and require less equipment, less set-up time and less clean-up time than inpatient facilities. Efficiencies continue to increase in dedicated outpatient facilities with new procedures introduced regularly.

Ambulatory surgery centers also offer many minimally-invasive surgeries. More minimally-invasive surgeries mean less complications and quicker time for patients to heal. Ambulatory surgery centers are small enough that patients do not have to deal with the complexities of large hospitals such as parking, registration, and locating the surgical area.

3. **Internal Deficiencies** – This project does not correct any internal deficiencies.
4. **Target Population to be served** – The target population to be served includes all residents of the service area, which includes the Anchorage/Mat-Su Region and the Valdez-Cordova Census Area. The Total Population for the service area for the year 2016 (5 years from the completion date of the facility) is estimated to be 371,162, which consists of the 2015 middle population estimate by the Department of Labor of 404,745; an additional 7,000 population growth for 2016; and a population of 10,030 for Valdez-Cordova Census Area less 12% for the Native population that is expected to use the Alaska Native Medical Center.¹
5. **Projected Utilization** - Projected utilization is based on the number of surgery cases that the physicians at the facility will bring in. The population is growing and the numbers of surgeries will increase accordingly. There are 20 surgeons and physicians who are currently on the medical staff and will use this facility. Table B on the following page shows the types of surgeries that will be performed in the three suites and the estimated annual caseload for each type of surgery. These data were developed jointly with physicians and surgeons who will use the facility.
- a. **Population using the services** – The general population will use these services. There is no special population served, anyone who fits the criteria in the general population is a candidate for these services.
- b. **New Services not formerly available:** This is not a new service so this question does not apply. There is no evidence that anyone but the general population will use the service. This is not a facility that is limited to one branch of surgery only.

¹ Dept. of Labor. Alaska Population Projections 2007-2030. Page 51. Native population not included.

- c. **Annual Utilization Data and Demand Trends** – There are no data for this facility since it is in the process of becoming licensed and has not officially opened. Projections for 5 years after the three surgery suites open are listed in Table B.

Table B
Types of Surgery to be offered & 5 Year Projections

Type of Surgery	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Pain Management	502	517	533	549	565
ENT	502	517	533	546	560
Ortho	1,004	1,034	1,065	1,097	1,130
Spine	502	517	533	549	565
Total Joint Surgery	251	259	265	272	278
Podiatry	251	257	265	272	278
Total Cases	3,012	3,101	3,193	3,283	3,376

- d. **Acquisition of Equipment** – Although equipment will be purchased for the three additional surgery suites, this project is not for the acquisition of a new piece of major equipment or new service not already in existence in the service area.
- e. **Increased Utilization:** Increased utilization is expected. The following factors will impact surgery utilization in the next five years:
- Population Growth
 - Aging of the Population
 - Increased number of surgeons/physicians
 - Increased accessibility to surgery services

Table B above shows the 5-year projections for utilization. Table C Below shows the number of inpatient and outpatient surgeries, and the number of existing surgery suites in the service area. (Surgery minutes are no longer used in this process).

Table C
Number of Surgeries and Surgery Suites
In the Service Area - 2010

Year	Inpatient Suites	Ambulatory Surg Suites	Inpatient Surgeries	Outpatient Surgeries
2016	31	22	27,900	26,400

- f. **Reduction in Services** – No services will be reduced.
- g. **Other information establishing need** – None at this time.
- h. **Letters of Support** – See Appendix 2 Page 30 for letters of support.

6. Calculations of the Numerical Need for Surgery Suites:

Calculations for Surgery Need²:

Projected Anchorage/Mat-Su/Valdez-Cordova Population in 2016 = 371,162³

GSUR (general surgery use rate) Estimate = 163.68 surgeries/1000⁴

► **STEP ONE:** Determine the projected general surgery caseload using the formula:

$$C \text{ (caseload)} = P(\text{population}) \times \text{GSUR}(\text{use rate})$$

$$C = (371,162/1000) \times 163.68 = 60,752 \text{ surgery caseload expected in 2016}$$

► **STEP TWO:** Determine projected unserved caseload

$$\text{USC (unserved caseload)} = C \text{ (caseload)} - \text{EC (existing capacity)}$$

$$\text{USC} = 60,752 \text{ surgeries} - (54,300) = 6,452 \text{ unserved caseload in 2016}$$

TU = target use rate = 900 cases for operating rooms serving both inpatients and outpatients (**IO**) and 1,200 cases for dedicated outpatient (**DO**) surgery suites. In 2010, there were 31 operating suites serving both inpatients and outpatients, and 22 operating suites in ambulatory surgery centers.

► **STEP THREE:** Determine **GORR** = general operating rooms required to meet demand:

$$\text{GORR (general operating rooms required)} = \text{UC(unserved caseload)}/\text{TU(target Use - in this case 1,200 surgeries annually)}$$

$$\text{GORR} = 6,452/1200 = 5.4 = 6 \text{ ambulatory surgery suites needed}$$

Note: The number of surgery suites must be rounded up to 6, since you cannot meet the need with a partial surgery suite.

C. Availability of Less Costly or More Effective Alternatives

1. **Alternatives considered** in developing this project included doing nothing or developing additional surgery suites. The reason that three surgery suites was chosen, is because it was a part of the long range plan for the facility, the addition of more members and users to the surgery team, and because of the growth in population and surgery use in the service area. This is a less costly alternative then building a new facility in a different location.

² The methodology listed in the CON application packet is flawed and does not work as listed. The method used is a corrected version of the method listed.

³ Alaska Dept. of Labor middle projection for Anchorage in 2015 is 404,745. It is growing about 7,000 per year; Valdez-Cordova Census Area is 10,030, reduced by 12% (50,613) for Alaska Natives served at ANMC.

⁴ Certificate of Need Website. Review of CON Application for an ASC in Anchorage. Jan. 6, 2005. Page 10.

2. **Special Needs** – There are no special needs in the area.

D. Relationship to existing Health Care system and to Ancillary or Support Services

1. **Existing Comparable Services:** Comparable facilities within the service area are other ambulatory surgery centers that are not specialized for one type of service such as ENT, women's services or gastroenterology. Facilities that are comparable to Creekside are the Alaska Surgery Center in Anchorage, and the Susitna Surgery Center in Wasilla. There are other facilities that offer surgery services in the region, but they are either hospitals not certified as ambulatory surgery centers or their services are exclusively one category of specialized services. Although hospitals all offer outpatient surgery services, they are not licensed as ambulatory surgery centers, and are not able to function as efficiently as a freestanding ASC.

Factors affecting utilization include cost of care, ease of scheduling, efficient work environment and personal customer service. Ambulatory surgery center costs are less than hospital based services and therefore, can be offered at a lower rate making surgeries more accessible. In addition, less invasive procedures and more scheduling flexibility allow patients to schedule surgeries to allow them to miss less work time since they heal faster. Creekside is a unique provider in the Anchorage market, providing care to all payor types, including self-pay, Medicare, Medicaid and other government payors.

2. **Impact on Existing Facilities:** This complements the existing ambulatory surgery centers. The trend is for the population to grow in the service area and for more surgeries to be performed in ambulatory surgery centers outside of hospitals. Creekside plans on performing some innovative orthopedic surgeries that may not be offered by other ASCs in Alaska, such as uni-compartmental total knee replacements and one-level spinal surgeries. Since there are a limited number of surgery facilities in the service area, Creekside will provide needed competition.

3. **Existing Working Relationships:** Creekside has established a Patient Transfer Agreement with Providence Alaska Medical Center (Appendix 13 page 68). As a Providence joint venture company, Creekside is also eligible to enroll in Providence's Group Purchasing Organization ("GPO") and has made that arrangement. Creekside anticipates contracting with a local home infusion company to provide pain management assistance (not completed). Creekside anticipates contracting with Providence Alaska Medical Center Outreach Laboratory for lab testing services, which would be utilized very rarely, in urgent situations. Creekside will be entering into agreements for biomedical services to maintain its equipment.

E. FINANCIAL FEASIBILITY

1. Financial Feasibility and Long Term Viability – Since the project is a joint venture between Providence Health & Services and 17 physician owners. The joint venture creates a strong financial foundation for the project due to the number of owners. The pro-forma shows that the project will be financially viable with an EBITDA⁵ of \$7.06 million in the first three years of operation.

2. Financing of the Project – The facility is leased space, so there are no construction costs for the applicant. \$1.8 million in equipment expenses will be financed through a loan. Loan payments and ongoing operations will be financed through patient revenues.

3. Estimate of the Impact on Costs -

- a. This proposal should have the normal impact on the annual increase on the overall cost of surgery services only. The impact is related to the fact that surgeries will grow with the population growth and aging. The surgeries would be performed at other locations, or out of state, if not done here.
- b. No significant annual increases in Medicaid are expected since this is an outpatient project.
- c. The financial feasibility of continuing operations of the project are good since surgeries continue to be needed, the population is growing and aging, and there is a significant surgeon/physician base to continue to produce income.

F. Access to Service by the General Population and Underserved Groups

1. Creekside's Operating Agreement lays out the Purposes for formation of the joint venture company. These include:

- a) to improve the quality and cost efficiency of health care services in the Anchorage area
- b) to meet the health care needs of the community
- c) to participate in Medicare and Medicaid and to serve Medicare and Medicaid patients
- d) to serve charitable purposes
- e) to operate in compliance with the Ethical and Religious Directives for Catholic Health Care Services.

To this end, the Creekside Board of Managers has adopted policies addressing self-pay patients, charity care, and patient financial hardship. (Appendix 3 page 32). Creekside is able to accommodate all members of our community and make accommodations for persons experiencing disabilities and non-English speaking patients and families.

2. Once operational, Creekside staff will track payor mix, including Medicare, Medicaid, self-pay and charity care. Payor mix reports must be included in each report to the

⁵ EBITDA= Earnings before interest, taxes, depreciation, and amortization.

Board of Managers. The Board of Managers will annually evaluate its contribution to the community.

3. Address the following access issues:

- a. Transportation and travel time -** Travel time to this facility is similar to any other ambulatory surgery center in Anchorage. The facility is centrally located and easily accessed.
- b. The building is fully compliant with ADA and has a grand lobby entryway with circular drive-up and valet parking service.** The facility is located on the first floor of the Health Park Tower S. building.
- c. Hours of operation are 8 AM to 5 PM Monday through Friday.**
- d. Policy for nondiscrimination -** The Creekside Board of Managers has adopted a policy to accommodate any members of our community who can be safely served by this facility.

SECTION V

CONSIDERATION OF QUALITY, EFFECTIVENESS, EFFICIENCY & BENEFITS OF SERVICES

1. Accreditation and Licensure

Creekside applied for a license as an ambulatory surgery center with the State of Alaska Department of Health and Social Services in April 2010. The 855B application was submitted to Medicare in June. DHSS Licensing and Certification has scheduled the licensing survey on Oct 28, 2010. Creekside has submitted an application for accreditation to The Accreditation Association for Ambulatory Health Care ("AAAHC"). Creekside has received confirmation from AAAHC that their CMS deemed status survey has been calendared. The survey will be unannounced, and will occur following the DHSS licensing survey. The facility will open upon receipt of the Alaska facility license which is expected almost immediately after the license survey.

2. Quality Control:

The quality control program has been developed by Creekside to address requirements defined in the AAAHC certification standards, by CMS, and by the State of Alaska Health Facilities Certification and Licensing. The Creekside surgery facility was designed by an ASC-specialty architectural firm, which developed the plans for efficiency and optimum patient care. All equipment is newly acquired and meets all federally required quality and safety standards, and has undergone a thorough inspection for defects, safety and functionality prior to commissioning for use in patient care. Creekside is entering into a biomedical services contract with a third party, whose staff has worked side-by-side with Creekside staff during the inspection and commissioning of equipment. Infrastructure equipment such as HVAC, generators, boilers, medical gas and vacuum systems will be maintained and serviced by certified technicians as required by CMS and AAAHC.

3. Personnel -

- **Physicians** – Creekside has established Medical Staff Bylaws, and Rules and Regulations, establishing standards for physicians and allied health personnel. Physicians' education, training and skills are evaluated through a credentialing process, and only qualified physicians are recommended for privileges. The Medical Executive Committee and Board of Managers are accountable for approving entry to the credentialed medical staff. Members of the medical staff stay current with new developments in their respective specialties through training and continuing education.

- **Clinical**–Creekside has established Job Descriptions for all job types, compliant with the national and state standards for positions such as Registered Nurse and Operating Room Tech. All personnel must meet professionally accepted job requirements at hiring, and periodically meet professional competency standards

- **Non-Clinical Personnel** - Creekside non-clinical employees in positions such as materials management and business office must also meet professional hiring standards and perform commensurate with accreditation and regulatory requirements. All employees' performance will be regularly evaluated and plans for improvement and career growth will be implemented.

- **Continuing Education** – The ambulatory surgery center will provide for continuing education and ensure that all personnel receive training provided by equipment vendors, professional societies and attend selected special educational meetings both in and out of state.

4. Appropriate utilization

Creekside currently employs approximately 12 FTEs, with an anticipated growth to 16 FTEs in the next year. Upon addition of three operating rooms, staffing will increase to 31 FTEs. One position that will be hired upon expansion is a Business Office Manager. Some personnel may be cross-trained to increase efficiency and staff availability for specific services.

Creekside has been developed to support the shift in procedures from the inpatient to the outpatient setting. The shift to the outpatient setting will continue to grow as technological advances provide for the expansion of minimally-invasive surgery, and as CMS expands the types of procedures deemed appropriate for an ambulatory surgical environment. Appropriate patient selection is key to the success of an ambulatory surgery center. Careful screening by the surgeon and anesthesia team will assure patients are medically stable with few to no co-morbid conditions, any other disease processes are well maintained, and with the patient has a Body Mass Index (BMI) within acceptable ranges. Patients that are higher risk will not be cared for at Creekside.

5. New technology and treatment modes

Creekside ambulatory surgery center was designed by ASC-specialty architects, with consideration of quality, efficiency, the needs of outpatients, and the surgeons performing the procedures. The Medical Executive Committee (MEC) serves as the approval body for equipment and instrumentation purchase. Supported by the administrator, nurse manager and materials management specialist, the MEC assures the surgeons have adequate types and amounts of instrumentation, supplies, disposables and implants to meet their needs.

Technological advancement in equipment allows for minimally-invasive procedures, reducing risk to the patient through limited disruption to healthy tissues and a more prompt recovery and rehabilitation. This results in a decrease of anesthesia time and a decrease in total OR time, which decreases risk to the patient and decreases costs to the payers.

6. Labor-saving devices and efficiencies.

Free-standing ambulatory surgery centers use labor saving equipment and processes to achieve the best operating economies, while maintaining high quality care. Surgical cases are carefully scheduled by specific OR room, to provide the optimum match of surgeon, case, nursing team and equipment. Support staff are scheduled to provide for rapid cleaning of rooms and equipment between cases ("turn-around time"), not possible in a hospital surgery department.

7. Program Evaluation

Objectives of the Creekside Quality Improvement Program include:

- Providing for patient and employee safety;
- Identifying and acting upon opportunities to improve patient care;
- Trend, benchmark and maximize patient outcomes with advanced databases.
- Providing optimal patient care within available resources; and
- Managing utilization of resources in the most efficient manner;

These objectives are met through the activities identified in the 10-step process (Plan, Do, Check, Assess (PDCA)), which includes identifying problems, establishing criteria, assessing, recommending action, monitoring and evaluating. Written plans define the manner in which personnel and medical staff members will accomplish quality improvement functions. The program is in compliance with AAAHC requirements and is evaluated annually.

The Creekside Board of Managers has accountability to annually approve key quality indicators of performance selected by administration, the medical staff, the medical director, and clinical staff. The staff regularly develops the quality report card for presentation to the Board.

As part of the quality improvement plan, the goals or expectations will be clearly identified by the joint venture board and targets, with measurable outcomes, will be set. Identified targets will be monitored at least quarterly and will have a national benchmark for comparison. The Board holds regular meetings with the full complement of physician owners to identify additional needs for equipment, instrumentation, and skills of nursing staff, as surgeons become skilled in new techniques and approaches.

8. Organizational structure

The Creekside Administrator reports to the Board of Managers. Other major positions include the Medical Director, the Nurse Manager, and the Business Office Manager.

An organizational chart is found in Appendix 4 page 37. Major position job descriptions are found in Appendix 5 page 38.

The facility a privately owned company, registered as a Limited Liability Company in the State of Alaska. The Company is managed by a Board of Managers, to whom the Administrator reports. The Board of Managers is composed of three Class A investing surgeons and three Class B Providence employees.

Table E
Board of Managers List

Name	Class Member	Title
Thomas Vasileff MD	A	Chair
John Duddy MD	A	Member
Richard McEvoy MD	A	Member
Colleen Bridge	B	Secretary
Susan Humphrey Barnett	B	Vice Chair
Laura McDonough	B	Member

9. Staff Skills

Staff are required to have skills and experience working in an ambulatory surgical environment, with experience in a freestanding center strongly preferred. Staffing ratios are established by the Administrator and Medical Director, and approved by the Board of Managers. The Administrator and Medical Director are accountable to develop and implement plans for patient and staff scheduling and continuing education to assure staff maintain competencies.

10. Economies of Scale

The Creekside architectural design is for seven (7) fully functional operating rooms. Staffing ambulatory surgery centers is efficient; maximum operational efficiency will be accomplished through the incremental growth from the current four (4) to the full seven (7) operating rooms.

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

I. General Review Standards Applicable to all Certificate of Need Applications Review Standards

A. Documented need for the project by the population served/barriers to care:

1) Population served: The population to be served includes all non-Native residents of the Anchorage/Mat-Su Region and the Valdez-Cordova Census Area. IT is assumed that Native residents will be served by the Alaska Native Medical Center. The Total Population for the service area for the year 2016 (5 years from the completion date of the facility) is estimated to be 371,162, which consists of the 2015 middle population estimate by the Department of Labor of 404,745; an additional 7,000 population growth for 2016; and a population of 10,030 for Valdez-Cordova Census Area less 12% for the Native population that is expected to use the Alaska Native Medical Center.¹

This project is planned to be completed in January 2012, and the CON need methodology requires that the need for additional surgery capacity be projected for 2016, 5 years after the implementation of the project.

- a) **Surgeons:** In May 2005, when the original CON was submitted, there were two surgeons connected to the facility. By the time of the public hearing in December 2005, the limited liability company had been formed and there were 6 orthopedic surgeons and 3 pain physicians who were members. Currently, there are 19 surgeons and one anesthesiologist on staff who will use the facility. Other physicians and surgeons have indicated an interest in using the facility when it opens
- b) **Barriers to Care:** Common barrier to care are a lack of facilities for certain procedures, cost (especially for self-pay patients), and having timely surgeries to reduce time off of work. Hospital operating rooms exclude some types of surgeries and some ambulatory surgery centers only allow their own surgeons to operate at their facility. Some ASCs specialize in only one type of surgery such as ENT, gastroenterology, or women's services. This limits the availability of surgery suites and may be a barrier to patients. General ambulatory surgery centers that offer more than one type of service help mitigate these barriers. Availability of physicians and procedures are also barriers to care. Several new procedures may be performed at Creekside that are not currently being performed elsewhere. Creekside plans on performing some innovative orthopedic surgeries, such as uni-compartmental total knee replacements and one-level spinal surgeries. Also,

¹ Dept. of Labor. Alaska Population Projections 2007-2030. Page 51. Native population not included.

the lead anesthesiologist/medical director will be more readily available to perform pain procedures.

2) Long Range Planning and Relevant Plans: The build-out of the 3 surgery suites is the sum of the applicant's existing long-range development plans at this time. These plans were included in the original 2005 CON application. This project is consistent with the movement of services out of inpatient facilities to serve patients in the least restrictive and least intensive way possible. There is currently no state, community, regional or federal health plans that apply to this project.

3) Stakeholder Participation in Planning: Investor surgeons and non-surgical staff stakeholders participated in the design and execution of services for this project. As a result of this planning, to insure the most patient friendly and up-to-date services possible, Creekside hired professional ambulatory surgery center specialty architects to design the facility. These architects provided special consideration of the needs of outpatients served by the facility and surgeons and staff. Planning goals are that new construction is designed to meet American Institute of Architecture design standards for efficiency and quality patient care for ambulatory surgery and also that standards of care set out by the Accreditation Association for Ambulatory Health Care (AAAHC) will be met. Stakeholder participation in planning for the delivery of this service also includes a plan to ensure ongoing quality assurance through development of an annual report card and feedback from patients, staff, and surgeons.

4) Alternatives: Alternatives include doing nothing and building out endoscopy suites. The choice to build out these three ORs was made because of the anticipated number of physicians who are planning to use the facility, the population growth in the target area, and the aging of the population which is expected to require more surgeries... There is a trend for more surgeries to be performed outside of hospitals in ambulatory surgery centers. CMS published updated ASC codes in the Federal Register November 2008. The CMS Medlearn Matters brochure is attached as Appendix 6 page 56. This action by the Federal Government shows that more surgeries will be performed outside of hospitals and additional capacity must be developed to meet this need. Doing nothing would not meet the need of patients and surgeons and building endoscopy suites would limit the scope of services available in those rooms

5) Description of Health Care Systems/Anticipated Impact: The anticipated impact on the existing health care system will be positive and it will help patients be served in a more timely manner and increase the availability of block time for physicians and surgeons that wish to use the facility. There are currently 31 surgery suites in hospitals in the service area that offer both inpatient and outpatient surgeries. There are 22 outpatient surgery suites in ambulatory surgery centers. Not all outpatient surgery centers are comparable with Creekside. Some are single specialty facilities.

6) Location/Accessibility: Creekside surgery center is easily accessible to patients and their families and to ancillary services. It is located on the first floor of the

Providence Health Park Tower S. The facility is centrally located about 6.5 miles from the airport. It is easily accessible by car and taxi.

Additional Considerations for Concurrent Review of More than one Application

1. Quality of services: Creekside quality is consistent with or better than existing services because it meets the standards of the State of Alaska Certification and Licensing, Medicaid, and the Accreditation Association for Ambulatory Health Care (AAHC)...
2. Licensure and accreditation deficiencies and verified complaints: There are no deficiencies or verified complaints. The facility has not opened yet, so there is no history in this area.
3. High levels of care or a policy to provide care to low-income and uninsured persons.

The Creekside Board of Managers has adopted a policy has adopted policies addressing self-pay patients, charity care, and patient financial hardship. The plan is to accommodate any member of the community who can be safely served by the facility

Calculations for Surgery Need²:

Projected Anchorage/Mat-Su/Valdez-Cordova Population in 2016 = 371,162³

GSUR (general surgery use rate) Estimate = 163.68 surgeries/1000⁴

► **STEP ONE:** Determine the projected general surgery caseload using the formula:

$$C \text{ (caseload)} = P(\text{population}) \times \text{GSUR}(\text{use rate})$$

$$C = (371,162/1000) \times 163.68 = 60,752 \text{ surgery caseload expected in 2016}$$

► **STEP TWO:** Determine projected unserved caseload

$$\text{USC (unserved caseload)} = C \text{ (caseload)} - \text{EC (existing capacity)}$$

$$\text{USC} = 60,752 \text{ surgeries} - (54,300) = 6,452 \text{ unserved caseload in 2016}$$

TU = target use rate = 900 cases for operating rooms serving both inpatients and outpatients (**IO**) and 1,200 cases for dedicated outpatient (**DO**) surgery suites. In 2010, there were 31 operating suites serving both inpatients and outpatients, and 22 operating suites in ambulatory surgery centers.

► **STEP THREE:** Determine **GORR** = general operating rooms required to meet demand:

² The methodology listed in the CON application packet is flawed and does not work as listed. The method used is a corrected version of the method listed.

³ Alaska Dept. of Labor middle projection for Anchorage in 2015 is 404,745. It is growing about 7,000 per year; Valdez-Cordova Census Area is 10,030, reduced by 12% (50,613) for Alaska Natives served at ANMC.

⁴ Certificate of Need Website. Review of CON Application for an ASC in Anchorage. Jan. 6, 2005. Page 10.

GORR (general operating rooms required) = UC(unserved caseload)/TU(target Use – in this case 1,200 surgeries annually)

GORR = 6,452/1200 = 5.4 = 6 ambulatory surgery suites needed

Note: The number of surgery suites must be rounded up to 6, since you cannot meet the need with a partial surgery suite.

Based on this revision of the methodology, there is a need for 6 ambulatory surgery suites in the Anchorage/Mat-Su/Valdez-Cordova service area.

Section VII Construction Data

A. Please check appropriate boxes:

- | | | | |
|----------------------|-------------------------------|---|--|
| 1. Construction type | <input type="checkbox"/> New | <input checked="" type="checkbox"/> Expansion | <input type="checkbox"/> Renovation |
| 2. Basement | <input type="checkbox"/> Full | <input type="checkbox"/> Partial | <input checked="" type="checkbox"/> None |

B. Project Development Schedule

Date

- | | |
|--|-------------------|
| 1. Estimated completion of final drawings and specifications | March 1, 2011 |
| 2. Estimated construction begun by | April 1, 2011 |
| 3. Estimated construction complete by | September 1, 2011 |
| 4. Estimated opening of proposed services | February 1, 2012 |

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

1. Legal description, area of the proposed site, ownership, and secure site.

The legal description of the site is Providence Chester Creek Subdivision, Tract A. The address of the medical office building known as Tower S is 3831 Piper St. The site known as Providence Health Park is owned by Providence Alaska Medical Center. The site lease is secure because Tower S is an existing building. The surgery center has already been built and leased and this is an addition to that lease. Appendix 7 page 60.

2. Site plan: There is no need to document site and diagrammatic plans. These are not applicable to this project because the space is leased in an existing building. .

3. Document clearances: There is no need to document clearances because the applicant is leasing the space in an existing medical office building.

4. Architectural master plan: There is no long-range master plan to develop the facility any further. This is the final size and scope of the project at this time.

5. Schematic floor plan drawings: See attached architectural floor plan for visual scope of work. Proposed construction is to build out 3 operating rooms and a sterile equipment storage area, totaling 2,444 SF in an existing surgery center. Appendix 8 page 61

D. Plan for completing construction with as little disruption as possible: The proposed construction area is enclosed in an occupied surgery center. Construction workers will access the construction area with a temporary scaffold stairwell placed at the exterior curtain wall, allowing workers to access through the removed glazing. The construction area is currently shelled; therefore there is no exposure to the finished surgery area. Contractor will coordinate with PSC for noisy activity as to not disturb live surgery. All infectious control and safety standards will be followed during this build-out.

Section VIIIA

Financial Data – Acquisitions

1. Acquisition type: (Please check applicable boxes)

☐ Lease ☐ Rent ☐ Donation ☐ Purchase ☐ Stock Transaction

Note: This project does not include an acquisition, therefore, this financial data page does not apply.

2. Cost data	(Omit cents)
a. Total acquisition cost*	\$
b. Amount to be financed	\$
c. Difference between items (a) and (b) (list available resources to be used, e.g. available cash, investments, grants, etc.)	\$
d. Anticipated interest rate ____% , term __ years.	
e. Total anticipated interest amount	\$
f. Total of (a) and (e)	\$
g. Estimated annual debt service requirements	\$

3. Describe how you expect to finance the project. Not Applicable

Note: Acquisition costs must include (as appropriate):

- Total purchase price of land and improvements (if donated, the fair market value**)
- "Goodwill" or "purchase of business" costs
- The net present value of the lease calculated on the total lease payments over the useful life of the asset as set out in the 2004 version of *Estimated Useful Lives of Depreciable Hospital Assets*, published by the American Hospital Association.
- Consultant or brokers fees paid by person acquiring the facility
- Other pre-development costs to date.

*Site acquisition should be stated as "book" value, i.e. actual purchase price plus costs of development. If desired, the applicant may elect to state the acquisition as "fair market value"*** (in which case, give reason and basis).

** 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.

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)	\$	n/a
b. Estimated general construction**	\$	n/a ¹
c. Fixed equipment, not included in a**	\$	n/a
d. Total construction costs (sum of items a, b, and c)**	\$	n/a
e. Major movable equipment**	\$	1,820,63
f. Other cost:**		
(1) Administration expense	\$	n/a
(2) Site survey, soils investigation, and materials testing	\$	n/a
(3) Architects and engineering fees	\$	n/a
(4) Other consultation fees (preparation of application included)	\$	n/a
(5) Legal fees	\$	n/a
(6) Land development and landscaping	\$	n/a
(7) Building permits and utility assessments (including water, sewer, electrical, phones, etc.)	\$	n/a
(8) Additional inspection fees (clerk of the works)	\$	n/a
(9) Insurance (required during construction period)	\$	n/a
g. Total project cost (sum of items d, e, f)	\$	1,820,963
h. Amount to be financed	\$	1,820,963
i. Difference between 2.g and 2.h (list, as Schedule 1, available resources to be used, e.g., available cash, investments, grants funds, community contributions, etc.)	\$	0
j. Anticipated long-term interest rate	<u>3.0%</u>	
k. Anticipated interim (construction) interest rate	<u>n/a</u>	
l. Anticipated long-term interest amount	\$	215,849
m. Anticipated interim interest amount	\$	n/a
n. Total items g, l, and m	\$	2,036,812
o. Estimated annual debt service requirement	\$	184,553 ²
p. Construction cost per sq. ft. (project = 2444 sf)	\$	n/a
q. Construction cost per bed	\$	n/a
r. Project cost per sq. ft. (project = 2444 sf)	\$	n/a
s. Project cost per bed (if applicable)	\$	n/a

*Site acquisition should be stated as "book" value.

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

¹ The facility will be leased so there are no Creekside construction costs, only equipment costs .

² Debt service starts at \$184,553 and increases to \$239,475 over a 7 years when it is paid off.

FINANCIAL FORMS

Schedule I. Facility Income Statement Appendix 9 page 63

Schedule II. Facility Balance Sheet Appendix 10 page 65. Start up company not yet operational.

Schedule III. Average Patient Cost Per Day (Per Diem Rate if applicable)
and Revenue Amounts. Per Diem Rates not applicable

Schedule IV. Operating Budget . Appendix 9 page 63

Schedule V-A. Debt Service Summary Not applicable

Schedule V-B. New Project Debt Service Summary Appendix 11 page 66

Schedule VI. Reimbursement Sources - Show reimbursement sources for the previous five years and projections for three years after the new project opens.

Creekside is not yet operational. Anticipated payor mix is:

Medicare	11%
Medicaid	16%
Commercial Insurance	54%
Workers Compensation	16%
Other	2%
Self Pay	1%

Schedule VII. Depreciation Schedule. Appendix 12 page 67

Providence Surgery Centers LLC
 d/b/a Creekside Surgery Center
 Incremental Growth CON Expansion October 2010
 Six Year Pro Forma Financial Model

APPENDIX 1

COMMON AREA EQUIPMENT DESCRIPTION				EST \$ TOTAL	
FIXED EQUIP					
0000	STERILE PROCESSING			\$ 221,025.00	
1000	OR SUPPORT EQUIP			\$ 27,000.00	
	MICROSCOPE	2		\$ 62,500.00	
	SONOSITE ULTRASOUND	2		\$ 35,000.00	
	POWER SYSTEM	1		\$ 200,000.00	
	INSTRUMENTATION	MISC		\$ 22,825.00	
	FUSION NAVIGATION SYSTE	1		\$ 140,000.00	
	NEPTUNE 2DOCK 4ROVER			\$ 90,000.00	
	IV SYRINGE PUMPS	3		\$ 1,085.00	
	ANESTHESIA EQUIPMENT	MISC		\$ 21,575.00	
3000	PACU			\$ 120,000.00	
4000	IMAGING CARM			\$ 100,000.00	
	MINI C ARM			\$ 40,000.00	
	GRAFT FREEZER/DIALER			\$ 10,000.00	
5000	NURSE STATION			\$ 15,010.00	
6000	23 HOUR RECOVERY			\$ 11,350.00	
	STEP DOWN BAYS			\$ 20,000.00	
				\$ 13,485.00	
				<u>\$1,235,425.00</u>	
ROOM	SPECIALTIES	EQUIPMENT DESCRIPTION	QTY	EST \$ PER UNIT	EST \$ TOTAL
5	ORTHO	Anesthesia Machine + OR LIGHTS FP MONITORS Arthroscopy Tower- ORTHO Electrosurgical Hand Table General Stores- Tourniquets OR Table	1 1 1 1 1 1 1	\$ 13,666.00 \$ 100,000.00 \$ 85,000.00 \$ 2,000.00 \$ 7,000.00 \$ 8,500.00 \$ 10,680.00	\$ 13,666.00 \$ 100,000.00 \$ 85,000.00 \$ 2,000.00 \$ 7,000.00 \$ 8,500.00 \$ 10,680.00
					<u>\$ 226,846.00</u>

<u>ROOM</u>	<u>SPECIALTIES</u>	<u>EQUIPMENT DESCRIPTION</u>	<u>QTY</u>	<u>EST \$ PER UNIT</u>	<u>EST \$ TOTAL</u>
6	ORTHO	Anesthesia Machine	1	\$ 13,666.00	\$ 13,666.00
		OR LIGHTS MONITORS	1	\$ 100,000.00	\$ 100,000.00
		STRETCHER CRIB	1	\$ 4,000.00	\$ 4,000.00
		Electrosurgical	1	\$ 2,000.00	\$ 2,000.00
		GEN STORES Tourniquets	1	\$ 8,500.00	\$ 8,500.00
		OR TABLE	1	\$ 10,680.00	\$ 10,680.00
		ARTHROSCOPY TOWER	1	\$ 85,000.00	\$ 85,000.00
					<u>\$ 223,846.00</u>

ROOM	SPECIALTIES	EQUIPMENT DESCRIPTION	QTY	EST \$ PER UNIT	EST \$ TOTAL
7	ENT	Anesthesia Machine	1	\$ 13,666.00	\$ 13,666.00
		OR LIGHTS MONITORS	1	\$ 100,000.00	\$ 100,000.00
		ELECTROSURGICAL	1	\$ 2,000.00	\$ 2,000.00
		OR TABLE	1	\$ 10,680.00	\$ 10,680.00
		GEN STORES Tourniquets	1	\$ 8,500.00	\$ 8,500.00
					<u>\$ 134,846.00</u>
TOTAL					\$1,820,963

Anchorage
Fracture Orthopedic
Clinic

APPENDIX 2

3260 Providence Drive, Suite 200
Anchorage, Alaska 99508-4603

T 907.363.3145 • F 907.561.3967
www.aloc.com

October 27, 2010

Certificate of Need Program
Health Planning and Systems Development Unit
Office of the Commissioner
Department of Health & Social Services
PO Box 110601
Juneau, AK 99811-0601

Dear Ms. Lawfer,

I am writing this letter of support for Providence Surgery Centers, LLC's Certificate of Need application to add three operating rooms and sterile processing support areas.

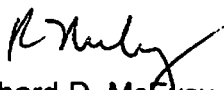
I am one of seventeen surgeon owners of Creekside Surgery Center (d/b/a for Providence Surgery Centers, LLC) and intend to utilize this ambulatory surgery center for a substantial portion of my outpatient practice.

Providence Surgery Centers LLC d/b/a Creekside Surgery Center ("Creekside"), obtained a Certificate of Need for a four-operating room ambulatory surgery center in July 2008. Creekside is located at 3831 Piper Street in Anchorage and will open following its Licensing and Certification survey, anticipated before the end of this month.

Creekside's CON allows for 4 operating rooms and shelved space. Creekside is now applying for an additional Certificate to complete and outfit the shelved space, approved in the July 2008 Certificate.

Expanding surgical capacity at Creekside will allow me to provide prompt surgical scheduling to my patients as well as provide me with a consistent, efficient, and professional work environment.

Sincerely,



Richard D. McEvoy, MD

Leslie P. Dean, MD
Surgery of the Hand & Wrist

Richard W. Garner, MD
Arthroscopy, Arthritis,
Total Joint Replacement

John E. Lapkass, MD
Total Joint Replacement
Arthroscopy & Sports Medicine

Richard D. McEvoy, MD
Knee & Shoulder Surgery
Arthroscopy & Sports Medicine

Declan R. Nolan, MD
Non-Surgical Orthopedics

Davis C. Peterson, MD
Spinal Disorders

Douglas P. Prevost, MD
Fellowship Trained in
Total Joint Replacement

Adrian B. Ryan, MD
Knee & Shoulder Arthroscopy
Hip & Knee Replacement

Upshur M. Spencer, MD
Spinal Disorders
Trauma

Gregory L. Schumacher, MD
Sports Medicine & Ligament Reconstruction
Arthroscopy of the Shoulder, Hip, and Knee

Stephen S. Tower, MD
Primary Joint Replacement
Revision Joint Replacement

Thomas P. Vasileff, MD
Knee Arthroscopy
ACL Reconstruction
Hip & Knee Replacement

Paige Cripe, CPA
Executive Director

Anchorage Fracture & Orthopedic Clinic

3160 Providence Drive, Suite 200
Anchorage, Alaska 99508-4603

T 907.562.3145 • F 907.561.3967
www.afoc.com

October 27, 2010

Certificate of Need Program
Health Planning and Systems Development Unit
Office of the Commissioner
Department of Health & Social Services
PO Box 110601
Juneau, AK 99811-0601

Dear Ms. Lawfer,

I am writing this letter of support for Providence Surgery Centers, LLC's Certificate of Need application to add three operating rooms and sterile processing support areas.

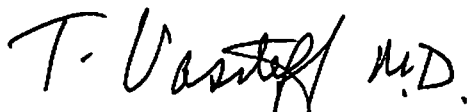
I am one of seventeen surgeon owners of Creekside Surgery Center (d/b/a for Providence Surgery Centers, LLC) and intend to utilize this ambulatory surgery center for a substantial portion of my outpatient practice.

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Primary Joint Replacement
Revision Joint Replacement

Thomas P. Vasileff, MD
Knee Arthroscopy
ACL Reconstruction
Hip & Knee Replacement

Paige Cripe, CPA
Executive Director

POLICY NUMBER BO-119			
Policy Name: Patient Self Pay		Creekside Surgery Center	
Approved by Board of Managers		Revised Date:	
Date: September 7, 2010			

Scope: All Facility Personnel Performing Intake Procedures, Nurse Manager, Facility Administrator, Billing Office Personnel

Purpose: To ensure the financial policies of the center are applied uniformly to uninsured/cash-pay patients.

Patients who do not have coverage via a third-party payor may make arrangements with the business office to obtain a discount off of billed charges.

A defined upfront cash payment is required in order for the discount to be extended to uninsured patients. Cash-pay arrangements are contingent upon a patient agreeing to a strict payment schedule for any remaining balance owing after the surgery has been performed.

(1) Patients being scheduled for surgery without insurance coverage may be offered a cash-pay arrangement.

(2) The cash-pay arrangement will be calculated based on one of two options.

(3) Option #1: Grouper Methodology

- ☒ Payment in full is collected at the time of service.
- ☒ The first procedure is priced at 100% of the grouper rate (a set fee for each grouper based on the facility's aggregate managed care reimbursement schedule).
- ☒ All other procedures are calculated with a 50% discount.
- ☒ A maximum of 4 procedures will be billed per case.

(4) Option #2: Administrative Approval (utilized only in those cases where the patient indicates he/she is unable to pay in full at time of service at the discretion of the Center's Administrator based on documentation received showing financial hardship)

- ☒ A 80% discount is applied to the facility fee.
- ☒ 50% of the estimated amount is due at the time of service.
- ☒ 25% payment within 30 days of the date of service.
- ☒ 25% payment within 60 days of the date of service.
- ☒ A maximum of 4 procedures will be billed per case.

(5) Option #1 pricing will never exceed Option #2 pricing with the intent being that the patient paying in full at the time of service receives the greatest discount.

POLICY NUMBER BO-119	
Policy Name: Patient Self Pay	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

(6)

Regardless of whether Option #1 or Option #2 is utilized, if implants are required for the surgery/procedure being performed, the charges will be in addition to the amounts noted in the pricing methodology. An estimated charge (actual invoice cost plus 10% to cover ordering/stocking fees) for anticipated implants will be provided to the patient. If the actual costs exceed the estimated costs, the patient will be billed for the overage with the expectation that he/she will remit payment in full within 30 days of receipt of his/her statement.

POLICY NUMBER BO-103	
Policy Name: Charity Care	Creekside Surgery Center
Approved by Board of Managers	Revised Date:
Date: September 7, 2010	

Scope: Facility Physicians, Facility Business Office Personnel & Billing Service Personnel

Purpose: To establish a method for physicians to treat patients who demonstrate a financial hardship will prevent them from following through on their obligation to pay for the services rendered to them.

Physicians who elect to perform procedures for patients who have indicated an inability to pay prior to receiving Center services will coordinate such services with the facility's Billing Service who will submit a written request for waiver of financial responsibility for the account to Billing Service. Adjustment (write-off) transactions associated with charity care will be tracked via a separate journal code to allow for periodic review by the Board of Directors of the financial effect on the facility.

(1) Physicians who elect to perform procedures for patients who have indicated an inability to pay prior to receiving Center services will notify the facility's Billing Service when scheduling the procedure.

(2) The Billing Service will ensure a Charity Care form is initiated at the facility level after he/she has verified the charity care arrangement is being extended by all providers of care (i.e., the physician and the anesthesiologist).

(3) The Charity Care form will contain the following information when forwarded to Billing Service:

- ☒ Date the form was initiated
- ☒ Patient's name
- ☒ Physician's name
- ☒ Surgery date
- ☒ CPT code(s) that physician anticipates will be performed
- ☒ Approval signature of the facility's Medical Director

(4) When the operative note has been received, the biller will match it up to the Charity Care Adjustment form and fill in the remainder of the form with charge data and the amount of the charity write-off.

(5) A journal entry will be made to the patient's account after the charge has been entered indicating that charity care has been administered and an adjustment taken to zero out the balance owing on the account. (The specific code to be utilized at the Billing Service = Charity Adj).

POLICY NUMBER BO-116	
Policy Name: Patient Financial Hardship	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

Scope: All Business Office Personnel and Creekside Surgery Center Administrator

Purpose: To establish a method for patients to demonstrate a financial hardship has prevented them from following through on their obligation to pay for the services rendered to them.

Patients indicating an inability to pay after they have received Center services will submit a written request for waiver of financial responsibility for their account. Requests will contain essential data necessary for the Center Administrator to make an informed decision about future courses of action.

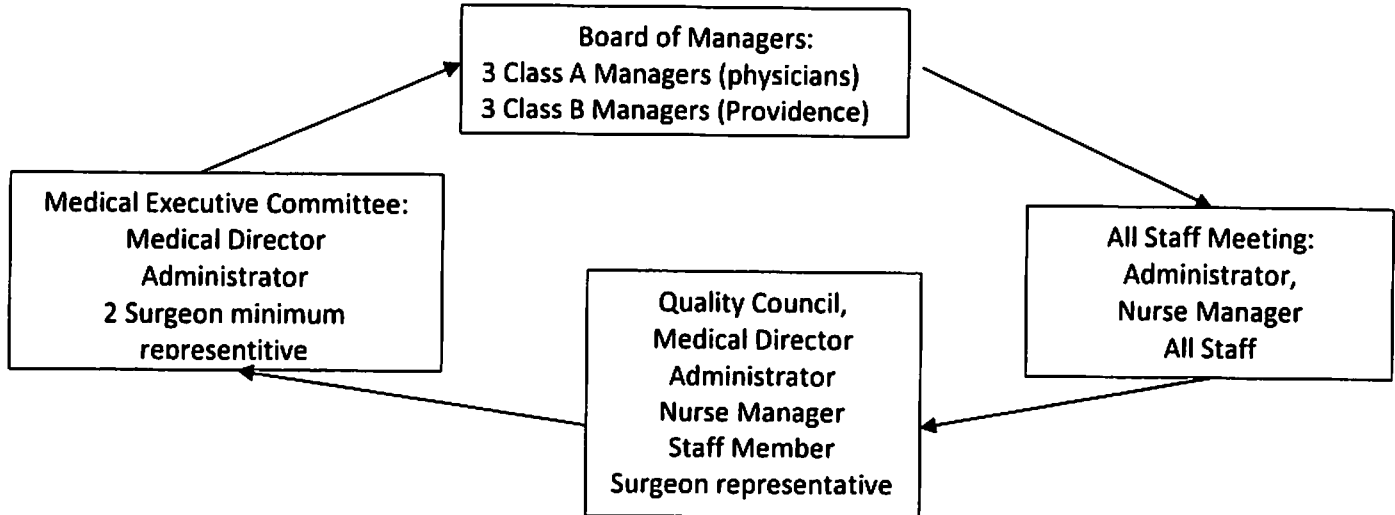
- (1) Center personnel will make every effort to ascertain a patient's ability to pay prior to the patient being seen for services. This will be accomplished via proper verification of benefits, initiating a conversation with the patient prior to his/her surgery/pain management visit re: his/her financial responsibility, and follow-through on collection of payment at the time of service per outlined policies.
- (2) Patients who have indicated an inability to pay on their account after receiving services from the Center must submit a written request asking the Center to waive the financial responsibility they have incurred.
- (3) The request will contain the following information:
 - ☒ Patient's name, address, current telephone number and account number
 - ☒ Balance owed
 - ☒ Amount patient has remitted to date
 - ☒ Reason for financial hardship
 - ☒ Date financial hardship occurred
 - ☒ Total amount in checking account substantiated by copy of most recent bank statement (identifying information – i.e., account number, specific purchases – may be redacted to assist with the prevention of identify theft)
 - ☒ Total amount in savings account substantiated by copy of most recent bank statement (identifying information – i.e., account number – may be redacted to assist with the prevention of identify theft)
 - ☒ Total income (social security, disability, unemployment, alimony, salary)
 - ☒ Line item summary of major fixed monthly expenses (i.e., rent, utilities, etc.)
- (4) The request will be reviewed by Billing Service. The Billing Service will provide a summary of the necessary information to the Center Administrator with a recommendation regarding forgiveness of the debt. Generally speaking, if the patient's fixed expenses clearly exceed his/her income, the hardship occurred after the patient sought services, and the patient clearly made attempts to pay on his/her account, debt forgiveness will be recommended. If the patient is unable to clearly substantiate an ongoing financial hardship, a payment plan may be recommended to the patient to assist him/her in managing the financial responsibility he/she has incurred.

POLICY NUMBER BO-116	
Policy Name: Patient Financial Hardship	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

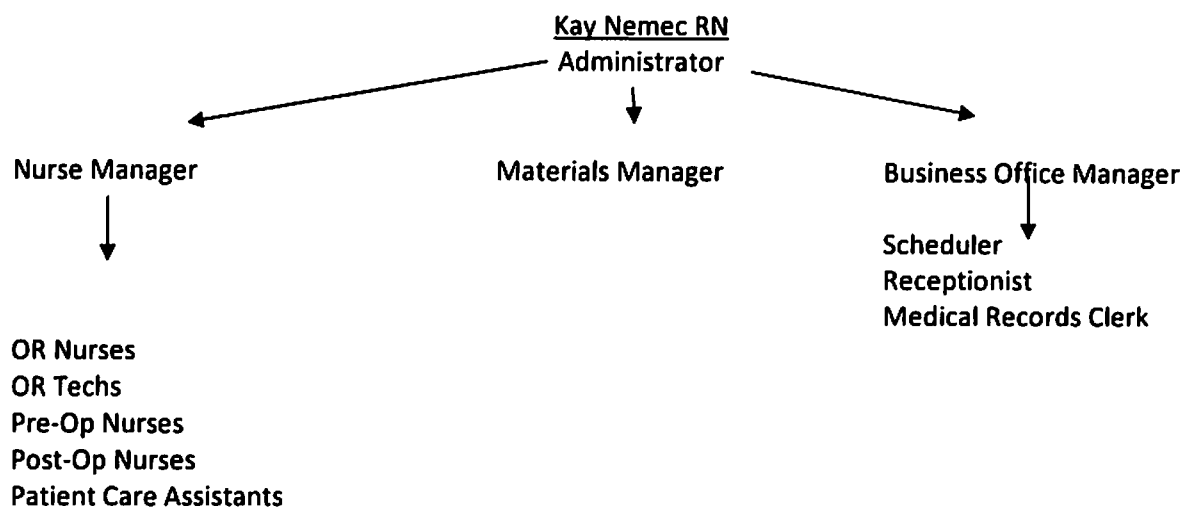
- (5) If the debt is under \$200, the Center Administrator has been granted the latitude by the Center's Board of Directors to make a unilateral decision regarding forgiveness of the debt. If the debt exceeds \$1,000, the Center Administrator will present salient information to the Board of Directors for a decision.

APPENDIX 4

Committee Reporting



Staff Reporting



APPENDIX 5

POLICY NUMBER HR-Administrator_jd	
Policy Name: Administrator	Creekside Surgery Center
Approved by Board of Managers Date: October 6, 2009	Revised Date:

JOB TITLE: Administrator

REPORTS TO: Board of Managers

COLLABORATES WITH: Medical Director

SUPERVISES: Nurse Manager and other assigned supervisory staff

JOB SUMMARY:

Under the direction of the Board of Managers ("Board"), the Administrator is responsible for development and implementation of plans resulting in the smooth and efficient operation of Providence Surgery Centers, LLC. ("PSC") in accordance with its Operating Agreement. The Administrator leads all activities related to the ambulatory surgery center and is responsible for planning, organizing, delegating, budgeting, and controlling the services of the ASC in an efficient and cost effective manner. The Administrator supervises the Clinical Manager and, ultimately, the staff of the Operating Room and Recovery Room, the Business Office and all additional employees and/or contractors.

A. JOB RESPONSIBILITIES:

1. Planning

- a. Identifies and participates in short and long term goal development and periodically reports performance in a manner acceptable to the Board.
- b. Prepares annual budgets for approval by the Board in accordance with established timelines. Facilitates the development of monthly financial reports and delivers to Board.
- c. Continuously monitors and reviews financial data with Board.
- d. In collaboration with the Board, develop 3-year long range financial plan and 3-year strategic plan in accordance with established timelines. Facilitates process for annual updating.
- e. At the direction of the Board, develops plans for increased volume, additional specialties and/or other changes to surgical volumes.
- f. Works collaboratively with physicians and other health care team members to influence sound decision-making in selection of equipment and supplies.
- g. Assists the Nurse Manager to implement, evaluate, and revise nursing standards.

2. Leadership

POLICY NUMBER HR-Administrator_jd	
Policy Name: Administrator	Creekside Surgery Center
Approved by Board of Managers Date: October 6, 2009	Revised Date:

- a. In collaboration with the Medical Director, provides overall direction and guidance to entire organization through the Nurse Manager and other leaders. Assists Nurse Manager and staff to develop and achieve goals.
- b. Implements employee engagement plans which result in high levels of employee satisfaction and retention. Encourages staff input, is receptive to suggestions of staff members, and provides prompt feedback to employees.
- c. Role models open communication throughout the organization.
- d. Displays professionalism at work and in the community.
- e. Provides for the orientation of newly credentialed physicians.

3. Management

- a. Provides for the establishment of Human Resources functions and services. Works with direct reports to hire qualified staff for all positions. Ensures that all employees are oriented to department and job role, and maintains position-specific competencies. Ensures all employees receive annual performance evaluation. Assists Nurse Manager and other supervisors with employee evaluations, coaching and counseling. At the direction of the Board, develops performance indicators and metrics, and provides periodic reports.
- b. Assists direct reports to develop staffing plans that ensure efficiency and productivity
- c. Maintains thorough knowledge of all functions in the ASC, to include regulatory and licensing standards, national trends and changes in reimbursements.
- d. In collaboration with the Medical Director, provides feedback to contracted anesthesia staff. Engages anesthesia staff as appropriate in planning and communication activities.
- e. Negotiates contracts with vendors and continually evaluates their performance. Obtains guidance from Board and or legal counsel as directed.
- f. Provides for staff support to the Board. Facilitates meetings of Board, Medical Staff and or Medical Executive committee, Quality Management committee, Medical Advisory committee, staff meetings and other work teams needed.
- g. Provides for the development and implementation of Fire and Disaster plan, Infection Control Program/ Blood Borne Pathogen and ensure staff education and competency.
- h. Provides for the medical staff services in accordance with the PSC Operating Agreement, state license and national standards. Manages medical staff credentialing process through utilization of third party vendor.

4. Compliance

- a. Provides for the development and implementation of a Compliance Plan in accordance with the PSC Operating Agreement.
- b. Assures adherence to all Federal, State and certification regulations and standards.
- c. Directs the development and implementation of adequate privacy and data security policies.

POLICY NUMBER HR-Administrator_jd	
Policy Name: Administrator	Creekside Surgery Center
Approved by Board of Managers Date: October 6, 2009	Revised Date:

d. Directs the development and implementation of Quality Programs and Plans, and provides for periodic reporting on performance in accordance with the PSC Operating Agreement.

5. Fiscal Management

- a. Assumes overall responsibility for charges, billings, and collections in the ASC. Utilizes third party billing services as determined by Board.
- b. Measures the cost per procedure and per physician and provides periodic reports to Board.
- c. Provides for the monitoring par levels of supply and drug inventories and adjusts as needs require.
- d. Provides for the monitoring of employee-recorded work time, vacation, and education time in conjunction with direct reports.

6. Clinical

- a. Promotes and facilitates competent care of the patient in the ASC.
- b. Insures that policies and procedures are developed, followed, annually reviewed and updated as needed.
- c. Assures clinical policies and procedures are fully reviewed by the Nurse Manager and Medical Director as appropriate.
- d. Assures that documentation of care is complete, accurate and timely.
- e. Communicates information to all health care team members regarding patient care and outcome.
- f. Assures the development and implementation of plans for continuous improvement of patient care. Works with physicians to evaluate and enhance the patient experience at PSC. Develops and implements methods to measure patient satisfaction. Provides periodic reports to Board.

B. QUALIFICATIONS AND EXPERIENCE:

1. Bachelor's degree in a health profession, business administration, or public administration.
2. Minimum of five (5) years experience in health care management.
3. Leadership experience in licensed ambulatory surgery center strongly preferred.
4. Registered Nurse preferred. Must hold current license to practice nursing in the State of Alaska.
5. Demonstrates executive level organizational and communication skills required to interact with physicians, staff, and the public. Possesses expansive knowledge of current health care trends, issues and concerns.
6. Must be able to read, write and speak fluent English.

POLICY NUMBER HR-Administrator_jd	
Policy Name: Administrator	Creekside Surgery Center
Approved by Board of Managers Date: October 6, 2009	Revised Date:

7. Must be able to utilize technology appropriate for this position, including but not limited to mobile communications devices, medical and business computer applications, intranet and internet features.

8. Regular attendance is a requirement of this position

9 Possesses excellent physical and mental health. There are no special physical requirements for this position.

IN AN 8 HOUR WORKDAY, THIS JOB REQUIRES:

N = NEVER (0 hours per day)
R = RARELY (less than 1/2 hours per day)
O = OCCASIONALLY (1/2 to 2.5 hours per day)
F = FREQUENTLY (2.5 to 5.5 hours per day)
C = CONTINUALLY (5.5 to 8 hours per day)

WORKING CONDITIONS/ENVIRONMENT

I. LIFTING/CARRYING (Amount of force exerted to lift and/or carry)

1 - 10 lbs.	R
11 - 20 lbs.	N
21 - 35 lbs.	N
36 - 50 lbs.	N
51 - 75 lbs.	N
76 - 100 lbs.	N

II. PUSHING/PULLING (Amount of force exerted to push and/or pull)

1 - 10 lbs.	R
11 - 20 lbs.	N
21 - 35 lbs.	N

36 - 50 lbs.	N
51 - 75 lbs.	N
76 - 100 lbs.	N

III. POSTURES/MOVEMENTS

Sitting	C
Standing	O
Walking	R
Stooping, kneeling, crouching or crawling	R
Reaching and /or grasping	O
Hand/finger dexterity	O
Climbing and/or balancing	R
Carrying, pushing and/or pulling	R
IV. COGNITIVE/SENSITIVE	

POLICY NUMBER HR-Administrator_jd	
Policy Name: Administrator	Creekside Surgery Center
Approved by Board of Managers Date: October 6, 2009	Revised Date:

Talking	F
Hearing	
C	
Sight (acuity, color blindness	C
Smelling/tasting	R

The above is intended to describe the general content of, and requirements for, the performance of this job. It is not intended to be construed as an exhaustive statement of duties, responsibilities or requirements

OCCUPATIONAL ASPECTS

A. WORK ENVIRONMENT
Working Inside
C
Working Outside
N
Changing Temperatures
R
Wet/Humid Conditions
R
Areas of dust, odors, mist, gases or other airborne matter
R
Mechanical, electrical and/or other hazards
R
Confined Spaces
N

B. OTHER ASPECTS
Infectious Agents
R
Chemicals
R

C. Special Equipment/Clothing
O

POLICY NUMBER HR-111	
Policy Name: RN Operating Procedure Room	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

I have received a copy and reviewed the contents of this job description, as acknowledged by my signature.

Signature

Date

POLICY NUMBER HR-Medical Director jd	
Policy Name: Medical Director Job Description	Creekside Surgery Center
Approved by Board of Managers Date: April 20 , 2010	Revised Date:

JOB DESCRIPTION: Medical Director

REPORTS TO: Board of Managers

JOB SUMMARY:

The ASC Medical Director is a liaison between the physicians and staff of the ASC. The Medical Director works to assure that quality care is provided to all patients.

QUALIFICATIONS:

The physician, appointed by the Board of Managers to serve as Medical Director, must be a member in good standing of the Active Medical Staff. The Medical Director should have an interest in outpatient surgical care and the time and energy to commit to the ongoing responsibilities of the position.

JOB RESPONSIBILITIES:

1. **Medical Staff**
 - a. Acts as the liaison between the ASC and the Board of Managers and the Medical Staff.
 - b. Reviews applications for Medical Staff privileges and makes recommendations to the Medical Advisory Committee for granting of privileges. Recommend s physicians to active, consulting or other staff classifications.
 - c. Enforces the Medical Staff Bylaws. Makes recommendations for further investigation of a physician when a breach of ethics is reported.
 - d. Enforces the Rules and Regulations of the Medical Staff.

POLICY NUMBER HR-Medical Director jd	
Policy Name: Medical Director Job Description	Creekside Surgery Center
Approved by Board of Managers Date: April 20 , 2010	Revised Date:

- e. Attends or appoints a representative of the Medical Staff to attend Quality Management Committee meetings.
- f. Attends Medical Advisory Committee meetings.
- g. Assures that review and analysis of physician clinical experience is evaluated bimonthly.
- h. Assures that medical records are reviewed for completeness at least bimonthly.
- i. Assures that annual meetings of the Medical Staff are held.
- j. Acts as a liaison between the Medical Staff and Surgery Center to communicate concerns and issues.

2. Surgery Center

- a. Works with Administrator and CLINICAL MANAGER to insure compliance with policies and procedures of the Center.
- b. Works with the CLINICAL MANAGER to assure that the quality of care provided in the Center is reviewed on a continual basis.
- c. Is available to the Surgery Center to assist in decision making regarding patient admission, patient care and patient discharge.
- d. Is available to Surgery Center staff for problem solving patient care issues.
- e. Serves as chairman of the Medical Advisory Committee.

POLICY NUMBER HR-Medical Director jd	
Policy Name: Medical Director Job Description	Creekside Surgery Center
Approved by Board of Managers Date: April 20 , 2010	Revised Date:

- f. Assists the Administrator to promote quality patient care in a cost effective manner by the Medical and Surgery Center staffs.
- g. Attends or sends a representative of the Medical Staff to ASC workshops and meetings to stay informed on current ASC issues and trends.

I have received a copy and reviewed the contents of this job description, as acknowledged by my signature.

Signature

Date

POLICY NUMBER HR-109	
Policy Name: RN Nurse Manager	Creekside Surgery Center
Approved by Board of Managers Date: October 6.2009	Revised Date:

JOB TITLE: Nurse Manager
FLSA STATUS: Exempt

REPORTS TO: Director of Operations (Management Company)

SUPERVISES: RN Staff
Surgical Technologist Staff
Orderlies/UAP
Instrument Technician
Material Coordinator
Business Office Personnel
QAPI Committee
Safety Committee

JOB SUMMARY:

The Nurse Manager must meet the competency requirements contained within one of the clinical RN positions: Operating Room / Procedure Room and or PACU job responsibilities. (Include appropriate Job Description)

The Nurse Manager possesses a broad understanding of Scope of Services provided at Center. The Nurse Manager coordinates logistics in delivery of patient services with emphasis on customer satisfaction and quality care. Other responsibilities include the management of personnel, the acquisition of goods and services, the promotion of mutually supported professional relationships, and the assurance of compliance to state, federal and accreditation standards.

Essential Job Responsibilities with demonstrated competency:

- **Estimated 25% assuming direct patient care assignment**
- **Estimated 75% managerial related activities**

Personnel Management:

- Consistently prepares monthly staff schedule in accordance with staffing plan, scope of services, new processes or procedures, physician absences and other dynamic influences which affect delivery of services.
- Determines and or delegates the responsibility of establishing daily assignments based on demonstrated competencies of available staff, complexity of case mix and recognized training opportunities.
- Determines allocation of human resources according to anticipated work load, case mix, special assignments or projects, concurrent indirect patient care activities, committee meetings, staff education and staff absences while recognizing budgetary constraints.
- Evaluates learning needs of personnel based on demonstrated competencies, changing conditions of medical technology, new processes or procedures and individual staff member's desire for professional advancement.
- Intervenes as necessary and with prompt attention to conduct observed of Center personnel which is unbecoming of a professional in the workplace.

POLICY NUMBER HR-109	
Policy Name: RN Nurse Manager	Creekside Surgery Center
Approved by Board of Managers Date: October 6.2009	Revised Date:

- Maintains required written documentation of employee interview and or disciplinary process.
- Intervenes as necessary and with prompt attention to personnel in non-compliance of facility policies or procedures.
- Facilitates communications between employees in the achievement of conflict resolution.
- Conducts necessary follow up with corrective action plan for staff members who are not meeting performance expectations.
 - Mentors supervisors gaining skills in staff management.
- Conducts performance appraisals of direct reports in a timely manner, promoting the development of supervisory personnel.
 - Manages staff supervisors with responsibility for the timely completion of performance appraisals of staff members.
- Reviews employee files for completeness of content, expiration dates of required documents and develops corrective action plan to meet compliance of annual activities.
- Communicates directly with physicians to assess needs for future and immediate specialty instrument, supply or equipment needs.
- Coordinate with anesthesia providers for case coverage & incidental changes in case management.
- Addresses staffing needs through recruitment, interviewing and hiring process of vacated staffing positions or for growth strategy.
- Evaluates potential candidates for hire and establishes an orientation program to promote a successful work experience and retention strategy.
 - Oversees orientation of new hires, by assigning staff member to serve as preceptor and conducts follow up with new hire and preceptor for progress and learning needs.
- Completes or delegates payroll corrections electronically and as necessary for the employee file.
- Submits or delegates bi-weekly payroll electronically after verification of employee time sheets.
- Verifies availability of equipment and instruments consistently in good working condition.
- Educates Center personnel in supply consumption, cost containment, product standardization and inventory management to improve Center profitability.

Leadership

- Collaborates with Management Company Director of Operations for the achievement of mission and goals of Business Operations.
- Identifies short and long term goals of the Center, either directed by Board of Directors, Management Company or represented by personnel consensus.
 - Determines functional process and inspires Center personnel to accomplish goals set forth.
- Possesses exceptional communication skills and supports the transparency of sharing information and keeping personnel informed and involved.
 - Recognizes privileged or protected information and applies discretion and confidentiality.

POLICY NUMBER HR-109	
Policy Name: RN Nurse Manager	Creekside Surgery Center
Approved by Board of Managers Date: October 6.2009	Revised Date:

- Possesses commitment to develop mutually supported professional relationships with physicians, colleagues, direct reports and industry representatives.
- Consistently demonstrates professionalism under both optimal conditions and during stressful events.
- Monitors concurrent activities and establishes action plan for the timely completion ongoing activities as found on the Concurrent Activity List.
- Accepts responsibility for development, implementation and enforcement of Center Policies, Procedures and Processes.
 - Conducts the annual review of content, and prepares revisions for Board Approval.
 - Conducts necessary staff education of policy revisions.
- Delegates authority appropriately and monitors progress of projects held by supervisors or staff members.
- Determines competency assessment of high risk, problem prone or new processes and plans annual training day activities.
- Identifies opportunities for Performance Improvement studies and directs the corrective action plan and assesses the effectiveness of resolution.
- Recognizes the talents of others, offers praise for accomplishments, and encourages professional development or opportunity for professional advancement.
- Participates in development of annual budget by submitting capital equipment requests based on recognized equipment, instrument or supply needs, work flow or recommended practice standards.
- Plans, Prepares and schedules Center Meetings, including summary of meeting discussion and permanent filing: May serve as Chair or participate as active Committee member.
 - Staff meetings and Staff education
 - Quality Assessment and Performance Improvement Committee
 - Medical Advisory Committee
 - Safety, Emergency Preparedness
- Manages grievances (patient, surgeon, staff) as appropriate for the condition, forwarding to higher authority as necessary, and or attains an acceptable resolution.
- Negotiates with industry partners providing goods and services for competitive pricing, and maintaining exceptional services.

QUALIFICATIONS:

- Previous management experience required. 3 – 5 years preferred.
- Preferred accomplishments include expert level of competency demonstrated in critical care nursing, operating room or outpatient surgery.
- Exceptional communication skills: written composition, verbal, persuasive and public speaking.
- Must demonstrate sound judgment, strong mental health and physical well being for re-exposure to stressful working conditions.
- High aptitude for working compatibly with all physicians and staff.
- Possess strong organizational skills and a clear understanding of the importance of efficiency and cost effectiveness in an outpatient surgery center.

POLICY NUMBER HR-109	
Policy Name: RN Nurse Manager	Creekside Surgery Center
Approved by Board of Managers Date: October 6.2009	Revised Date:

- Ability to multi-task and set priorities, manage multiple projects and adjust agenda of highest priority.
 - Productivity is measureable by effectiveness of business operations.
- Possess abilities of self direction, independent problem solving and articulate rationale and confidence with decisions rendered.
 - Ability to communicate final decision and plan of action to constituents, or persons of higher authority.
- Must be able to make quick assessments of situational events with poise and authority, make decisions for immediate results while directing others.
 - Ability to conduct an investigation, complete a process improvement study and reach a more permanent resolution.
- Ability to direct activities of others, monitor progress of delegated responsibilities and impose enforcement of protocols as necessary.
- Demonstrates Professional development as evidenced by:
 - Self awareness of own actions
 - Desire to learn new skills, practice undeveloped skills and seek professional advancement.
 - Acts with confidence, shows concern with professional presentation; makes self available to others.
 - Focuses on individual employee strengths, enabling employees to meet or exceed performance expectations.
 - Shows innovation and offers ideas to find better solutions.
- Performs other responsibilities as may be assigned by Board of Directors or Director of Operations (Management Company).

I have received a copy and reviewed the contents of this job description, as acknowledged by my signature

Signature

Date

POLICY NUMBER HR-101	
Policy Name: Business Office Manager	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

JOB DESCRIPTION: Business Office Manager

REPORTS TO: Director

SUPERVISES: Scheduler
 Receptionist
 Human Resource Coordinator
 Medical Records
 Clerical

JOB SUMMARY: The Business Office Manager manages the daily business operations of the center including scheduling, insurance verification and authorization, medical records, fee collections, reception, and human resources.

Essential Job Responsibilities with demonstrated competency:

- **Estimated 50% assuming business office operations assignment**
- **Estimated 50% managerial related activities**
- Consistently prepares monthly staff schedule in accordance with staffing plan, scope of services, new processes or procedures, and based on changing needs of the department.
- Determines daily assignments based on skill set & demonstrated competencies of available staff. Assignments of employees are made for training or advancing professional development.
- Determines allocation of human resources according to work load, special assignments or projects, providing training or education and budgetary constraints.
- Evaluates staff level of competency and learning needs based on changing conditions of electronic technology, new processes, new SOP or desired professional advancement.
- Intervenes as necessary and with prompt attention to conduct observed of direct reports which is unbecoming of a professional in the workplace.
- Intervenes as necessary and with prompt attention to non-compliance of facility policies or procedures.
- Conducts necessary follow up with corrective action plan for staff members who are not meeting performance expectations.
- Conducts annual performance appraisals of staff members in timely manner.
- Determines competency assessment of high frequency, low frequency problem prone or new processes and plans training day activities.
- Identifies opportunities for Performance Improvement studies and directs corrective action plan.
- Reviews and Revises facility policy & procedures annually, reflecting current practice standards. Prepares body of work for Center Governing Board approval.
- Participates in development of annual budget by submitting capital equipment requests based on recognized equipment, instrument or supply needs, work flow or recommended practice standards.
- Verifies employee time entries for payroll processing

POLICY NUMBER HR-101	
Policy Name: Business Office Manager	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

JOB RESPONSIBILITIES AND DUTIES:

Technical Skills General Business Operations with Abilities, Skill, Knowledge required for success in the work environment:

- Oversees and schedules patients for surgery using the patient accounting system
- Demonstrates an aptitude for computer literacy.
- Adjust surgery schedule as necessary, and collaborates with OR Manager for accuracy in anticipated scheduling needs.
- Registration of patient information within patient accounting system and initiate a medical record for each patient visit.
- Verifies medical record integrity, and completion.
- Monitors chart management, data entry, and storage of medical records.
- Monitors process for identification of delinquent chart.
- Oversight for HIPAA compliance & security throughout the business
- Fulfills role of point of contact for physician office schedulers to facilitate patient scheduling
- Fulfills role of point of contact for Information Technology specialists & support services.
- Verify patients' insurance coverage and determine patients' responsible portion of bill (i.e. co-payment or deductible).
- Verify that CPT and ICD-9 codes have been provided for each procedure prior to processing claim.
- Verify patients' insurance coverage and determine patients' responsible portion of bill (i.e. co-payment or deductible).
- Communicates with patient their portion of financial responsibility for charges incurred for services.
- Provide information to the Central Billing Office (CBO) for Insurance Claims, Billings & Collections.

Behaviors contributing to professional success in the work environment:

Professionalism:

- Self awareness of professional image to peer group, patients, physician and visitors.
- Self awareness of personal and professional strengths and weaknesses and accepts accountability and responsibility for self improvement.
- Self awareness of personal emotions and manages conduct without creating disruption or impacting others in the workplace.
- Shares expertise with others, and initiates training opportunities for new hires, incumbent staff members, other professionals or contemporaries when knowledge deficits are recognized.
- Treatment of others is with mutual respect, regardless of age, gender, ethnic, cultural or spiritual differences, job title, status or position, and is committed to promotion of a harassment-free environment.
- Personal attire is business casual at minimum and appropriate for customer relations.
- Maintains confidentiality, and discretion when recipient of privileged information.
- Evaluates independent actions and calculated risks, seeking opportunity for improvement or advancement.

POLICY NUMBER HR-101	
Policy Name: Business Office Manager	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

- Displays willingness to make decisions, exhibits sound and accurate judgment, ability to explain rational for decisions and appropriately includes essential people in decision-making process.
- Advocates for Patient safety by demonstration of self confidence and recognizes empowerment to speak up with appreciative defiance and respectful inquiry.
- Seeks opportunities for increased responsibilities; serving on committee's or special assignments.
- Upholds organizational values, culture and mission statement.

Reliability & Quality of work:

- Keeps commitments and consistent professional conduct conveys confidence from others, including patients, physicians, visitors and team mates.
- Acknowledges ability, skill and knowledge deficits and asks for assistance appropriately.
- Productivity is equal to others with same job role, including using time efficiently, and prioritizing and planning work assignments.
- Demonstrates proficiency in multi-tasking and determine task of highest priority.
- Follows instructions or directives given by management.
- Completes tasks on time or notifies appropriate person with an alternate plan.
- Completeness of task is thorough, accurate and timely, promoting quality controls.
- Restores and restocks work station, storage locations and monitors for outdated supplies.
- Consistently is attentive to attendance and punctuality, and requests for time off is appropriate and timely for the conditions.

Communication:

- Clear, concise, accurate and timely and seeks clarification, in both written and verbal context.
- Is appropriate for the age of patient, level of understanding or anxiety, and conditions.
- Demonstrates active listening skills, which conveys interest and concern for the speaker without interruption.
- Committed to resolving conflict with other(s) through lines of direct communication first, or seeks assistance from management for timely resolution.

Team Work:

- Recognizes and acknowledges the skill, knowledge and talents of co-workers and genuinely expresses praise and encouragement, supporting everyone's effort to succeed.
- Remains open to ideas of others, exhibiting objectivity.
- Gives and welcomes feedback for the purpose of improvement or reaching creative solutions as a group.
- Balances team and individual responsibilities, contributes to building a positive team image by placing success of team above own interests.
- Able to rally morale and group commitments to meet goals and objectives.
- Volunteers readily for tasks or responsibilities that may be for the greater benefit of the team
- Focuses on processes not individuals when seeking a solution to evident problems.
- Participates in team meetings, showing interest in moving forward and progress.

Customer Service & Business Stewardship:

POLICY NUMBER HR-101	
Policy Name: Business Office Manager	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

- Recognizes all customer relations as vital to future business relationships and reputation.
- Interaction with customer is focused for the attainment of quality, safety and accomplishment of the expected outcomes.
- Conserves organizational resources, including supply consumption; judicious fiscal responsibility; and budgetary restraints.
- Develops cost saving measures and appropriations of essential resources and services.
- Responds appropriately to requests made by customers (Patient, Family, Physician, Peer, AHP, Industry Representative, Guest) in a prompt and effective manner.

QUALIFICATIONS:

To perform this job successfully, an individual must be able to perform each essential job responsibilities at the minimum level of competent and proficient or expert is preferred. The requirements listed above are representative of the abilities, knowledge, and skill required for employment.

Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

- Associate or baccalaureate degree in business or equivalent.
- Medical practice management and / or business operations for provider services in healthcare industry.
- Excellent communication skills: person to person, written, electronic and telephone.
- Advanced organizational skills: project management, multi-tasking, document management.

Language Ability:

Read, analyze, and interpret and reiterate information from professional journals, equipment operators' manuals, technical transcripts, procedure manuals or governmental regulations. Recognize and use medical terminology. Verbalize surgical procedures. Highly skillful in communication, giving and receiving information and respond to questions from patients, physicians, peers, managers, vendors and the general public.

Math Ability:

Add, subtract, multiply, and divide in all units of measure, using whole numbers, common fractions, and decimals, including calculations, ratio, and percentage. Collate statistically data.

Computer Skills:

To perform this job successfully, an individual should be proficient in Excel, Word Processing software and windows platforms.

Work Environment:

This job is designated as a Category II job using OSHA definitions. This means there is no anticipated exposure to blood or potentially infectious materials.

Physical Demands:

POLICY NUMBER HR-101	
Policy Name: Business Office Manager	Creekside Surgery Center
Approved by Board of Managers Date: September 7, 2010	Revised Date:

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

The employee must intermittently lift and /or move up to 25 pounds. Specific vision abilities required by this job include close vision, distance vision, peripheral vision, depth perception and ability to adjust focus. While performing the duties of this job, the employee is regularly required to sit stationary; walk; have use of hands & fingers, touch or feels; reach with hands and arms; speech and hearing. The employee is required to sit and stoop, kneel, push, pull, crouch, or crawl.

I have received a copy and reviewed the contents of this job description, as acknowledged by my signature.

Signature

Date

Medicare
Learning
Network

**PAYMENT
SYSTEM
FACT SHEET
SERIES**

CMS

CENTERS FOR MEDICARE & MEDICAID SERVICES



**Ambulatory
Surgical Center
Fee Schedule**

An Ambulatory Surgical Center (ASC), for Medicare purposes, is a distinct entity that operates exclusively for the purpose of furnishing outpatient surgical services to patients. ASCs must be certified as meeting the requirements for an ASC and must enter into a participating provider agreement with the Centers for Medicare & Medicaid Services (CMS). An ASC can be either:

- Independent (not part of a provider of services or any other facility); or
- Operated by a hospital (under the common ownership, licensure, or control of a hospital). To be covered as an ASC operated by a hospital, the facility:
 - Elects the coverage and is covered as such unless CMS determines that there is good cause to do otherwise;
 - Is a separately identifiable entity that is physically, administratively, and financially independent and distinct from other operations of the hospital, with costs for the ASC treated as a non-reimbursable cost center on the hospital's cost report;
 - Meets all requirements regarding health and safety and agrees to the assignment, coverage, and payment rules applied to independent ASCs; and
 - Is surveyed and approved as complying with the conditions for coverage for ASCs.

AMBULATORY SURGICAL CENTER PAYMENT

Effective January 1, 2008, in accordance with the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003, CMS implemented a revised ASC payment system using the Outpatient Prospective Payment System (OPPS) relative payment weights as a guide. The policies for the revised ASC payment system were made in the ASC final rule (CMS-1517-F), which was published in the *Federal Register* on August 2, 2007. The ASC final rule greatly expanded the types of procedures eligible for payment in the ASC setting and excluded from eligibility only those procedures that pose a significant safety risk to beneficiaries or are expected to require active medical monitoring at midnight when furnished in an ASC. The

rule also provided for a four-year transition to the fully implemented revised ASC payment rates. The November 2007 OPPS/ASC final rule with comment period (CMS-1392-FC) provided the final calendar year (CY) 2008 ASC payment rates and listed in Addendum AA all surgical procedures that qualified for separate payment under the revised ASC payment system in CY 2008. The November 2008 OPPS/ASC final rule with comment period (CMS-1404-FC) provides the final CY 2009 ASC payment rates. The above-mentioned final rules can be accessed at <http://www.cms.hhs.gov/ASCPayment> on the CMS website.



Medicare makes a single payment to ASCs for covered surgical procedures, which includes ASC facility services that are furnished in connection with the covered procedure. Examples of covered ASC facility services that are paid through the payment for covered surgical procedures include the following:

- Nursing services, services furnished by technical personnel, and other related services;
- Patient use of ASC facilities;
- Drugs and biologicals for which separate payment is not made under the OPPS, surgical dressings, supplies, splints, casts, appliances, and equipment;
- Administrative, recordkeeping, and housekeeping items and services;
- Blood, blood plasma, and platelets, with the exception of those to which the blood deductible applies;
- Materials for anesthesia;
- Intraocular lenses;
- Implantable devices, with the exception of those devices with pass-through status under the OPPS; and
- Radiology services for which payment is packaged under the OPPS.

Medicare also pays ASCs separately for covered ancillary services that are integral to a covered surgical procedure billed by the ASC, specifically certain services that are furnished immediately before, during, or immediately after the covered surgical procedure. Covered ancillary services include:

- Drugs and biologicals that are separately paid under the OPPS;
- Radiology services that are separately paid under the OPPS;
- Brachytherapy sources;

Examples of Items or Services Not Included in ASC Payments for Covered Surgical Procedures or Covered Ancillary Services

Items or Services Not Included	Who Receives Payment	Submit Bills to
Physicians' Services	Physician	Carrier or A/B Medicare Administrative Contractor (MAC)
Purchase or Rental of Non-Implantable Durable Medical Equipment (DME) to ASC Patients for Use in their Homes	Supplier (ASC can be a supplier of DME if it has a supplier number from the National Supplier Clearinghouse (NSC))	DME MAC
Non-Implantable Prosthetic Devices	Supplier (ASC can be a supplier of DME if it has a DME supplier number from the NSC)	DME MAC
Ambulance Services	Certified Ambulance Supplier	Carrier or A/B MAC
Leg, Arm, Back, and Neck Braces	Supplier	DME MAC
Artificial Legs, Arms, and Eyes	Supplier	DME MAC
Services Furnished by Independent Laboratory	Certified Laboratory (ASC can receive laboratory certification and a Clinical Laboratory Improvement Amendments number)	Carrier or A/B MAC
Facility Services for Surgical Procedures Excluded from the ASC List (listed in Addendum EE to the OPPS/ASC final rule with comment period)	Not covered by Medicare	Beneficiary is liable

- Implantable devices with OPPS pass-through status; and
- Corneal tissue acquisition.

The covered ancillary services that qualify for payment under the revised ASC payment system in CY 2009 are displayed in Addendum BB to the OPPS/ASC final rule with comment period.

Certain services may be furnished in ASCs and billed by the appropriate certified provider or supplier. The chart above depicts examples of payment and billing for items or services that are not included in ASC payments for covered surgical procedures or covered ancillary services.

The beneficiary coinsurance for ASC covered surgical procedures and covered ancillary services is 20 percent of the Medicare ASC payment after the yearly Part B deductible has been met, with the exception of a beneficiary coinsurance of 25 percent of the ASC payment for screening colonoscopies and screening flexible sigmoidoscopies.

HOW PAYMENT AMOUNTS ARE DETERMINED

All procedures and services approved for ASC payment and categorized into one of the payment groups used in

the hospital OPPS. As mandated by the MMA, the revised ASC payment system was implemented to be budget neutral for Medicare. As discussed in the November 2007 OPPS/ASC final rule with comment period, the ASC budget neutrality adjustment factor was 65 percent of the OPPS payment rates for the same surgical procedures and was used to calculate the CY 2008 ASC conversion factor.

In the annual updates to the ASC payment system, CMS sets relative payment weights equal to OPPS weights for the same services and then scales the ASC weights in order to maintain budget neutrality. For CY 2009, the ASC relative payment weights were scaled to eliminate any difference in the total payment weight between CY 2008 and CY 2009. The relative payment weights for CY 2009 were scaled according to the following method—holding ASC utilization and mix of services constant from CY 2007, CMS compared the total payment weight using the CY 2008 ASC relative payment weights under the 75/25 blend (of the CY 2007 payment rate and the revised ASC payment rate) with the total payment weight using the CY 2009 ASC relative payment weights under the 50/50 blend (of the CY 2007 ASC payment rates and the revised ASC payment rate) to take into account the changes in the OPPS relative payment weights between CY 2008 and CY 2009.

The ratio of the CY 2008 to CY 2009 total payment weight is the weight scaler applied to the CY 2009 relative payment weights. In addition, the conversion factor for CY 2009 was adjusted for budget neutrality by removing provider-level changes, most notably a change in wage index for the upcoming year.

In accordance with the statute, through CY 2009, there will be a zero percent ASC update for inflation and beginning in CY 2010, the ASC conversion factor will be updated by the Consumer Price Index for All Urban Consumers. ASCs are paid the lesser of the actual charge or the ASC payment rate. The standard payment for ASC covered surgical procedures is calculated as the product of the ASC conversion factor and the ASC relative payment weight for each separately payable procedure. There are alternate methodologies for calculating payments for covered ancillary radiology services, office-based procedures, drugs and biologicals, and device-intensive procedures. Payments for covered surgical procedures and certain covered ancillary services are geographically adjusted using the Inpatient Prospective Payment System pre-reclassification wage index values, with a labor-related factor of 50 percent. Payments are also adjusted when multiple surgical procedures are furnished in the same encounter or when procedures are discontinued prior to their initiation or the administration of anesthesia.

CY 2009 is the second in the four-year transition period for implementation of the revised ASC payment rates. All procedures on the ASC list of covered surgical procedures for CY 2007 are subject to the transitional payment methodology. The payment rates during the transition period are a blend of the CY 2007 rate and the rate for the pertinent CY. The blended transitional rates are described below:

- **CY 2008**—Payment rates consist of 25 percent of the CY 2008 revised ASC rate plus 75 percent of the CY 2007 ASC rate;
- **CY 2009**—Payment rates consist of 50 percent of the CY 2008 revised ASC rate plus 50 percent of the CY 2007 ASC rate;
- **CY 2010**—Payment rates will consist of 75 percent of the CY 2008 revised ASC rate plus 25 percent of the CY 2007 ASC rate; and
- **CY 2011 and all future years**—Payment rates will be calculated according to policies of the revised payment system.

Modified payment methodologies are used to establish ASC payment rates for office-based procedures, device-

intensive procedures, separately payable radiology services, separately payable drugs and biologicals, and brachytherapy sources as follows:

- Office-based procedures are procedures that are furnished in physicians' offices at least 50 percent of the time and that CMS classifies as "office-based." ASC payment is made at the lower of the ASC rate or the nonfacility practice expense (PE) relative value unit (RVU) amount of the Medicare Physician Fee Schedule (MPFS) for the relevant year.
- Device-intensive procedures are ASC covered surgical procedures that, under the OPPTS, are assigned to ambulatory payment classifications (APC) for which the estimated device offset percentage is greater than 50 percent of the APC's median cost. Device-intensive procedures are paid:
 - A device-related portion of the procedure, which is the same amount the device is paid under the OPPTS; and
 - A service portion, which is calculated according to the standard or transitional ratesetting methodology, as appropriate.
- Separately payable radiology services are paid the lower of the ASC rate or the technical component or nonfacility PE RVU (whichever applies) payment amount of the MPFS for the same year. Only ASCs may receive separate Medicare payment for the facility costs of covered ancillary radiology services.
- Separately payable drugs and biologicals are those for which separate payment is made under the OPPTS. ASCs are paid the same amount that is paid under the OPPTS.
- Brachytherapy sources are paid at the same amount as the OPPTS rates if a prospective OPPTS rate is available. Otherwise, ASCs are paid at contractor-priced rates. These payments are not adjusted for geographic wage differences.

Under the revised ASC payment system, ASCs continue to submit claims on the CMS-1500 claim form.

To find additional information about ASCs and the ASC payment system, visit <http://www.cms.hhs.gov/center/asc.asp> and <http://www.cms.hhs.gov/ASCPayment> on the CMS website.

This fact sheet was prepared as a service to the public and is not intended to grant rights or impose obligations. This fact sheet may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations, and other interpretive materials for a full and accurate statement of their contents.

The Medicare Learning Network (MLN) is the brand name for official CMS educational products and information for Medicare fee-for-service providers. For additional information visit the Medicare Learning Network's web page at <http://www.cms.hhs.gov/MLNGenInfo> on the CMS website.

Medicare Contracting Reform (MCR) Update

In Section 911 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) Congress mandated that the Secretary of the Department of Health and Human Services replace the current contracting authority under Title XVIII of the Social Security Act with the new Medicare Administrative Contractor (MAC) authority. This mandate is referred to as Medicare Contracting Reform. Medicare Contracting Reform is intended to improve Medicare's administrative services to beneficiaries and health care providers. All Medicare work performed by Fiscal Intermediaries and Carriers will be replaced by the new A/B MACs by 2011. Providers may access the most current MCR information to determine the impact of these changes and to view the list of current MACs for each jurisdiction at <http://www.cms.hhs.gov/MedicareContractingReform/> on the CMS website.

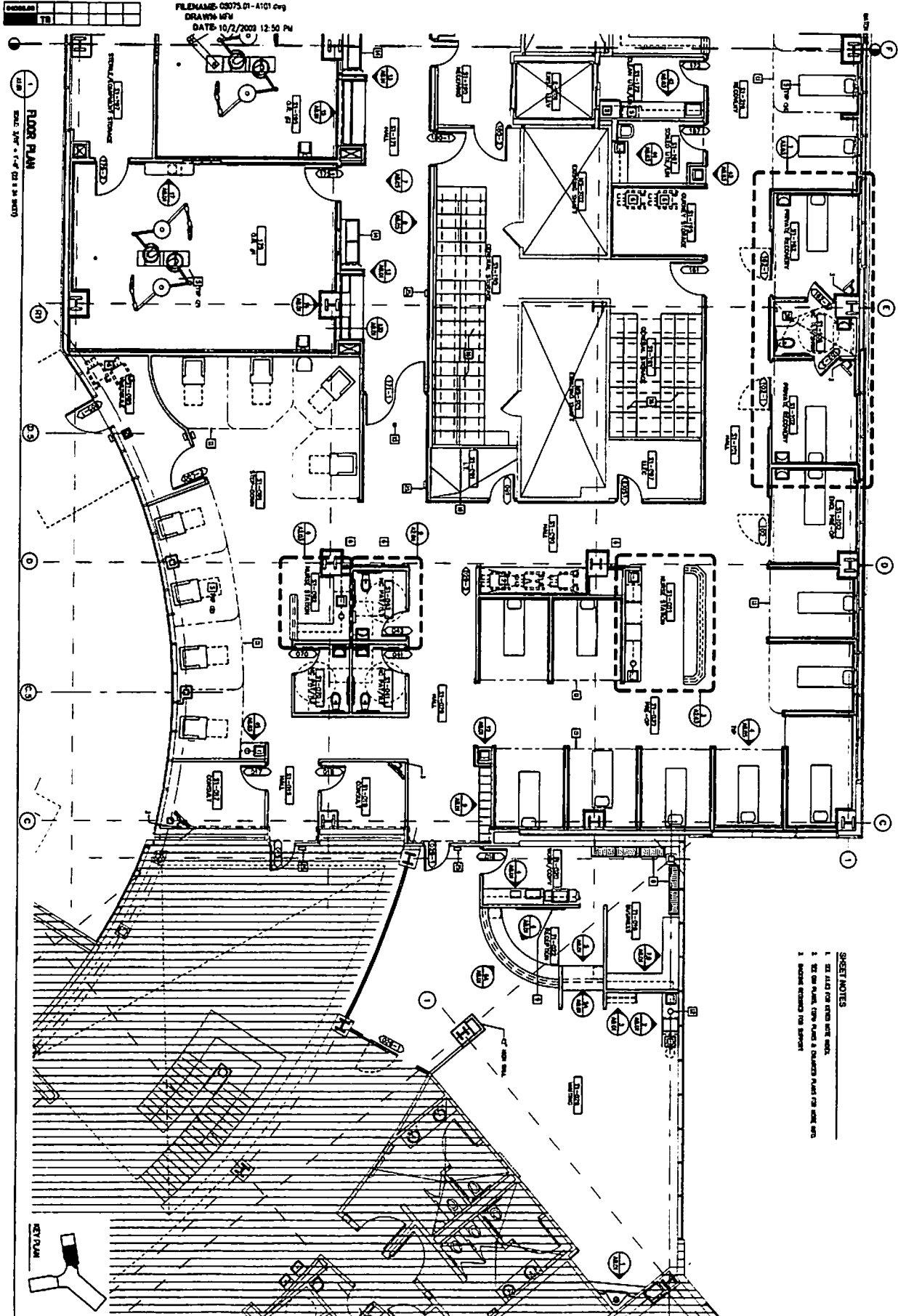
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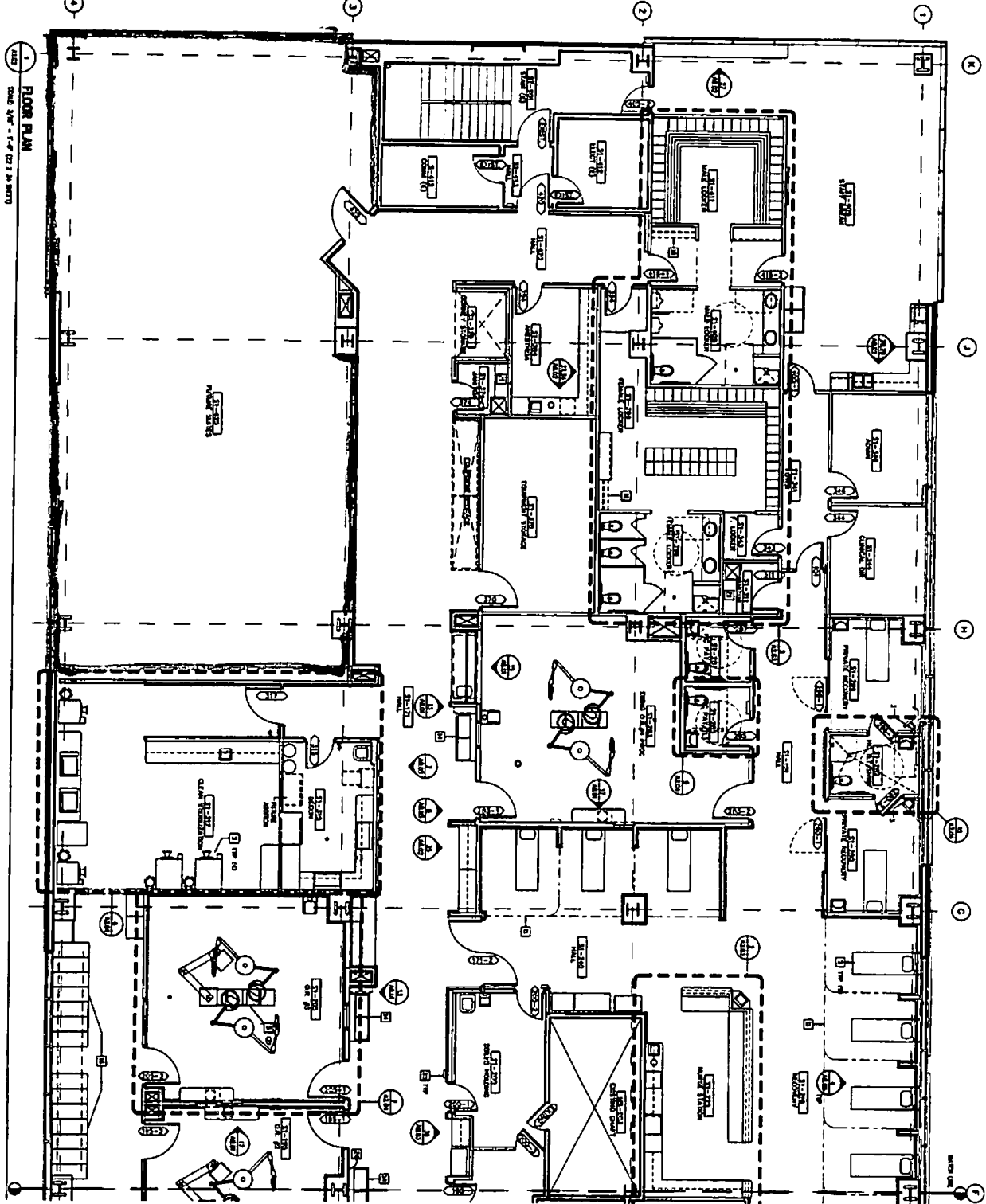
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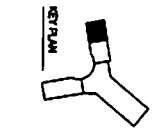
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APPENDIX 8





FLOOR PLAN
Scale: 1/8" = 1'-0" (21.3 x 34.375)



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PROVIDENCE HEALTH PARK PROVIDENCE SURGERY CENTER PROVIDENCE ALASKA MEDICAL CENTER	Date: 1 OCTOBER 2009 Revision: 1 No. Description Date 1.00 1.00 1.00 1.00	Architect: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Structural Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Electrical Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Mechanical Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Civil Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Environmental Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Industrial Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Chemical Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Nuclear Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101
	Project Manager: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Design Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Construction Manager: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Safety Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Quality Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Environmental Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Industrial Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Chemical Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Nuclear Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101	Environmental Engineer: Providence Health Services 1000 10th Avenue, Suite 1000 Anchorage, Alaska 99501 Phone: (907) 273-1100 Fax: (907) 273-1101

Providence Surgery Centers LLC
d/b/a Creekside Surgery Center
Incremental Growth CON Expansion October 2010
Six Year Pro Forma Financial Model

Statement of Revenues and Expenses (000's)

	2012	2013	2014	2015	2016	2017
Revenues:						
Net ASC Patient Service Revenue	\$12,585	\$13,478	\$14,415	\$15,110	\$15,684	\$16,237
Direct Costs:						
Salary, Wages & Benefits	\$1,575	\$1,623	\$1,671	\$1,721	\$1,773	\$1,826
Surgical Supplies	4,051	4,297	4,551	4,816	5,097	5,381
Management Fees	0	0	0	0	0	0
Other Direct Costs	887	1,057	1,118	1,166	1,207	1,246
Total Direct Costs	\$6,513	\$6,977	\$7,340	\$7,703	\$8,076	\$8,453
General and Administrative Expenses:						
Recruitment	\$5	\$5	\$5	\$6	\$6	\$6
Marketing	10	10	11	11	11	12
Telephone and Facsimile	4	4	4	5	5	5
Computer Expense	5	5	5	5	5	6
General Maintenance/Housekeeping	2	2	3	3	3	3
Office Supplies	2	2	2	2	2	2
Legal Fees	50	52	53	55	56	58
Accounting and Audit Fees	24	25	25	26	27	28
Consulting Fees	1	1	1	1	1	1
Postage	1	1	1	1	1	1
Facility Rental - Direct	103	106	109	113	116	119
Facility Rental - TI Portion	0	0	0	0	0	0
Property Taxes	55	47	39	31	23	16
Insurance	30	31	32	33	34	35
Travel	3	3	3	3	3	3
Meals and Entertainment	1	1	1	1	1	1
Utilities	0	0	0	0	0	0
Miscellaneous Expense	6	6	6	7	7	7
Medical Director Fee	11	11	11	11	11	12
Anesthesia Support Fee (Years One and Two)	0	0	0	0	0	0
Relocation Expenses	50	15	15	16	16	17
Payroll Fee	3	3	3	3	3	3
Equipment Lease	12	12	13	13	14	14
Total General and Admin. Expenses	\$378	\$343	\$344	\$345	\$347	\$349
Total Expenses	\$6,891	\$7,320	\$7,684	\$8,048	\$8,423	\$8,802

APPENDIX 9

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Providence Surgery Centers LLC
d/b/a Creekside Surgery Center
Incremental Growth CON Expansion October 2010
Six Year Pro Forma Financial Model

Statement of Revenues and Expenses (000's)

	2012	2013	2014	2015	2016	2017
EBITDA	\$5,694	\$6,158	\$6,732	\$7,062	\$7,260	\$7,435
Capital Costs:						
Depreciation/Amortization	\$260	\$260	\$260	\$260	\$260	\$260
Interest Expense	55	47	40	31	23	14
Total Capital Costs	\$315	\$307	\$300	\$292	\$283	\$274
Income	\$5,379	\$5,851	\$6,432	\$6,771	\$6,977	\$7,161

APPENDIX 10

Balance Sheet As of 8/31/2010

Providence Surgery Centers, LLC (PRO)

Assets

Cash

10200-00	Key Bank (727291000063)	\$	-38,834.93
10300-00	Other Checking	\$	-372,901.50
10700-00	Key Bank (727293000087)	\$	1,846,741.49

Total Cash:

\$ 1,435,005.06

Prepaid Supplies

12001-00	Prepaid Medical Supplies	\$	4,188.39
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Total Prepaid Supplies:

\$ 4,188.39

Other Current Assets

14000-00	Prepaid Expenses	\$	12,636.25
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Total Other Current Assets:

\$ 12,636.25

Fixed Assets

15000-00	Furniture & Fixtures	\$	31,686.12
15100-00	Equipment	\$	645,677.19

Total Fixed Assets:

\$ 677,363.31

Total Assets:

\$ 2,129,193.01

Equity

32000-00	Retained Earnings	\$	0.00
32000-00	Retained Earnings-Current Year	\$	-270,806.99
39100-00	Capital	\$	2,400,000.00

Total Equity:

\$ 2,129,193.01

Total Liabilities & Equity:

\$ 2,129,193.01

APPENDIX II

Providence Surgery Centers LLC
d/b/a Creekside Surgery Center
Incremental Growth CON Expansion October 2010
Six Year Pro Forma Financial Model

Calculation of Debt and Equity Requirements

	Total Costs		Amount Financed	Cash Required	
Total Equipment	\$ 1,820,963.00	80.0%	\$ 1,456,770.40	\$ 364,192.60	80.00%
Total Facility Improvements	\$ -	100.0%	\$ -	\$ -	100.00%
Working Capital and Start-up	\$ -		-	\$ -	
	<u>\$ 1,820,963.00</u>		<u>\$ 1,456,770.40</u>	<u>\$ 364,192.60</u>	
			\$ 1,456,770.40	\$ 364,192.60	
	\$ 1,820,963.00		80.0%		\$0

Providence Surgery Centers LLC
d/b/a Creekside Surgery Center
Incremental Growth CON Expansion October 2010
Six Year Pro Forma Financial Model

Debt Service Recap

	2012	2013	2014	2015	2016	2017
Interest Expense						
Equipment	54,783	47,302	39,517	31,416	22,986	14,213
Construction	0	0	0	0	0	0
	<u>54,783</u>	<u>47,302</u>	<u>39,517</u>	<u>31,416</u>	<u>22,986</u>	<u>14,213</u>
Principal						
Equipment	184,084	191,565	199,350	207,451	215,881	224,654
Construction	0	0	0	0	0	0
	<u>184,084</u>	<u>191,565</u>	<u>199,350</u>	<u>207,451</u>	<u>215,881</u>	<u>224,654</u>
TEST	238,867	238,867	238,867	238,867	238,867	238,867

Calculation of Debt and Equity Requirements

Total Equipment	\$ 1,820,963.00
Total Facility Improvements	
Working Capital and Start-up	\$ -
	\$ 1,820,963.00

APPENDIX 12

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APPENDIX 13

PATIENT TRANSFER AGREEMENT

This Patient Transfer Agreement ("Agreement") is entered into this first day of September, 2010 (the "Effective Date"), between Providence Alaska Medical Center ("Hospital"), and Providence Surgery Centers, LLC d/b/a/ Creekside Surgery Center ("Transferring Facility").

To facilitate continuity of patient care and the timely transfer of patients and records from Transferring Facility to Hospital, the parties agree as follows:

1. If a determination is made by the attending physician that a patient requires transfer from the Transferring Facility to the Hospital, Hospital agrees to admit the patient as promptly as possible, as long as it has the available space, qualified personnel and appropriate services for the treatment of the patient, and the requirements of (i) Hospital's applicable policies/protocols, and (ii) applicable federal and state laws and regulation are met.
2. Transferring Facility has the responsibility for transferring the patient to the Hospital and agrees to use qualified personnel and necessary equipment, including medically appropriate life support measures, during the transfer.
3. Transferring Facility agrees to provide the Hospital with appropriate documentation as necessary to ensure continuity of patient care. This information should include, as a minimum, the patient's medical record (i.e., summary of physician findings, nursing notes, flow sheets, lab and radiology reports, copy of EKG, relevant transfer forms, signed consent for transfer, etc.). This documentation will be sent to the Hospital at the time of transfer unless doing so would jeopardize the patient; in which case, the documentation will be sent as promptly as possible after the transfer.
4. To the extent possible, patients will be stabilized prior to transfer to ensure the transfer will not, within reasonable medical probability, result in harm to the patient or jeopardize their survival.
5. All transfers will be done in accordance with (i) Hospital's applicable policies/protocols, (ii) applicable federal and state laws and regulations and (iii) in accordance with the standards of The Joint Commission.
6. Transferring Facility will be responsible for the transfer or other appropriate disposition of the patient's personal effects, particularly money and valuables.

7. Charges for services performed by either party shall be collected by the party rendering the service from the patient, third party payor, or other sources normally billed by the party. Neither party shall have any liability to the other for such charges, except to the extent such liability would exist separate from this Agreement. The parties shall cooperate with each other in exchanging information about financial responsibility for services rendered by them to patients transferred to the Hospital.

8. Transferring Facility shall indemnify, hold harmless and defend the Hospital, its agents and employees from and against any claim, loss damage, cost, expense or liability, including reasonable attorney's fees, arising out of or related to the performance or nonperformance by the Transferring Facility, its agents and employees of any duty or obligation of the Transferring Facility under this Agreement.

9. Hospital shall indemnify, hold harmless and defend the Transferring Facility, its agents and employees from and against any claim, loss damage, cost, expense or liability, including reasonable attorney's fees, arising out of or related to the performance or nonperformance by the Hospital, its agents and employees of any duty or obligation of the Hospital under this Agreement.

10. The parties shall maintain at their own expense comprehensive general and professional liability insurance and property damage insurance adequate to insure them against risks arising out of this Agreement, with limits no less than those customarily carried by similar facilities. Upon request, each party shall furnish the other party with evidence of such insurance. During the term of this Agreement, each party shall immediately notify the other of any material change in such insurance.

11. Nothing in this Agreement shall be construed as limiting the rights of either party to contract with any other facility or entity on a limited or general basis.

12. Transferring Facility represents and warrants that neither Transferring Facility nor Transferring Facility's shareholders, owners, principals, partners or members (if applicable) are presently debarred, suspended, proposed for debarment, declared ineligible, or excluded from participation in any federally funded health care program, including Medicare and Medicaid. Transferring Facility agrees to immediately notify Hospital of any threatened, proposed, or actual debarment, suspension, or exclusion from any federally funded health care program, including Medicare and Medicaid.

13. This Agreement shall be in effect on the date it is signed by both parties and shall continue until terminated as follows: (i) either party may terminate this Agreement immediately upon a breach of its terms by the other party, or (ii) either party may terminate this Agreement without cause by giving the other party not less than ninety (90) days written notice.

14. This Agreement may be signed in counterparts each of which will be considered an original.

15. This Agreement shall be interpreted and construed in accordance with laws of the state in which Hospital is located. Venue for any action to enforce its terms shall be in the county in which Hospital is located. This Agreement embodies the entire agreement of the parties relating to transfer of patients from Transferring Facility to Hospital, and supercedes all prior agreements, representations and understandings of the parties. This Agreement may only be modified or amended in writing. Amendments and modifications must be signed by both parties to be effective.

SIGNATURES APPEAR ON NEXT PAGE.

HOSPITAL:

Providence Alaska Medical Center

P.O. Box 196604

Anchorage, AK 99519-6604

907 212 3675

907 212 3041 Fax

Colleen.bridge@providence.org

By: Richard Mandsager MD
Name: Richard Mandsager, MD
Title: Administrator

TRANSFERRING FACILITY

Providence Surgery Centers, LLC, d/b/a/

Creekside Surgery Center

3831 Piper Street, Suite S -110

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907 717 3599 temporary

907 339 7800 permanent

907 865 8898 fax

By: D. Kay Nemec
Name: D. Kay Nemec, RN
Administrator