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January 15, 2021

Via E-mail (alexandria.hicks@alaska.gov)
and Federal Express

Ms. Alexandria Hicks
Coordinator
DHSS/HCS/ORR/Certificate of Need
Program
3601 C Street, Suite 978
Anchorage, AK 99503-5936

Re: Hatcher's Pass Surgery Center, LLC
Request for Determination Regarding New Ambulatory Surgical Center

Dear Ms. Hicks:

We represent Hatcher's Pass Surgery Center, LLC, an Alaska limited liability company ("HPSC"), which proposes to establish an ambulatory surgery center (the "Proposed ASC") to be located at 3035 Palmer-Wasilla Highway, Suite 500, Wasilla, Alaska 99654 in space that was previously used for another ambulatory surgical center under different ownership. HPSC hereby requests a determination pursuant to 7 AAC 07.031 as to whether a Certificate of Need ("CON") is required for the project described below.

The Proposed ASC will be located in leased space previously utilized by Surgery Center of Wasilla, LLC ("SCOW") prior to SCOW's relocation to its current facility at 3190 East Meridian Park Loop, Suite 111, Wasilla, Alaska 99654. The Proposed ASC will occupy 2,783 square feet and will have one procedure room focused on pain management services using procedural sedation only, such as epidural steroid injections, joint injections, trial pain stimulator placement and radiofrequency ablation. It will not have any operating rooms and will not perform any procedures requiring general anesthesia. HPSC intends to begin work on the project promptly upon receipt of a favorable determination by the Department, and expects the work to be completed within approximately 60 days thereafter.

As shown by the attachments, HPSC estimates that the cost of the proposed project would be approximately \$937,275.55 (including a reasonable contingency reserve), broken down as follows:

{BH465260.1}

Flooring Replacement and Related Costs	\$ 8,395.55
Equipment Costs	619,345.00
Net Present Value of Lease Payments	256,545
Consulting Fees	3,000.00
Contingency Reserve	<u>50,000.00</u>
TOTAL	<u>\$937,275.55</u>

Because the cost of the project does not exceed the dollar threshold under AS 18.07.031, HPSC believes, and hereby requests DHSS to determine, that the project does not require a CON.

We have attached documentation supporting the cost estimates, and would be pleased to provide any further information that would be helpful to DHSS in making its determination. We appreciate your attention in this matter, and look forward to your response.

Sincerely,



William W. Horton

WWH/hs

Attachments

cc: Ms. Anne Roberts
Mr. Justin Neerhof

ATTACHMENT A
FLOORING REPLACEMENT AND RELATED COSTS

See attached estimate.

ES000691

ESTIMATE

Sold To	Ship To
HOWDIE INC. 4237 E. MERIDIAN LOOP WASILLA, AK 99654	MCKINLEY BUILDING/REPLACE VINYL PW HWY WASILLA

Quote Date	Tele #1	PO Number	Quote Number
08/20/20	376-4711		ES000691

Inventory	Style/Item	Color/Description	Quantity Units	Price	Extension
	DEMO AND DISPOSAL OF EXISTING		992.00 SF	1.30	1,289.60
	SHEET VINYL				
FLOOR PREP	FLOOR PREP SKIMCOAT		1.00 SF	300.00	300.00
SKIMCOAT					
BIO SPEC MD	BIO SPEC MD	15385 DEEP SUEDE	1,105.00 SF	3.75	4,143.75
V82-4 GALLON	ADHESIVE	ADHESIVE	2.00 SF	120.00	240.00
M842371	WELDING ROD	MATCH BIO SPEC DEEP SUEDE	1.00 SF	50.00	50.00
	VINYL INSTALL 6'/2M SHEET PSF		1,105.00 SF	1.59	1,756.95
700 SERIES TP	6" RUBBER BASE	IVORY 198	200.00 LF	1.60	320.00
TA9640-30	T&A 9640 30OZ.	COVEBASE ADH.	5.00 EA	7.05	35.25
	COVE BASE INSTALL 6"		200.00 LF	1.30	260.00

— 08/20/20 —

Sales Representative(s):
JOE BEUCLER

2:13PM —

Material: 4,789.00
Service: 3,606.55
Misc. Charges: 0.00
Sales Tax: 0.00
Misc. Tax: 0.00

ALL SPECIAL ORDERS ARE NON-REFUNDABLE

ESTIMATE TOTAL: \$8,395.55

ATTACHMENT B

ESTIMATED EQUIPMENT COSTS

Category	Total
Procedure Suite	\$139,201
Pre-OP/PACU / Overnight Stay Room	\$60,807
Sterilization	\$43,198
Anesthesia	\$17,245
X-Ray	\$138,581
Storage	\$2,925
Pain Management	\$34,200
Office Furniture & Miscellaneous	\$824
IT	\$108,096
Equipment Subtotal	\$545,078
Tax & Freight	\$74,267
Total	\$619,345

ATTACHMENT C

ESTIMATED NET PRESENT VALUE OF LEASE PAYMENTS

<u>Date</u>	<u>Monthly Rent</u>
1/1/2021	\$7,374.95
2/1/2021	7,374.95
3/1/2021	7,374.95
4/1/2021	7,374.95
5/1/2021	7,374.95
6/1/2021	7,374.95
7/1/2021	7,374.95
8/1/2021	7,374.95
9/1/2021	7,374.95
10/1/2021	7,374.95
11/1/2021	7,374.95
12/1/2021	7,374.95
1/1/2022	7,596.20
2/1/2022	7,596.20
3/1/2022	7,596.20
4/1/2022	7,596.20
5/1/2022	7,596.20
6/1/2022	7,596.20

7/1/2022	7,596.20
8/1/2022	7,596.20
9/1/2022	7,596.20
10/1/2022	7,596.20
11/1/2022	7,596.20
12/1/2022	7,596.20
12/1/2023	7,824.08
TOTAL	\$273,542.80

Discount Rate – Annual: 4.16%
Discount Rate/12: 0.3467%

Total Lease Payments Remaining: \$273,543
NPV Lease Payments Remaining \$256,535

ATTACHMENT D
PROPOSAL FOR CONSULTING SERVICES

See attached proposal.

December 21, 2020

Hatcher's Pass, LLC
3035 Palmer-Wasilla Hwy, Ste. 301
Wasilla, AK 99654
c/o Justin Neerhof, VP Development, Regent Surgical Health
< sent via E-mail to: jneerhof@regentsurgicalhealth.com >

Re: Proposal/Agreement for Miscellaneous Hourly General Consulting Services related to: Proposed regulatory approval of existing ASC.

Dear Mr. Neerhof,

I am pleased to submit this proposal to provide limited miscellaneous hourly Consulting Services related to your work on "renewing" former State and Medicare approval of an ASC in Wasilla, AK.

WEL Designs' understanding of the project is as follows:

- The Client, as referenced below, is Hatcher's Pass, LLC (members to date include Regent, Black Rock & Dr. Hinman); 3035 Palmer-Wasilla Hwy, Ste. 301; Wasilla, AK
- "WEL Designs" as used in this document, refers to (and is synonymous with) WEL Designs P.L.C.
- "Regulatory Conformance," as used in this document refers to the literal published standards (spatial, relational, functional, and fire safety) of the Centers for Medicare and Medicaid Services (CMS) for Certified ASCs ("Code Set" of the 2012 edition of NFPA 101, the CMS State Operations Manual Appendix L), and Alaska State Health Care Services requirements for a C.O.N. & the physical environment of a State-Licensed ASC.
- WEL Designs' work on the project under this agreement will include long distance regulatory compliance support related to the client's specific questions, and may include review and assessment of ASC floor plans and/or related documents developed by separate design and/or engineering professionals, entirely outside the scope of this agreement. The review will primarily address issues related to regulatory compliance with CMS physical environment requirements for new and existing ASCs as well as State Licensing, and limited to concerns/tasks specifically identified by the Client as worthy of scrutiny. It is specifically understood WEL Designs' review will only address visible manifestations of facility development related to fundamental aspects of regulatory conformance and operational aspects typical to the facility type, and will therefore NOT include or address specific details of construction or the engineering/design of structural, electrical, HVAC, or plumbing systems.
- The Client understands and agrees this limited scope (limited minimum hourly) consulting service will not be a comprehensive, or all inclusive, assessment of CMS or State Health services physical environment requirements for Medicare Certification, or State Health licensing.
- Due to the interpretive nature of health care facility regulation, it is possible that regulatory authorities may require design and construction features not clearly stated in their regulations. There may also be portions of regulations the client will seek exemption from (deliberately avoid), most likely to minimize facility size/cost. Because of either or both these conditions, there is always risk that documents reviewed in line with our interpretation of applicable regulations (and entirely appropriate for the care delivered) may require further modification to achieve State or

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CMS approval. We will endeavor to inform the Client of situations related to facility regulation and design that could increase the risk of approval.

- If the Client elects to develop a facility with known exceptions to applicable standards &/or regulations, the Client will summarily indemnify WEL Designs from all issues and disputes related in any way to such deviation from established standard(s).
- WEL Designs is not acting as the Architect for the project. The client releases WEL Designs from any and all liability arising from anyone else's work, and will indemnify WEL Designs from all issues and disputes related in any way to the project.

WEL Designs work on this project is for the exclusive use of the Client, and will be kept in strict confidence except as specifically directed by client representatives themselves. As already directed by Client Representatives, initial distribution of all written communications will include Justin Neerhof w/Regent Surgical Health, Anne Roberts w/ Regent Surgical Health, Glinda Smith w/ Regent Surgical Health, and Todd Nugent w/ Howdie Inc. (General Contractor).

The minimum Professional Fee associated with this consultation service will be \$3,000, due upon acceptance of this agreement. That minimum fee entitles the Client to as many as twelve hours of WEL Designs' time during the overall three month period starting with the agreement date. If the work requires more than 12 hours of WEL Designs' time, additional services will be paid for by the client at the rate of \$200.⁰⁰ per hour. Such additional services, if any, will not be performed or billable unless pre-approved by the Client (by Email) and agreed to by WEL Designs.

Reimbursable expenses, if any (none are anticipated), directly related to the project will be billed at invoice cost, and will be paid in addition to the above-described fixed Professional fee within 21 calendar days of the billing date. Reimbursable expenses may include: express shipping when requested by the client, and costs of travel related to the project (automobile mileage -&/or- coach class airfare, motels, meals, rental car, etc.). Additional services are billed monthly, and due in full no later than 21 calendar days from invoice date.

Past due invoices may accrue late payment penalties at a compounding interest rate of 1.5% per month (or portion thereof) for the average past due balance.

If there are any questions about this proposal please do not hesitate to call me. If it is acceptable as is, please sign as indicated below and return a copy to me as notice to proceed (Email attachment is acceptable).

Sincerely,



William E. Lindeman, AIA
healthcare facility consultant

ACCEPTED:

By: _____

Title: _____

Date: _____