ASPEN CREEK

Certificate of Need Application

January 6, 2022

150-Bed Skilled Nursing Facility

5915 Petersburg Street Anchorage AK, 99507

Mike Dunleavy
Governor

Adam Crum
Commissioner

STATE OF ALASKA
DEPARTMENT OF HEALTH AND SOCIAL SERVICES

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

This Certificate of Need Application Packet has been adopted by reference in regulations of the Alaska Department of Health and Social Services. Only the version that has been adopted by reference will be accepted by the department for review. To ensure that you have the correct packet, please check the current version of 7 AAC 07.040 or contact the Certificate of Need Coordinator. Any questions may also be directed to the Coordinator:

Alexandria Hicks, Coordinator
Certificate of Need Program
Department of Health and Social Services
The Office of the Commissioner
Office of Rate Review
3601 C Street, Suite 978
Anchorage, AK 99503-5924
Phone: (907) 754-3428 Fax: (907) 334-2220
E-mail: Alexandria.Hicks @alaska.gov

Additional information is available at the department's Internet web site:
http://dhss.alaska.gov/dhcs/Pages/CertificateOfNeed/default.aspx .

Table of Contents

General Instructions

This document contains the information, instructions, and forms necessary to prepare a certificate of need application.

The department may schedule, or you may request, a pre-application conference before submission of the application [see 7 AAC 07.035].

Please read all the materials in this packet and closely follow these instructions in preparing an application for a certificate of need:

- Complete the application in the same order that is presented in this packet, retaining the section numbering. The department has prepared an electronic submission version of this packet (downloadable from the department's website) for each type of service for which review standards have been developed. The text of each requirement should be in a bold font, but please do not use a bold font for each response.

EXAMPLE

Section II. Summary Project Description

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

Place response here

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

Place response here

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

Place response here

etc.

- Number each page in the application.

- Answer all of the questions that apply to the proposed project. If an item of requested information does not apply, enter "Not Applicable". Well-written, complete answers will expedite review of the application.

- Attach and identify any documents necessary to complete sections or forms included in this packet.

- Describe (in Section VI of the application) how the proposed project meets each of the general review standards that are applicable to all activities, and how it meets each of the service-specific review standards applicable to each activity proposed. These standards are set out in the department's publication *Alaska Certificate of Need Review Standards and Methodologies*, adopted by reference in 7 AAC 07.025. For an application expected to be reviewed concurrently with another competing application, address how the project meets the review standards that are specific to concurrent reviews for activities of the type proposed. Retain the same order and numbering for each standard that is used in that publication. Complete this section of the application as shown in the above example. (Standards for each type of activity have been included in Section VI of the applicable electronic submission version of this packet that is downloadable from the department's website.)

- Provide references for each source (articles, statistics, quotations, strategic plans, etc.) of any factual data or information included in the application (for example, population projections). If a source is not readily available to the public, provide a copy of the source document in an appendix. The department may request copies of any source material not included with the application.

- All construction cost estimates must be "certified estimates" as that term is defined in 7 AAC 07.900.

- Carefully check all information, numbers, calculations, and other data presented in the application to ensure accuracy. If information is presented more than once, ensure that it is consistent throughout.

- Submit three (3) paper copies and one electronic copy of the application to the Certificate of Need Coordinator (see the inside cover of this packet for contact information). <u>One copy must have an original signature of a certifying officer of the organization.</u> Submit an additional copy in an electronic version, using the e-mail address set out on the inside cover of this packet.

- Retain at least two copies of the application: one that you make available at your place of business, and the other that you place at the public library in your community, for public review and comment after the application is declared complete. After determining that the application is complete, the department will place a copy on the department's website.

- If the application is for modification of an existing certificate of need, submit the request form provided in this packet.

- Submit the application fee required under 7 AAC 07.079, with a signed copy of the form used to determine the amount of the fee (see page 32 of this packet).

Applicable Statutes and Regulations

Applications for certificates of need are subject to the applicable provisions of Alaska statutes (AS 18.07.021 – 18.07.111), and Alaska regulations (7 AAC 07).

Other applicable regulations include but are not limited to: **(1)** 7 AAC 12 (Facilities and Local Units); **(2)** 7 AAC 43.686 (Allowable Reasonable Operating Costs (Medicaid Audits)); and **(3)** other applicable provisions in 7 AAC 43 relevant to the type of activity. The provisions of these regulations could affect the ability to be licensed or to receive Medicaid payments if a certificate of need was required, but was not obtained.

Section I. General Applicant Information

On the following page is a form that must be completed and signed for each application.

CERTIFICATE OF NEED APPLICATION

APPLICANT IDENTIFICATION AND CERTIFICATION OF ACCURACY

1. Applicant Identification

Facility Name	**Medicaid Provider Number**
Aspen Creek Nursing and Rehabilitation	**N/A**
Facility Address (*Street/City/State/Zip Code*)	**Medicare Provider Number**
5915 Petersburg St. Anchorage, AK 99507	**N/A**

Name and mailing address of organization that operates the facility (if different from above)

Aspen Creek Management, LLC

Facility Administrator (*Name, title, mailing address, including City/State/Zip Code*) TBD	**Telephone** **Facsimile** **E-mail**
Applicant (*Name, title, mailing address, including City/State/Zip Code*) Jared Leavitt, Manager 6077 Coffee Rd, Ste. #4, Unit 365 Bakersfield, CA 93308	**Telephone** **(916) 899-9145** **Facsimile** **E-mail** **leavittjared@gmail.com**
Principal Contact Person (*Name, title, physical address, mailing address, including City/State/Zip Code*) Jared Leavitt, Manager 6077 Coffee Rd, Ste. #4, Unit 365 Bakersfield, CA 93308	**Telephone** **Mobile Phone** **(916) 899-9145** **Facsimile** **E-mail** **leavittjared@gmail.com**

2. Ownership Information

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

☐ For profit: individual
☐ For profit: partnership
☐ For profit: corporation
☐ Not for profit: government
☐ Not for profit: corporation
X Other (specify): ____for profit LLC_____

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:	**Title**
Jared Leavitt	**Manager**
Signature	**Date** **1/6/22**

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

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

Doug Clegg – Development
CEO/President
Spring Creek Enterprises, LLC
5915 Petersburg Street
Anchorage, AK 99507
(208) 870-5900

Kemish Hendershot – Operations
COO
Spring Creek Enterprises, LLC
5915 Petersburg Street
Anchorage, AK 99507
(208) 250-2488

Brian Newberry - Operations
Board of Directors,
Aspen Creek Management, LLC
5915 Petersburg Street
Anchorage, AK 99507
(801) 899-5364

Serge Newberry - Operations
Board of Directors,
Aspen Creek Management, LLC
5915 Petersburg Street
Anchorage, AK 99507
(801) 899-5364

Jared Leavitt – Operations
COO
Aspen Creek Management, LLC
5915 Petersburg Street
Anchorage, AK 99507
(916) 899-9145

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

Doug Clegg – Development
CEO/President
Spring Creek Enterprises, LLC
5915 Petersburg Street
Anchorage, AK 99507
(208) 870-5900

Kemish Hendershot – Operations
COO
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Aspen Creek Management, LLC
5915 Petersburg Street
Anchorage, AK 99507
(801) 899-5364

Jared Leavitt – Operations
COO
Aspen Creek Management, LLC
5915 Petersburg Street
Anchorage, AK 99507
(916) 899-9145

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

Not applicable.

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

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

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.

CMS (Centers for Medicare & Medicaid Services). Certification will be issued after the facility has opened.

Section II. Summary Project Description

Provide a one-page summary of the proposed project including:

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

Aspen Creek Nursing and Rehabilitation proposes a state-of-the-art 150-bed skilled nursing facility, including a much-needed sub-acute wing: the only of its kind in the state of Alaska. This facility will fill a need in the post-acute continuum of care for Anchorage and all of Alaska, providing care for the most vulnerable patients. Demographic projections suggest that Alaskan healthcare services will need to expand to meet the needs of a growing population, including a much larger senior population. These circumstances mandate new and expanded services be planned properly to generate the highest quality and most appropriate services possible at the best price. Aspen Creek endeavors to create a unique skilled nursing healthcare experience for Alaska's senior population where residents can heal and employees can thrive, helping Alaska to meet a growing need.

The owners of Aspen Creek have a vast array of healthcare and senior living experience. With over 75 combined years of experience across the healthcare continuum, from acute and sub-acute care administration to skilled nursing and assisted living ownership, operation and consultation, Aspen Creek will be led by individuals who understand the aging process, the leadership necessary to create successful teams, the importance of technology in healthcare, and the desire and ability to create a special entity aimed at wellness for employees and those they care for.

Aspen Creek will be able to implement specialty niche programs designed to improve quality of care, lower readmission rates to hospitals, develop cultural initiatives that improve the lives of employees, residents, and families, and utilize technological advances to quickly affect changes in the skilled nursing population. The leadership team has significant experience in the sub-acute arena, and plans a 38-bed wing aimed entirely at treating sub-acute patients, something no other skilled nursing facility in the state provides.

Access to different levels of care across the healthcare continuum is vital for seniors. Currently, the senior population has significantly limited access to skilled nursing care, a key provider of affordable, quality, post-hospital (post-acute) health care in the local continuum.

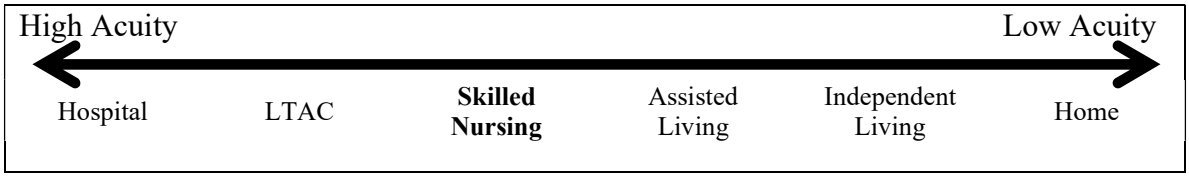
Hospitals represent the highest level of care in the healthcare continuum, helping the most acute residents recover and discharge home in a best-case scenario. Physicians play a key role in deciding whether residents are able to safely discharge home or require further assistance in another setting.

Long term acute care hospitals (LTAC) care for residents who no longer require hospitalization but are too sick to qualify for admission into a Skilled Nursing Facility.

Skilled nursing facilities are inpatient healthcare facilities with the staff and equipment to provide skilled nursing care, rehabilitation (physical, occupational and speech therapy) and other related health services to residents who need 24-hour nursing care, but do not require hospitalization. These short-term residents (a.k.a. Post-Acute and Transitional Care) are admitted who have the potential to function independently after a limited period of care and will discharge home or to a lower level of care in the continuum.

Other residents are not able to qualify for safe discharge to a lower level of care and require custodial Skilled Nursing care, or traditional long-term care. A multidisciplinary team guides health care and rehabilitative services for all short and long-term residents.

The Healthcare "Continuum" or "Continuum of Care"



For purposes of this certificate of need application, the skilled nursing services Aspen Creek will provide are divided into four main categories of care: sub-acute care, post-acute care, transitional care and long-term care.

Sub-Acute Care

Sub-acute care will be offered at Aspen Creek Nursing and Rehabilitation for those residents who don't require long term acute care, but still require ventilator and tracheostomy, or other sub-acute care. Our leadership team has significant experience in acute and sub-acute patient care. We understand the rigor, staffing levels, specialized equipment, labor, training, and licensure requisite to provide care to these higher acuity patients.

The building plans include a 38-bed sub-acute unit, entirely self-contained in its own wing with a separate entrance, accessible via breeze-way corridor to the other units in the facility. While it is difficult to estimate the number of sub-acute beds needed, there are currently no skilled nursing facilities in the state of Alaska offering sub-acute services. There is one long-term acute care facility – St. Elias in Anchorage. Both St. Elias and the Providence Health System have indicated an urgent and substantial need for sub-acute beds. Many of these patients are likely going out of area, are holding a bed and backing up hospital throughput, or simply are not receiving the necessary care and experience a negative outcome.

The planned 38-bed sub-acute wing represents 25% of Aspen Creek's proposed beds, but we stand ready to serve Alaska's needs in a flexible manner, responding to the demand

for specific levels of care as each arises. The sub-acute wing will include rooms with piped oxygen and suction. The rooms will have other specialty healthcare equipment necessary for treating these vulnerable patients.

Post-Acute Services

Residents unable to fully recover during their hospital stay who still require 24-hour professional clinical support for serious medical conditions will receive ongoing treatment for diagnosis including: chronic obstructive pulmonary disease (COPD), coronary artery bypass graft (CABG), pneumonia, sepsis, myocardial infarction (MI), stroke, specialized wound care and other post-acute medical diagnosis. Custom clinical programs will be tailored to resident needs as dictated by treating physicians and facility professionals to ensure a speedy and lasting recovery for individuals admitted.

The purpose of this offering will be to minimize lengthy and costly hospital stays by providing a lower cost solution to hospital providers while still ensuring a comfortable home-like environment for residents to recover with quality outcomes. This level of care also reduces costly readmissions to the hospital by offering physician oversight and professional medical care to residents too frail to thrive in community-based housing.

Hospital grade beds, mechanical lifts, vital sign machines, medication carts, wheelchair and ambulatory devices as well as all other equipment required to provide these services will be purchased new to facilitate the delivery of these services.

Medical gasses and in-room suctioning will be installed throughout the facility, serving a dual purpose to allow treatment of post-acute residents with higher oxygen flow needs as well as the sub-acute needs already highlighted. This will allow for flexible use of beds, depending on community demand.

The "Post-Acute" section of our facility has the potential to represent roughly 10% of our total patient population; they tend to be between the ages of 55-75. Length of stay for these individuals will vary widely based on diagnosis and medical condition but tend to be between 30-100 days.

Transitional Care Services

Last year hospitals in Anchorage had more than 1,000 inpatient orthopedic related cases[1]. Aspen Creek will include a nearly 3,000 square foot state-of-the-art therapy gym equipped to treat postoperative surgical residents with joint replacements, total hip arthroplasty (THA), total knee arthroplasty (TKA) as well as other orthopedic needs requiring therapy services beyond the hospital stay.[2] This allows hospitals to discharge residents quicker, saving valuable resources as competent trained professionals continue to administer needed rehabilitation to ensure proper and lasting recovery.

[1] AHD Data – Appendix 1
[2] Architectural Plan – Appendix 12

This segment of our population represents roughly 10% of our total census. These individuals tend to be between the ages of 55-70 and have typical lengths of stay of 2-3 weeks, after which they are generally discharged to a lower level of care.

Long Term Care Services

Physicians may determine that some residents are not able to qualify for safe discharge to a lower level of care and require custodial Skilled Nursing care, or traditional long-term care. Aspen Creek stands ready to provide 24-hour nursing care to these residents. In many cases, individuals recover to a point where they can be successfully discharged to a lower level of care (home, independent or assisted living). Those who are unable to discharge home or to a lower level of care will receive help with activities of daily living, restorative nursing care and other needs to help them progress to their highest practicable level of function.

Medical gasses will serve a dual purpose of allowing the treatment of long-term residents with higher oxygen flow while maintaining a much quieter and clutter free environment by eliminating the need for additional bedside concentrator equipment.

Roughly 55% of our total population will qualify for Long Term Care services. They will vary in ages between 55-100 with the majority being age 65-90. Length of Stay will vary greatly depending on diagnosis but is generally expected to be greater than 100 days.

A list of all required equipment is included in Appendix 3.

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

87,995 square feet.

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

150 Skilled Nursing beds, dually certified for Medicaid and Medicare, including 38 sub-acute beds.

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

This proposal expands the skilled nursing beds in the Anchorage region by 150 beds.

(5) The total cost of the project.

Total project cost will be $48,130,508.

(6) How the project will be financed.

Short-term financing of 3-5 years will be used for the construction phase of the project. 25% equity will be used to secure the short-term financing.

Upon completion of the construction phase, long term HUD financing will be used over the next 40 years. Equity requirements will be met with the 25% equity used in the short-term phase of the project.

Working capital needs will be met through investor equity in Aspen Creek Management, LLC.

In addition to using investor equity for working capital needs, an accounts receivable line of credit will be utilized to ensure back up working capital to meet the ongoing needs of the facility until billing is in place and reimbursement revenue is received.

See *Appendix 2: Project Cost Summary*

(7) Estimated completion date.

June 1, 2025. It is anticipated that the building will be staffed, licensed, and operable by September 30, 2025.

Section III. Description of Facilities and Capacity Indicators

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

Type of Service	Current Capacity	Added, Expanded, or Replacement Capacity	TOTAL PROPOSED CAPACITY
IN-PATIENT ACUTE CARE HOSPITALS			
Med/Surg Beds			
1-bed room/unit			
2-bed room/unit			
Other (list)			
ICU Beds			
Obstetrics Beds			
Pediatric Beds			
Acute Rehab Beds			
Obstetrics Beds			
Pediatric Beds			
Ancillary Services (list)			
BEHAVIORAL HEALTH CARE			
In-patient Acute Psychiatric Beds			
RPTC Beds			
In-patient Substance Abuse Beds			
LONG-TERM CARE			
Acute Beds			
1-bed room/unit		150	150
2-bed room/unit			
Other (list)			
Nursing Beds			
1-bed room/unit			
2-bed room/unit			
Other (list)			
DIAGNOSTIC AND DIAGNOSTIC IMAGING SERVICES			
CT Scanner			
MRI			
PET or PET/CT			
Cardiac Catherization			
Emerging Med. Tech. (list)			

Type of Service	Current Capacity	Added, Expanded, or Replacement Capacity	TOTAL PROPOSED CAPACITY
SURGICAL CARE			
Ambulatory Surgery or Dedicated OP Suites			
Suites for IP & OP			
Endoscopy Suites			
Open-Heart Surgery			
Organ Transplantation			
Other Services (list)			
THERAPEUTIC CARE			
Radiation Therapy			
Lithotrypsy			
Renal Dialysis			
Other (List)			
Total Capacity			

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

Aspen Creek proposes the addition of 150 skilled nursing beds to the Anchorage region, serving Medicare, Medicaid, private insurance, and private pay patients.

Access to various levels of care across the healthcare continuum for seniors is vital. Currently, the senior population has significantly limited access to sub-acute and skilled nursing care, a key provider of affordable, quality, post-hospital (post-acute) health care in the local continuum.

Skilled nursing facilities are inpatient healthcare facilities with the staff and equipment to provide skilled nursing care, rehabilitation (physical, occupational and speech therapy) and other related health services to residents who need 24-hour nursing care, but do not require hospitalization. These short-term residents (a.k.a. Post-Acute and Transitional Care) are admitted who have the potential to function independently after a limited period of care and will discharge home or to a lower level of care in the continuum.

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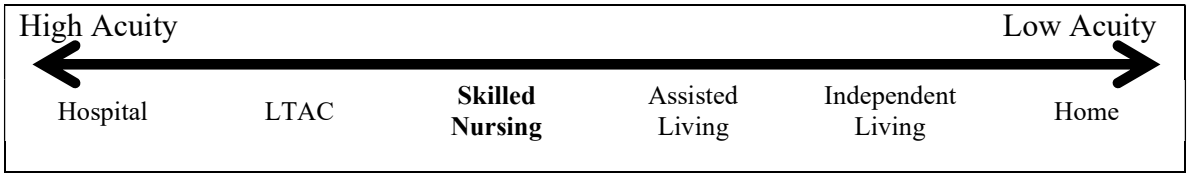

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The building plans include a 38-bed sub-acute unit, entirely self-contained in its own wing with a separate entrance, accessible via breeze-way corridor to the other units in the facility. While it is difficult to estimate the number of sub-acute beds needed, there are currently no skilled nursing facilities in the state of Alaska offering sub-acute services. There is one long-term acute care facility – St. Elias in Anchorage. Both St. Elias and the Providence Health System have indicated an urgent and substantial need for sub-acute beds. Many of these patients are likely going out of area, are holding a bed and backing up hospital throughput, or simply are not receiving the necessary care and experience a negative outcome.

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[3] AHD Data – Appendix 1
[4] Architectural Plan – Appendix 12

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Roughly 55% of our total population will qualify for Long Term Care services. They will vary in ages between 55-100 with the majority being age 65-90. Length of Stay will vary greatly depending on diagnosis but is generally expected to be greater than 100 days.

C. Provide in the following table information regarding equipment to be purchased.

A list of equipment to be purchased, including all furnishings, fixtures, and equipment is provided in *Appendix 3*.

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

Not applicable – All equipment will be purchased new. No equipment is being replaced or retired. A list of equipment is provided in *Appendix 3*.

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

All Utility related equipment including electrical, heating, ventilation and air conditioning systems will be new.

Aspen Creek Nursing and Rehabilitation will be designed and constructed using state-of-the-art Mechanical, Electrical and Plumbing (MEP) engineering and components for the newly constructed facility including in floor boiler heating, fully automated make-up air and ventilation systems, air conditioning as needed, Phase III power systems with newly trimmed LED lighting fixtures and equipment. Each room will be independently controlled for optimized temperature comfort, individualized to the resident's needs. Electricity will be provided through Chugach Electric. Power and heating systems will be emergency equipped with natural gas generators and back up secondary systems for mechanical and medical equipment. The building will be backed up by diesel-powered generators on-site, providing emergency lighting, sufficient outlets for computers and necessary medical equipment and kitchen operation. Aspen Creek will use Anchorage's municipal public sanitary sewer and potable water systems. In-wall oxygen and suction will be placed in each room, obviating the need for dangerous and bulky oxygen cannisters and concentrators.

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

The building will be a wood assembly with composite steel floor slabs. The building will be single story, with four wings, connected by breeze-way corridor. Interior walls will be

wood framed with type X gypsum board with a 1 hour rated assembly and NFPA 13 fire system.

G. Total square footage in current facility/project.

Not applicable – the project will be entirely new construction.

H. Total square footage of proposed facility/project.

87,995

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

150 beds = 586.63 square feet per bed.

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

41,612 SF / 87,995 SF = 47.3% of total floor area used for direct service (non-bed activity).

Approximate Allocation of Square Footage broken down by area and type:

1. Common Areas (Bed) = 7,814 SF
2. Resident Rooms (Bed) = 36,400 SF
3. Rehab Services (Bed) = 2,169 SF
4. Nursing Services (Non-Bed) = 36,526 SF
5. Kitchen (Non-Bed) = 1,888 SF
6. Administration (Non-Bed) = 3,198 SF
7. TOTALS:

a. Bed Activity = 46,383 SF

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

Aspen Creek will potentially provide outpatient therapy services, including physical, occupational and speech therapy. This service would be available to customers on an outpatient basis and would comply with regulations outlining outpatient services inside of a skilled nursing facility. This allows for residents who get discharged from Aspen Creek to continue using the gym and therapists that they are familiar with.

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.

The leaders at Aspen Creek have been serving the healthcare and senior community for the past 30 years and have over 75 years' combined experience in acute care, sub-acute, long-term care, senior living, and skilled nursing operations and development.

With our combined experience in post-acute and long-term care development and operations, Aspen Creek is well positioned to a provide a quality skilled nursing experience for residents of the Anchorage region and across Alaska.

Aspen Creek has successfully built, staffed, and operated a 120-bed assisted living facility adjacent to the proposed 7-acre parcel where the skilled nursing facility will be built. This state-of-the-art assisted living facility is already providing quality care to Anchorage area residents with great results – it has been voted # 1 in Alaska two years running.[5] Aspen Creek's owners and partners also own a construction-ready pad in front of the assisted living. When fully developed, these combined parcels will form a medical/residential complex designed to provide for Aspen Creek residents and employees and other area residents. Development plans include space for a pharmacy, home health and hospice programs, adult and child-day care facilities, outpatient therapy, senior housing, and other medical office space for physicians, urgent care, or other medical and retail providers.

The Mission of Aspen Creek is to redefine senior living in the Anchorage region: to maximize resident wellness, provide compassionate and quality care, promote healthy lifestyles, and offer an overwhelming sense of community. The vision for the development of this project precisely aligns with this mission and allows Aspen Creek to meet the specific need identified in the Anchorage region to improve access to quality skilled nursing care.

Aspen Creek is already firmly rooted in Alaska; this project aims to greatly amplify service offerings in ways that benefit the communities served. As needs are identified, we stand ready to expand services and to assist other communities by providing quality care for Alaska's senior population.

[5] Assisted Living in Anchorage Alaska | Senior Living in Anchorage, AK (aspencreekalaska.com)

Section IV. Narrative Review Questions

A. RELATIONSHIP TO APPLICABLE PLANS AND NATIONAL TRENDS

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

Applicant's Long-range Plans

Aspen Creek has successfully built, staffed, and operated a 120-bed assisted living at 5915 Petersburg Street. This state-of-the-art assisted living facility is already providing quality care to Anchorage area residents with great results – it has been voted # 1 in Alaska two years running.[6] Many other services will be provided that will compliment the sub-acute, skilled, and long-term needs of the residents in and around the Anchorage area.

The Mission of Aspen Creek is to redefine senior living in the Anchorage region: to maximize resident wellness, provide compassionate and quality care, promote healthy lifestyles, and offer an overwhelming sense of community. The vision for the development of this project precisely aligns with this mission and allows Aspen Creek to meet the specific need identified in the Anchorage region to improve access to quality skilled nursing care.

Aspen Creek is already firmly rooted in Alaska; this project aims to greatly amplify service offerings in ways that benefit the community we serve. As needs are identified in other service lines or geographic regions, we stand ready to assist providing quality care to those residents as well. This may include the expansion of service lines and expansion into geographic regions where a need exists.

Alignment with Local, State, and Governmental Plans

This application is aligned with the following local, state, and governmental plans:

- "The Alaska State Plan for Senior Services FFY 2020-2023," State of Alaska Department of Health and Social Services, Alaska Commission on Aging.[7]
- "Healthy Alaskans 2030." https://www.healthyalaskans.org/wp-content/uploads/2021/01/StateHealthImprovementPlan.HealthyAlaskans2030_Final.01.21.2020.pdf

[6] Assisted Living in Anchorage Alaska | Senior Living in Anchorage, AK (aspencreekalaska.com)
[7] The Alaska State Plan for Senior Services FFY 2020-2023

- "Alaska Health Care Strategies Planning Council. Final Report: Summary and Recommendations," 2007.[8]

As an example, the Alaska Commission on Aging has six goals for senior services from 2020 to 2023, as follows: 1) Promote healthy aging and provide access to comprehensive and integrated health care, 2) Ensure seniors are financially secure, 3) Protect vulnerable seniors from abuse, neglect, self-neglect, and exploitation, 4) Ensure seniors have access to quality, affordable, accessible, safe, and appropriate housing, including senior housing, across the continuum of care, 5) Promote opportunities for meaningful aging, intergenerational connectivity, and civic Engagement, and 6) Provide quality and affordable home and community-based long-term support services to provide seniors with the highest quality of life.

Aspen Creek's proposed skilled nursing facility is aligned with these goals and will greatly enhance the service offerings to all Alaskans, not only those in Anchorage.

1. **Promote healthy aging and provide access to comprehensive and integrated health care.** The Mission of Aspen Creek is to redefine senior living in the Anchorage region: to maximize resident wellness, provide compassionate and quality care, promote healthy lifestyles, and offer an overwhelming sense of community. The goal of our leadership team is to create something unique in skilled nursing for Anchorage and Alaska residents.

Upon admission, an interdisciplinary team creates a specialized plan of care for each resident. Various members of the team comprehensively interview the resident and loved ones to understand medical, social, financial, dietary, mental, and/or physical needs. This care plan is developed in conjunction with input from the attending physician, registered nurse, registered dietician, social service professional, activities professional, a comprehensive team of therapists, a business office specialist, and even mental health professionals. In this manner, the interdisciplinary team focuses on whole person care and provides the best possible environment for seniors to age with dignity and in a healthy manner. The leadership team at Aspen Creek takes pride in creating a thriving environment for our residents, not just one where people survive and exist.

2. **Ensure seniors are financially secure.** As part of the development of a comprehensive plan of care, a social worker and business office specialist ensure that the resident has access to financial assistance provided by local, state, and/or federal programs. Oftentimes, seniors are unaware of available programs and require help in applying for available assistance. Aspen Creek is committed to providing this education and assistance to Anchorage and Alaska residents in need. Strict policy and procedure establishment and adherence provide safeguards for the personal property and financial security of Aspen Creek residents. Aspen Creek leaders understand the fiduciary duty owed to its residents.

[8] Fact Categories (alaska.gov)

3. **Protect vulnerable seniors from abuse, neglect, self-neglect, and exploitation**. Aspen Creek is committed to strict policy and procedure establishment and adherence to protect vulnerable seniors from abuse, neglect, self-neglect, and exploitation of any kind. Aspen Creek will employ these policies and procedures to ensure the creation of safeguards for its residents. Aspen Creek leaders understand the duty as mandated reporters to protect residents from abuse, neglect, self-neglect, and exploitation. During the admission process, the resident's mental state and capacity are determined, as well as investigation into powers of attorney and other authoritative legal documents. All responsible parties are consulted as a part of the comprehensive plan of care development. Any suspected abuse or malfeasance will be reported within mandated time frames.

4. **Ensure seniors have access to quality, affordable, accessible, safe, and appropriate housing, including senior housing, across the continuum of care.** The addition of Aspen Creek's skilled nursing beds is a much-needed boost to the skilled nursing offerings in the Anchorage area. With the creation of these additional beds, seniors will have better access to reside in a care setting more appropriate for their needs. The need for this access is shown later in this section.

5. **Promote opportunities for meaningful aging, intergenerational connectivity, and civic engagement.** The Mission of Aspen Creek is to redefine senior living in the Anchorage region: to maximize resident wellness, provide compassionate and quality care, promote healthy lifestyles, and offer an overwhelming sense of community. The goal of our leadership team is to create something unique in skilled nursing for Anchorage and Alaska residents. The vision extends to how Aspen Creek will keep residents engaged and thriving through activities that are personalized and highly-tailored to meet the interests of the resident. A frequent involvement from the community, infusing youth groups into activities and promoting bilateral volunteer opportunities creates intergenerational connections that provide education and experience to the young, and youth and vigor to the experienced.

6. **Provide quality and affordable home and community-based long-term support services to provide seniors with the highest quality of life**. Aspen Creek will definitely provide quality and affordable long-term support services to those residents living in the facility and will look to positively influence the community in other ways. Aspen Creek plans to provide home health and hospice services to compliment provision of care across the healthcare continuum. With the provision of these services, Aspen Creek can care for Alaska residents in the setting most appropriate for their needs. We have formed strong relationships with native groups and plan to foster these relationships moving forward to provide the best support to the most Alaskans possible.

B. DEMONSTRATION OF NEED

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

a. Aspen Creek Nursing and Rehabilitation proposes adding 150 skilled nursing beds, including 38 sub-acute beds, serving Medicare, Medicaid, private insurance, and private pay patients. This will be a new service not previously offered by Aspen Creek. There is a significant need for sub-acute, post-acute, transitional, and long-term skilled nursing facility beds in Anchorage and Alaska. (See Section IV(B)(2)(a), below). Aspen Creek will add 38 sub-acute beds, something not offered by any skilled nursing facility in the state of Alaska.
b. Not applicable.
c. Not applicable.

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

a. This project meets a serious community need of adding skilled nursing beds to the Anchorage community. There is a current estimated deficit of 332 skilled nursing beds in Anchorage, which climbs to 882 by 2030 if no beds are added.[9] The referenced study completed by the Valuation and Information Group showed two methodologies utilized by other states that require certificates of need in estimating skilled nursing bed needs – 1) *bed ratio analysis* and 2) *age and health qualified multiplier*. Details of the study are available in the summary included in Appendix 4. Averaging the two methodologies above shows a deficit of 332 skilled nursing beds in 2021 and 882 needed beds by 2030. This deficit takes into account the 120 skilled nursing beds approved for Maple Springs in 2021. A study referenced by Maple Springs estimated a need of 454 skilled nursing beds by 2021.[10] Subtracting out its approved 120 beds leaves a projected need of 334 beds this year, corroborating the more recent study completed by Valuation and Information Group.

   While Alaska's formula shows a current projected deficit of 22 beds (including the addition of the 120 beds approved for Maple Springs in 2021), the more accurate estimate is a current 332-bed deficit. (Lettieri, T. & LoMonaco, J.P.). The state of Alaska employs a methodology that considers past utilizations to project current and future need. This methodology does not consider past or present skilled nursing bed deficits or unmet demand when estimating current or future need. To emphasize Anchorage's under-utilization using a different method than the *bed ratio* and *age and health qualified multiplier* shown above, we compared skilled nursing bed utilization in Anchorage to 5

[9] Lettieri, T. & LoMonaco, J.P., "2021 Anchorage Area Skilled Nursing Facility Market Analysis Summary," (Valuation & Information Group). Appendix 5.
[10] See Maple Springs Application for 120 SNF beds 2021.

other similarly situated cities: Spokane Washington, Eugene Oregon, Boise Idaho, Lincoln Nebraska, and Honolulu Hawaii. The communities utilized in this analysis were selected based on populations between 200,000 to 400,000 that represent the core of a metropolitan statistical area predominantly surrounded by rural communities. The utilization rates for these communities are as follows:

Beds Per 1,000 Persons Aged 75 or Older				
	SNF Beds 2019	Beds Per 1,000 Aged 75 or Older 2019	Average 2019	Patients Per 1,000 Aged 75 or Older 2019
Spokane, Washington	1,725	113.53	81.9%	93.0
Eugene, Oregon	749	61.95	75.9%	47.0
Boise, Idaho	1,299	83.54	70.4%	58.8
Lincoln, Nebraska	1,408	90.55	86.5%	78.3
Honolulu, Hawaii	1,692	45.01	86.8%	39.1
Average				**63.2**
Anchorage, Alaska	**248**	**20.14**	**94.6%**	**19.1**

The rates of occupied skilled nursing beds per 1,000 persons over age 75 in the comparable cities are 2 to 5 times the rate of Anchorage, ranging from ***39.1*** to ***93.0*** skilled nursing patients per 1,000 persons over age 75, with an average of 63.2. The 2021 rate of patients per 1,000 persons in Anchorage is ***19.3*** and is projected to drop to ***15.5*** by 2030 with no additional beds. (Lettieri, T. & LoMonaco, J.P.) This is an indication that in similarly situated cities, the utilization of nursing home services is significantly greater than in the Anchorage area. This is evidence of a significant lack of skilled nursing beds in Anchorage and Alaska in general, when compared to similarly situated cities, and is further corroboration of the need highlighted above.

Alaska is uniquely situated among states as it has a massive geographic area, with a very low relative population. The population density of Alaska is 1.3 persons per square mile, and the average population density for the United States is 93.8[11]. Anchorage plays an important part in the provision of healthcare in this unique state – it serves as the transportation, communication, and healthcare hub to much of the rural area in Alaska. Proving a bed need in Anchorage becomes even easier when considering the remainder of the state and its healthcare needs, particularly those of the senior population.

Sub-acute services will be offered at Aspen Creek Nursing and Rehabilitation for those residents who don't require long term acute care, but still require ventilator, tracheostomy, and other sub-acute care. Our leadership team has significant experience in acute and sub-acute patient care. We understand the rigor, staffing ratios, specialized equipment, labor, training, and licensure requisite to provide care to these higher acuity patients. The building plans include a 38-bed sub-acute unit with its own entrance that is entirely self-contained in its own wing, accessible via breeze-way corridor to the other units in the skilled nursing facility.

[11] https://www.census.gov/data/tables/time-series/dec/density-data-text.html

Aspen Creek is poised to provide sub-acute services, which currently are not offered by any of the existing or proposed skilled nursing facilities in Alaska. This need is a great one as these patients are the most vulnerable of the population. The addition of these beds would greatly improve the quality and longevity of life and provision of healthcare to this population.

b. This project proposes to add 150 skilled nursing beds to satisfy an increasing demand for skilled nursing services. An additional deficiency of the formula currently used by the State of Alaska is that it fails to consider future demographic growth of relevant population segments. The 75+ age group is expected to grow by 82% over the next decade, translating to a compound annual growth rate of 5.5%[12]. This increase in the 75+ population as a total percentage of population from 3.3% to 4.3% results in significant increased demand for skilled nursing beds. The 75+ population in anchorage is projected to increase from 12,313 in 2021, to 15,397 by 2026 alone. The increase in that vulnerable population results in increase demand for skilled nursing beds. Adding 150 beds, including 38 sub-acute beds, will reduce the gap in need for skilled nursing services.

   a table showing the breakdown of the population growth discussed above is included in the table below:

[12] Lettieri, T. & LoMonaco, J.P., "2021 Anchorage Area Skilled Nursing Facility Market Analysis Summary," (Valuation & Information Group). Appendix 5.

Population Growth					
	2010 Census	2021 Estimate	CAGR	2026 Projection	CAGR
Total Population					
PMA	291,826	286,633	-0.2%	284,587	-0.1%
Alaska	710,231	729,412	0.2%	733,636	0.1%
United States	308,745,538	330,946,040	0.6%	340,574,349	0.6%
65-74 Population					
PMA	13,309	23,246	5.2%	26,823	2.9%
Alaska	35,350	64,116	5.6%	74,707	3.1%
United States	21,713,429	33,408,314	4.0%	39,512,957	3.4%
65-74 Population, as a % of Total Population					
PMA	4.6%	8.1%	N/A	9.4%	N/A
Alaska	5.0%	8.8%	N/A	10.2%	N/A
United States	7.0%	10.1%	N/A	11.6%	N/A
75-84 Population					
PMA	5,868	9,343	4.3%	12,195	5.5%
Alaska	14,877	24,687	4.7%	31,620	5.1%
United States	13,061,122	16,368,076	2.1%	18,402,423	2.4%
75-84 Population, as a % of Total Population					
PMA	2.0%	3.3%	N/A	4.3%	N/A
Alaska	2.1%	3.4%	N/A	4.3%	N/A
United States	4.2%	4.9%	N/A	5.4%	N/A
85+ Population					
PMA	1,962	2,970	3.8%	3,202	1.5%
Alaska	4,711	7,006	3.7%	8,012	2.7%
United States	5,493,433	6,668,294	1.8%	7,129,280	1.3%
85+ Population, as a % of Total Population					
PMA	0.7%	1.0%	N/A	1.1%	N/A
Alaska	0.7%	1.0%	N/A	1.1%	N/A
United States	1.8%	2.0%	N/A	2.1%	N/A
Source: Environics Analytics					
**CAGR - Compounded Annual Growth Rate*					

c. The purpose of this facility will be to provide services to a spectrum of skilled nursing needs namely sub-acute, post-acute, transitional care, and long-term care needs.

This is done in a less institutional environment than the hospital and allows residents greater choice in their plan of care. Rooms will be private and semi-private suites. The facility will focus on sub-acute, post-acute, transitional care and long-term care, with the intention to augment the care they have received at the hospital by continuing a plan of care with these individuals that allows them to return to their highest practicable level of functioning. Residents admitted for sub-acute services currently have little option to receive such services unless Aspen Creek adds sub-acute beds. No other skilled nursing facility planned or in operation have sub-acute beds.

d. Aspen Creek proposes the addition of 38 sub-acute beds within the facility. This is a need of the entire state of Alaska, not just Anchorage. These beds will be for the most medically frail and needy, as described above.

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

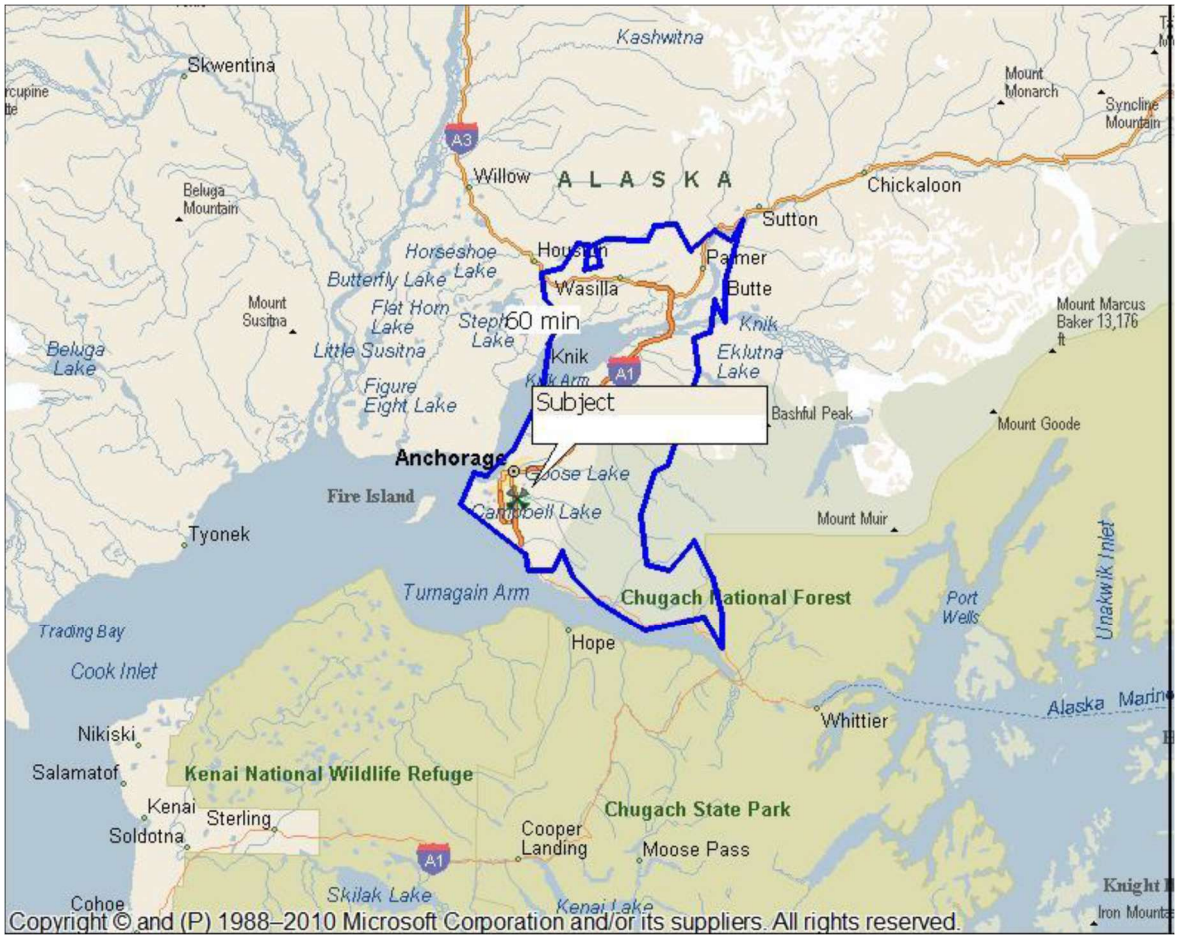
Not applicable – this will be a new building, adding services not previously offered by Aspen Creek in the Anchorage area.

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

a. **Document the service area by means of a patient origin analysis**.

Aspen Creek will be located in the central portion of the city of Anchorage. Anchorage is the most populated city (286,633 residents in 2021) in the state of Alaska and is the healthcare and economic hub for the state.[13] The city's population represents 39.3% of the total population in the state (729,412 residents in 2021), reflecting that the majority of the state is rural and undeveloped. The city of Anchorage is the fourth largest geographic city in the United States at 1,706 square miles. But only 10% of the city is developed/populated and the majority of the city's population density is located in the 100 square mile area positioned in the eastern edge of the city that consists of the area's urban core, referred to as the Anchorage Bowl. A map displaying Aspen Creek's location, a one hour-drive time radius, and Anchorage's proximity to other Alaska communities follows:

[13] https://www.census.gov/data/tables/time-series/dec/density-data-text.html



Discharge data from local hospitals serves as parallel information source, though acute care facilities typically have a larger draw than skilled nursing facilities. Given the rural nature of Alaska and lack of access to available providers, the resident origin data of these providers is a good indication of the area from which Aspen Creek anticipates receiving patients. A table and map displaying the combined resident origin data for these facilities follows:

Hospital Resident Origin Data				
Zip Code	Location	Admissions	% of total	Combined %
99504	Anchorage	1,013	12.7%	12.7%
99508	Anchorage	859	10.8%	23.5%
99501	Anchorage	645	8.1%	31.6%
99507	Anchorage	649	8.1%	39.7%
99577	Anchorage	322	4.0%	43.7%
99502	Anchorage	390	4.9%	48.6%
99503	Anchorage	428	5.4%	54.0%
99517	Anchorage	334	4.2%	58.2%
99515	Anchorage	334	4.2%	62.4%
99516	Anchorage	286	3.6%	**65.9%**
99559	Outer Area	41	0.5%	66.5%
99723	Outer Area	31	0.4%	66.8%
99801	Outer Area	29	0.4%	67.2%
99576	Outer Area	29	0.4%	67.6%
Other		2,587	32.4%	100.0%
Total		7,977	100.0%	

Based on the above data, we estimate the city of Anchorage will represent the area of origin of greater than 80% of all skilled nursing admissions. The majority of these admissions will come from the Anchorage Bowl. The remaining admissions will obviously come from adjacent Alaska counties. Given that Anchorage serves as a main healthcare hub for all of Alaska, the entire city of Anchorage is Aspen Creek's primary market area, and the remaining portion of the state of Alaska is Aspen Creek's secondary market area.

b. **Justify the customary geographical area served by the facility using trade and travel pattern information. Indicate the number and location of individuals using services who live out of the primary service area**.

As stated above, it is estimated that over 80% of Aspen Creek's Skilled nursing patient admissions will come from the bowl area of the city of Anchorage and will likely utilize main ground transportation patterns to arrive at the facility, with the remainder coming from outside the greater anchorage area, including from all regions of the state. Most of the remaining admissions originating from outside Anchorage will be admitted from the 3 main acute care facilities in Anchorage and will have traveled there via typical air and land travel patterns.

c. **Use Alaska Department of Labor and Workforce Development information, including current census data on cities, municipalities, census areas, or census sub-areas, to describe trends, age/sex breakdowns, and other characteristics pertinent to the determination of need**.

The 75+ age group is expected to grow 82%, resulting in an astounding compound annual growth rate of 5.5%, compared to a mostly stagnate total population in Anchorage in the next ten years. This increase in the 75+ population as a total percentage of population from 3.3% to 4.3% results in significant increased demand for skilled nursing beds. The 75+ population in anchorage is projected to increase from 12,313 in 2021, to 15,397 by 2026 alone. The increase in that vulnerable population results in increase demand for skilled nursing beds. Adding 150 beds, including 38 sub-acute beds, will reduce the gap in need for skilled nursing services.

A table showing the breakdown of the population growth discussed above follows:

Population Growth					
	2010 Census	2021 Estimate	CAGR	2026 Projection	CAGR
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85+ Population					
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Alaska	0.7%	1.0%	N/A	1.1%	N/A
United States	1.8%	2.0%	N/A	2.1%	N/A
Source: Environics Analytics					
**CAGR - Compounded Annual Growth Rate*					

d. **The population to be served can be defined according to the unique needs of patients requiring specialized or tertiary care (e.g. heart, cancer, kidney, alcoholism, etc.) or the needs of under-served groups**.

Discharges by Diagnosis			
Anchorage, Alaska			
	Alaska Regional	Providence Alaska	Alaska Native
Total Discharges	2789	4670	1771
Cardiac Related	134	780	222
Orthopedic Related	793	131	159
Pneumonia	34		23
Sepsis	165	466	157
Other	1663	3293	1210
AHD Data[14]			

[14] AHD Data – Appendix 1

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

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

This application is for a new facility with no similar offerings currently available in the area. Please refer to Section IV(A) & (B) for more information on target population and demand analysis for this service. The addition of 38 sub-acute beds should be of particular importance to the State of Alaska as no other skilled nursing facility currently offers these services.

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

This application is for a new facility. With the three other Anchorage area skilled nursing facilities currently running at over 90% occupancy, they are effectively at capacity. There is an unmet need of skilled nursing services for the elderly in Anchorage. Please refer to Section IV(A) & (B) for more information on target population and need estimates for this service. The addition of 38 sub-acute beds should be of particular importance to the State of Alaska as no other skilled nursing facility currently offers these services.

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

The following table shows occupancy rates of existing local facilities:

Occupancy Statistics					
	Occupied	Licensed Beds		Operating Beds	
Provider	Beds	Beds	Occup.	Beds	Occup.
1 Providence Extended Care	91	96	94.8%	96	94.8%
2 Providence Transitional Care	49	50	98.0%	50	98.0%
3 Prestige Care and Rehab Center of Anchorage	98	102	96.1%	102	96.1%
Weighted Average	238	248	96.0%	248	96.0%
Subject	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Total Including Subject	**238**	**248**	**96.0%**	**248**	**96.0%**

The following table shows historic occupancy rates for existing local facilities:

Historical Occupancy Data						
	2017		2018		2019	
	ADC	Occ. %	ADC	Occ. %	ADC	Occ. %
1 Providence Extended Care	94.7	98.7%	95.7	99.7%	95.7	99.7%
2 Providence Transitional Care	43.9	87.8%	46.5	93.1%	47.6	95.1%
3 Prestige Care and Rehab Center of Anchorage	87.8	86.1%	89.0	87.3%	91.4	89.6%
Total / Weighted Average	226.5	91.3%	231.2	93.2%	234.6	94.6%
Subject	**n/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Total / Weighted Average Including Subject	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
*Source: Alaska Medicaid Nursing Home cost report data						

The table below provides projected occupancy rates for 5 years following the opening of Aspen Creek Nursing and Rehabilitation:

PROJECTED UTILIZATION					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Admissions	925	1,010	1,620	1,644	1,680
Discharges	848	1,010	1,620	1,644	1,680
Resident Days	27,916	30,113	47,633	50,005	51,465
Available Beds	54,750	54,750	54,750	54,750	54,750
ALOS	30	30	30	30	30
Occupancy	51%	55%	87%	91%	94%
ADC	76	83	131	137	141
# of Licensed Beds	150	150	150	150	150
# of Beds Set Up	150	150	150	150	150

d. **If the project is an acquisition of a new piece of major equipment or a new service, provide utilization data for similar services, existing equipment, or older technology. Indicate whether similar existing equipment will continue to be used and the project's effect on utilization of similar services. If this service or equipment was not**

in place in the service area, compare the expected utilization with other similar communities in Alaska or in other states.

Not applicable.

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

(1) number of admissions/discharges
(2) number of patient days
(3) average length of stay
(4) percent occupancy
(5) average daily census
(6) number of licensed beds
(7) number of beds set up
(8) number of inpatient and outpatient surgeries and surgery minutes
(9) number of existing surgery suites in the service area
(10) number of procedures
(11) number of treatment rooms
(12) number of patients served
(13) number of outpatient visits
(14) number of laboratory tests
(15) number of x-rays
(16) number of ER visits
(17) number of CT, MRI, PET or PET/CT scanners

PROJECTED UTILIZATION					
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Admissions	925	1,010	1,620	1,644	1,680
Discharges	848	1,010	1,620	1,644	1,680
Resident Days	27,916	30,113	47,633	50,005	51,465
Available Beds	54,750	54,750	54,750	54,750	54,750
ALOS	30	30	30	30	30
Occupancy	51%	55%	87%	91%	94%
ADC	76	83	131	137	141
# of Licensed Beds	150	150	150	150	150
# of Beds Set Up	150	150	150	150	150

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

Not applicable.

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

See section IV(B)(2) above and IV(B)(5)(h) below for additional support. Anecdotal support was also offered by key discharge personnel at local acute and LTAC facilities indicating a need of additional skilled beds in the community.

The approval of these beds would significantly increase the variety and offering of skilled nursing providers in Anchorage. It is optimal to have a number of different options for prospective skilled nursing residents, taking into account their various tastes, personalities, preferences, and diversities.

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

See Appendix 7

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

Estimated need for skilled nursing beds is over 300 beds immediately (see section IV(B)(2) above), with some projections showing the need growing to over 800 beds by 2030. Aspen Creek requests 150 beds currently. With the 120 beds approved for Maple Springs in 2020 but not yet constructed, the state will allow a much-needed augmentation to the skilled nursing offering in Anchorage. Also see section IV(B)(2) above for more detail in selection of the above number of requested beds.

Sub-acute services will be offered at Aspen Creek Nursing and Rehabilitation for those residents who do not require long term acute care, but still require ventilator, tracheostomy, and other sub-acute care. Our leadership team has significant experience in acute and sub-acute patient care. We understand the rigor, staffing ratios, specialized equipment, labor, training, and licensure requisite to provide care to these higher acuity patients.

The building plans include a 38-bed sub-acute unit with its own entrance that is entirely self-contained in its own wing, accessible via breeze-way corridor to the other units in the skilled nursing facility.

Aspen Creek is poised to provide sub-acute services, which currently are not offered by any of the existing or proposed skilled nursing facilities in Anchorage or the state of Alaska. This need is a great one as these patients are the most vulnerable of the

population. The addition of these beds would greatly improve the quality and longevity of life and provision of healthcare to this population.

C. AVAILABILITY OF LESS COSTLY OR MORE EFFECTIVE ALTERNATIVES

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

Option 1: Status Quo: Do not develop a new Skilled Nursing.
This option leaves the senior aged residents of Anchorage with the same problem: limited access to skilled nursing care they desperately require. The problem of a lack of beds in Anchorage does not only affect the elderly in need of the beds – often those patients take acute beds needed by others in the community or the emergency room. This impacts the entire continuum of care, causes throughput problems, impacts hospital admissions and discharges, and puts hospital discharge personnel in a moral dilemma of deciding whether to continue to occupy an acute bed with a SNF patient or perhaps force an unsafe discharge. The status quo is not acceptable.

Option 2: Buy an existing building, build to suit.
Finding an existing structure and remodeling or retrofitting it to meet Life Safety and ADA code would cost more and take more time than new construction. Location would also be limited based on current availability of commercial property. In the end, an overly-expensive building would exist in an unsuited location, that still would not be ideal for the provision of skilled nursing care.

Option 3: Build a New Building.
Property has been identified immediately adjacent to the Aspen Creek Assisted Living Facility. This is an ideal location for provision of services in a continuing care setting. This location is also ideally proximate to hospitals, other healthcare facilities, and ancillary and support services. The location is also right in the middle of the projected catchment and service area, making it an ideal setting for those anticipated to utilize the building.

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

All personnel will be trained in facility policy and procedure, licensures obtained prior to operation, including independent licensures of the skilled staff, and Medicare/Medicaid certification for new construction following grant of the certificate of need from the state of Alaska.

Sub-acute services will be offered at Aspen Creek. Our leadership team has significant experience in acute and sub-acute patient care. These patients require increased staffing

ratios, specialized equipment and training, and additional labor with specialty licensure, including respiratory therapy, to provide care to these higher acuity patients.

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

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

Three skilled nursing facilities currently exist in the city of Anchorage inside Aspen Creek's proposed market area. The state of Alaska recently approved an additional 120 beds for Maple Springs. With the three other Anchorage area skilled nursing facilities currently running well over 90% occupancy, each is effectively at capacity. There is an unmet need of skilled nursing services for the elderly in Anchorage. Please refer to Section IV(A) & (B) for more information on target population and bed-need estimates for this service.

None of the existing or proposed facilities include sub-acute services. Aspen Creek includes a 38-bed sub-acute unit that will provide care for a needy population, including the most medically frail and underserved among all of Alaska's senior population.

2. **Describe the probable effect on other community resources, including any anticipated impact on existing facilities offering the same/similar services or alternatives locally or statewide if applicable. Describe how each proposed new or expanded service will:**

a. **complement existing services**

Aspen Creek will complement current and proposed skilled nursing services in the Anchorage area by providing these services for those members of the population that are currently unserved or underserved. Estimated need for skilled nursing beds is over 300 beds immediately (see section IV(B)(2) above), with some projections showing the need growing to over 800 beds by 2030. Aspen Creek requests 150 beds currently. By approving these beds, the state will allow a much-needed augmentation to the skilled nursing offering in Anchorage.

b. **provide an alternative or unique service**

Sub-acute services will be offered at Aspen Creek Nursing and Rehabilitation for those residents who don't require long term acute care, but still require ventilator and tracheostomy care. Our leadership team has significant experience in acute and sub-acute patient care. We understand the rigor, staffing ratios, specialized equipment, labor, training, and licensure requisite to provide care to these higher acuity patients.

The building plans include a 38-bed sub-acute unit with its own entrance that is entirely self-contained in its own wing, accessible via breeze-way corridor to the other units in the skilled nursing facility.

Aspen Creek is poised to provide sub-acute services, which currently are not offered by any of the existing or proposed skilled nursing facilities in Anchorage or all of Alaska. This need is a great one as these patients are the most vulnerable of the population. The addition of these beds would greatly improve the quality and longevity of life and provision of healthcare to this population.

c. **provide a service for a specific target population**

With the three other Anchorage area skilled nursing facilities currently running well over 90% occupancy, each is effectively at capacity. There is an unmet need of skilled nursing services for the elderly in Anchorage. Please refer to Section IV(A) & (B) for more information on target population and bed-need estimates for this service.

d. **provide needed competition**

The approval of these beds would significantly increase the variety and offering of skilled nursing providers in Anchorage. It is optimal to have several different options for prospective skilled nursing residents, considering their various tastes, personalities, preferences, and diversities. Competition typically drives quality, which would be the case in adding these beds.

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

Aspen Creek Senior Living has created a number of valued relationships and Aspen Creek Nursing and Rehabilitation will seek to add to that. Aspen Creek Senior Living has developed relationships with Sapphire Transportation for transportation service needs and Tudor Dialysis, given its proximate geography, for dialysis services. Aspen Creek works closely with the Anchorage Senior Center and Turnagain Social Club for activities and maintained a close relationship with Polaris K-12 School for inter-generational activities. Aspen Creek Nursing and Rehabilitation has a developing relationship with St. Elias Specialty Hospital, Alaska's only long-term acute care facility. St. Elias has highlighted the need for ongoing sub-acute care in a long-term skilled nursing setting. We will continue to work together with St. Elias on education, training, and development of a robust labor pool of those licensed to care for sub-acute patients. Aspen Creek has had discussions with the Alaska Hospitalist Group, Alaska's largest physician group. We will continue to foster relationships with physicians to benefit the residents that will be a

part of our community. Aspen Creek is committed to action and developing relationships that will increase the knowledge, skills, and abilities of the labor pool in Anchorage: we hope to work with area healthcare entities, local colleges, and high schools to continually increase the quality and quantity of trained, job-ready candidates from amongst Anchorage's existing population.

E. FINANCIAL FEASIBILITY

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

Refer to Section IX for financial statements, including projected profit and loss statements.

The project is forecasted to be moderately profitable allowing the building to reinvest resources back into the operation on an ongoing basis to ensure the highest level of service and future viability of the facility.

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

The owners and operators have already constructed and are operating a successful 120-bed assisted living facility in anchorage. The assisted living project was constructed on-time and within budget and is currently operating at a profit. Similar financing structures and construction management techniques will be used to ensure a successful project.

Short-term financing of 3-5 years will be used for the construction phase of the project. 25% equity will be used to secure the short-term financing.

Upon completion of the construction phase, long term HUD financing will be used over the next 40 years. Equity requirements will be met with the 25% equity used in the short-term phase of the project.

Working capital needs will be met through investor equity in Aspen Creek Management, LLC.

In addition to using investor equity for working capital needs, an accounts receivable line of credit will be utilized to ensure back up working capital to meet the ongoing needs of the facility until billing is in place and reimbursement revenue is received.

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

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

Refer to Section IX for financial statements, including projected profit and loss statements. Medicaid expenditure estimates are included in schedules III and VI.

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

The annual increase to Medicaid is estimated to be $11,613,264 (net contractual adjustments) the first-year, accounting for an increase of 22,333 Medicaid patient days. Medicaid will represent approximately 80% of average daily census projections for Aspen Creek first year. Medicare will represent 10% of average daily census first year.

Aspen Creek projects a loss the first year. Investor Equity will be used to offset losses in year one and onward, if needed. The project is estimated to turn profitable in year two and moving forward. Cash needs will continue to be supported from investor equity and the accounts receivable line of credit as a backup alternative.

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

Aspen Creek projects a loss the first year. Investor equity will be used to offset losses in year one and onward, if needed. The project is estimated to turn profitable in year two and moving forward. Cash needs will continue to be supported from investor equity and the accounts receivable line of credit as a backup alternative.

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

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

Aspen Creek provides services to and employs people regardless of their race, color, creed, gender or national origin. In cases where residents require special accommodations, we make every accommodation possible to ensure equitable and quality outcomes. When language barriers arise, we rely first on our staff and family for translation services but offer state-of-the-art translation services as well.

Upon admission, an interdisciplinary team creates a specialized plan of care for each resident. Various members of the team comprehensively interview the resident and loved ones to understand language, medical, social, financial, dietary, mental, and/or physical needs. This care plan is developed in conjunction with input from the attending physician, registered nurse, registered dietician, social service professional, activities professional, a comprehensive team of therapists, a business office specialist, and even

mental health professionals. In this manner, the interdisciplinary team focuses on whole person care and provides the best possible environment for seniors to age with dignity and in a healthy manner, while taking into account their personal preferences, including any language needs. The leadership team at Aspen Creek takes pride in creating a thriving environment for our residents, not just one where people survive and exist.

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

This is an application for new construction, so no previous data is available. Please refer to *Schedule I* of this application for a breakdown of revenue deductions, contractual allowances and charity care.

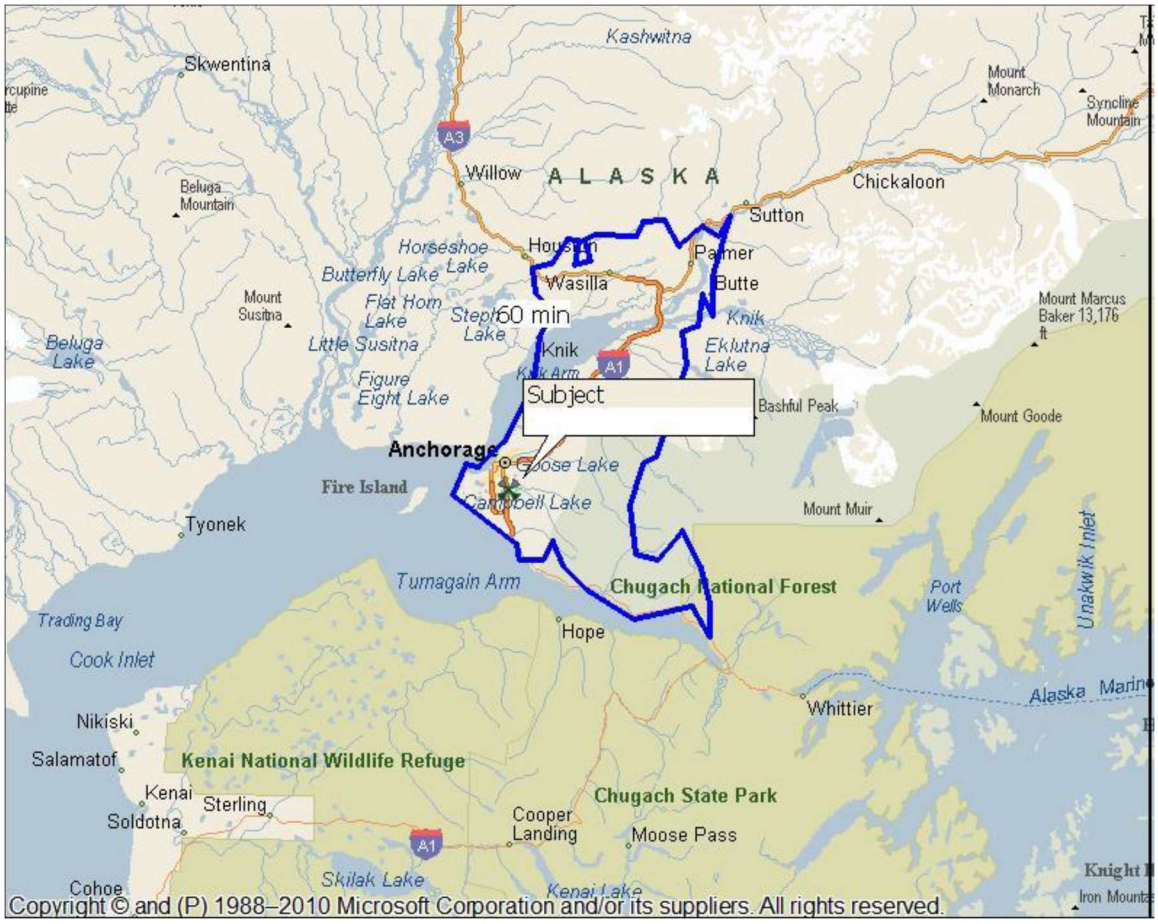
3. **Address the following access issues:**

a. **transportation and travel time to the facility;**

Aspen Creek Nursing and Rehabilitation will be located at 5915 Petersburg Street in Anchorage. This location is ideal for access to the greater Anchorage area, situated immediately adjacent to highway 1 and Aspen Creek Assisted Living. It is estimated that over 80% of all resident admissions will be within 30 minutes automobile travel time from the facility, making it easy for family and friends to visit loved ones.

The facility will be 11 minutes from the Ted Stevens Anchorage International Airport, 6 minutes from Alaska Native Medical Center, 8 minutes from Providence Alaska Medical Center, and 9 minutes from Alaska Regional Hospital.

Aspen Creek Nursing and Rehabilitation will have a bus with an employed driver, who will be able to take residents on outings, for groceries, and to medical and other appointments as necessary, should other contracted transport not be able.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Chugach National Forest
Port Wells
Trading Bay
Hope
Cook Inlet
Alaska Marine
Whittier
Nikiski
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Sterling
Soldotna
Chugach State Park
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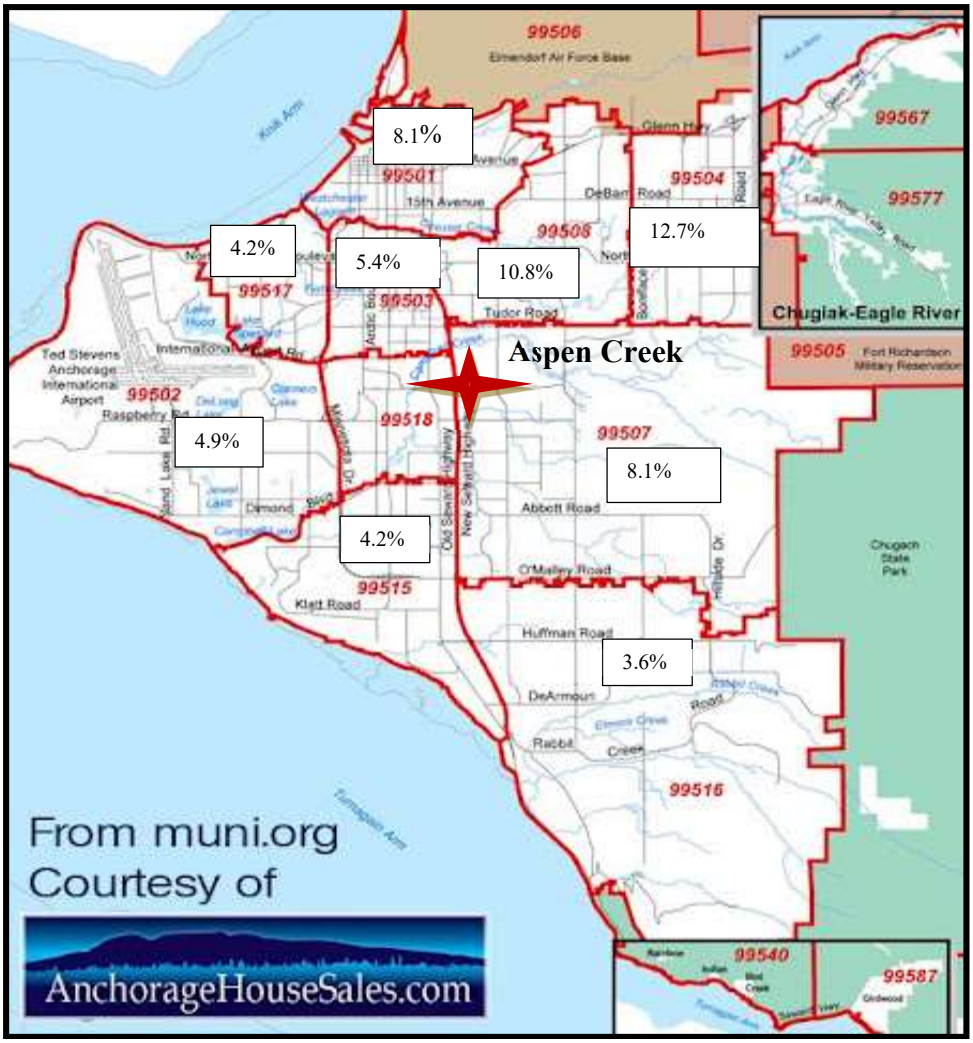


b. **special architectural provisions for the aged and persons with a disability;**

Aspen Creek is a full-time skilled nursing facility, specifically designed to service individuals with disabilities 24 hours a day. It will be built in accordance with applicable Life Safety Code standards and in compliance with "Federal Register Non-discrimination on the Basis of Disability by Public Accommodations and Commercial Facilities" as well as the "Americans with Disabilities Act". Alaska State Department of Health & Social Services will oversee and license the facility upon completion.

Aspen Creek proposes a 38-bed sub-acute unit, the only of its kind in the entire state of Alaska. This unit will be constructed with the needs of the sub-acute population in mind, including in-wall suction and oxygen and specialized equipment for maintaining patients with ventilators and tracheostomies.

c. **hours of operation; and**

Aspen Creek will be operable 24 hours per day, 365 days per year, including holidays.

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

Aspen Creek does not unlawfully discriminate against people on the basis of race, color, national origin, religion, sex (including pregnancy), age, sexual orientation (including gender identity and expression), marital status, disability, veteran status, or any other basis prohibited by federal, state, or local law.

Aspen Creek prohibits retaliation against any person because he or she opposed to or complained about discrimination in good faith, assisted in good faith in the investigation of a discrimination complaint, or participated in a discrimination charge or other proceeding under federal, state, or local antidiscrimination law.

The facility will be equipped with ADA compliant equipment as well as trained nursing personnel to assist with special needs of individuals with disabilities. Specialized care plans will be used to identify needs of residents and accommodations that will be implemented to ensure residents are able to function at their highest practicable level.

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

Please discuss the following in narrative form:

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

Aspen Creek will seek a new license from CMS and all 150 beds will be dually certified for Medicare/Medicaid residents.

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

Aspen Creek implements and maintains an ongoing Quality Assurance and Performance Improvement (QAPI) Program[15] that is a comprehensive and proactive approach to continually improve the way we care for and engage residents, caregivers, and other partners, so that we may more fully realize our vision of enriching the human experience for our community.

The program is designed to monitor and evaluate the quality of resident care, pursue methods to improve quality care, and resolve identified problems. This cyclical process is iterative by nature to continuously discover new ways of improving with every iteration of improvement.

The QAPI program is a data-driven, proactive approach to improving the quality of life, care, and services in the facility. The activities of QAPI involve a multi-disciplinary team, with members selected from all levels of the organization to: identify opportunities for improvement; address gaps in systems and processes; develop and implement an improvement or corrective plan; and continuously monitor effectiveness of interventions.

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

Aspen Creek utilizes an acuity-based staffing model to determine the appropriate nurse staff ratios on a day-to-day basis. Patient fluctuations happen frequently in Skilled Nursing Facilities with both the quantity of residents being served as well as the acute medical needs of the individual. We find it more effective to base staffing patterns off this model rather than a fixed ratio. *Appendix 6* includes a staffing matrix based on

[15] Appendix 8: "QAPI Policy and Procedure"

census but internal policies and procedures allow managers to adjust as needed based on acuity needs of current resident/patient needs.

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

Aspen Creek will utilize programs aimed at sub-acute, post-acute, transitional, and long-term care. Each program will be customized to meet the patient's individualized and specific need. Post-acute and transitional care will be geared toward rehabilitating the patient in 30-100 days and returning them to their prior level of functioning. In these cases, residents will be discharged home with home health or to a lower level of care such as an assisted living facility, pioneer home or independent living facility.

Aspen Creek Nursing and Rehabilitation will operate in a continuing care community, being adjacent to Aspen Creek Assisted Living. This setting provides optimal results for allowing residents to age with dignity and respect with as little change as possible while physical and/or mental states change through the aging process. The resident will be able to remain on-site with familiar names and faces, easing the burdens of already difficult circumstances.

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

Aspen Creek prides itself on staying abreast of the most recent advances in technology as it relates to patient care. We've implemented Electronic Health Records, Electronic Medication Administration Records, Point of Care Software and highly advanced nurse call light systems.

<u>Electronic Health Records (EHR)</u>
Aspen Creek will be utilizing Point Click Care for its Electronic Health Record. Care Plans, Progress Notes, Physician Orders, and all other aspects of patient care will be carefully monitored using this system. Redundancies in the system will ensure uptime and render paper charts unnecessary while maximizing efficiency for nursing staff.

<u>Electronic Medication Administration Record (eMAR)</u>
EMAR's have been shown to greatly enhance communication between the facility and the pharmacy while reducing unnecessary medication errors and ensuring maximum efficiency.

<u>Point of Care Software</u>
Certified Nursing Assistants and licensed staff can carefully track patient information throughout their shift with kiosks located close to where patient care happens. This allows CNA's to carefully document vitals, change in conditions, and other events quickly after delivering care, thus ensuring maximum efficiency and accuracy in the patient record.

Nurse Call System

Aspen Creek will be using a nurse call system that meets Federal and State regulations but also increases efficiency by notifying staff over radio's when a patient requires assistance. This eliminates noisy overhead paging and increases response time. In addition to these features, the system will be able to track response times per patient room for quality assurance purposes.

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

Computers on Nurse Med Carts: Each nurse medication cart will come equipped with a laptop computer used to chart resident activities and administer medication. Computers on the medication cart provides ultimate efficiency in proximity of electronic charting to location where the care occurs.

Patient Lifts and Other Transfer Equipment: Lifts and transfer devices will be available in each hall to ensure the safe transfer of residents. Location of lift and transfer devices near where the patient care occurs provides a higher probability of utilization. Utilization of lift and transfer equipment saves time and reduces injuries to residents and staff members.

Vital Sign Machines: Vital Sign Machines will be placed in each hallway. Machines will be capable of monitoring blood pressure, oximetry, and other vital statistics needed to ensure proper patient care. These machines will be wirelessly connected to the medical record to reduce charting time and documentation errors.

Patient Room Design: Each patient room is carefully designed with a private bathroom. This allows staff to bath residents with the utmost discretion while simultaneously improving efficiency by reducing the need for staff to wheel the patient to a remote shower location.

Oxygen/Suction: Piped in medical gasses and suction will be available throughout the facility. This will allow residents requiring high levels of oxygen to quickly and easily do so without the noise or additional space required by large concentrators and other equipment. Connections are done at bedside eliminating staff time searching for equipment and connections in various parts of the facility.

Kiosk Computers: Kiosk computers will be available to CNA staff at strategic locations designed to maximize efficiency of patient charting. CNA's will not be required to go to the nearest nurse's station to chart but are free to chart immediately after care by accessing a kiosk near them.

Proprietary Calendaring Software: Aspen Creek utilizes a proprietary calendaring software designed to integrate all aspects of patient care in one location. Care plan conferences, doctor appointments, and other scheduling requirements of residents can be

coordinated in one location. Efficiency is increased as multiple people access and collaborate on patient care needs.

Other Proprietary Software Solutions: Aspen Creek has developed other specialized software tools designed to increase collaboration and efficiency with key caregivers.

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

The facility implements and maintains an ongoing Quality Assurance and Performance Improvement (QAPI) Program that is a comprehensive and proactive approach to continually improve the way we care for and engage with our residents, caregivers, and other partners so that we may more fully realize our vision of enriching the human experience for our community.

The program is designed to monitor and evaluate the quality of resident care, pursue methods to improve quality care, and resolve identified problems.

The QAPI program is a data-driven, proactive approach to improving the quality of life, care and services in the facility. The activities of QAPI involve members at all levels of the organization to: identify opportunities for improvement; address gaps in systems or processes; develop and implement an improvement or corrective plan; and continuously monitor effectiveness of interventions.

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

See Appendix 9.

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

The administrator will be licensed by the State of Alaska, and the director of nurses will be a Registered Nurse with requisite skills, knowledge, and ability to run a skilled nursing facility. The remainder of the leadership team will make up the interdisciplinary team that will lead the facility in every endeavor. These positions include a competent medical director, registered dietician, social services professional, activities professional, head of therapy, head of laundry, housekeeping, and maintenance, business office specialist, minimum data set coordinator, infection preventionist, and director of staff development. Please see Appendix 10 for complete list of job descriptions for each of these positions.

The floor plan and design of Aspen Creek lends itself to appropriate staff-to-patient ratios aimed at maintaining quality and efficient provision of care. Each wing contains a

centralized nurse's station with care pods on either side. Nursing ratios will be acuity based but will generally be 1:15 for licensed staff and 1:7 for certified nurse assistants. This staffing model would equate to above 5.0 nursing hours per patient day (PPD), which is well above recommended minimum standards and national skilled nursing staffing ratios.

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

Aspen Creek's design focuses on an optimum efficiency standard. Nurse's stations will be centered between suites of 14-18 residents. This allows us to maintain a 1:14 nurse ratio (in many cases it will be lower based on acuity needs of residents) and a 1:7 ratio of C.N.A.'s to residents. While there is no minimum staffing requirement in the state of Alaska, the sample-staffing pattern listed above would equate to above a 5.0 PPD and in some cases much higher.

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

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

The general review standards and skilled nursing-specific review standards as set out in AS 18.07.043, and the requirements of 7 AAC 07:

A. GENERAL REVIEW STANDARDS:

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

This project meets a serious community need of adding skilled nursing beds to the Anchorage community. There is a current estimated deficit of 332 skilled nursing beds in Anchorage, which climbs to 882 by 2030 if no beds are added.[16] The referenced study completed by the Valuation and Information Group showed two methodologies utilized by other states that require certificates of need in estimating skilled nursing bed needs – 1) *bed ratio analysis* and 2) *age and health qualified multiplier*. Details of the study are available in the summary included in Appendix 4. Averaging the two methodologies above shows a deficit of 332 skilled nursing beds in 2021 and 882 needed beds by 2030. This deficit takes into account the 120 skilled nursing beds approved for Maple Springs in 2021. A study referenced by Maple Springs estimated a need of 454 skilled nursing beds by 2021. Subtracting out its approved 120 beds leaves a projected need of 334 beds this year, corroborating the more recent study completed by Valuation and Information Group.

While the state's formula shows a current projected deficit of 22 beds (including the addition of the 120 beds approved for Maple Springs in 2021), the more accurate estimate is a current 332-bed deficit. The state of Alaska employs a methodology that considers past utilizations to project current and future need. This methodology doesn't consider past or present skilled nursing bed deficits or unmet demand when estimating current or future need. To emphasize Anchorage's under-utilization using a different method than the two above, we compared skilled nursing bed utilization in Anchorage to 5 other similarly situated cities: Spokane Washington, Eugene Oregon, Boise Idaho, Lincoln Nebraska, and Honolulu Hawaii. The communities utilized in this analysis were selected based on populations between 200,000 to 400,000 that represent the core of a

[16] Lettieri, T. & LoMonaco, J.P., "2021 Anchorage Area Skilled Nursing Facility Market Analysis Summary," (Valuation & Information Group). Appendix 4.

metropolitan statistical area predominantly surrounded by rural communities. The utilization rates for these communities are as follows:

Beds Per 1,000 Persons Aged 75 or Older				
	SNF Beds 2019	Beds Per 1,000 Aged 75 or Older 2019	Average 2019	Patients Per 1,000 Aged 75 or Older 2019
Spokane, Washington	1,725	113.53	81.9%	93.0
Eugene, Oregon	749	61.95	75.9%	47.0
Boise, Idaho	1,299	83.54	70.4%	58.8
Lincoln, Nebraska	1,408	90.55	86.5%	78.3
Honolulu, Hawaii	1,692	45.01	86.8%	39.1
Average				**63.2**
Anchorage, Alaska	**248**	**20.14**	**94.6%**	**19.1**

The rates of occupied skilled nursing beds per 1,000 persons over age 75 in the comparable cities are 2 to 5 times the rate of Anchorage, ranging from ***39.1*** to ***93.0*** skilled nursing patients per 1,000 persons over age 75, with an average of 63.2. The 2021 rate of patients per 1,000 persons in Anchorage is ***19.3*** and is projected to drop to ***15.5*** by 2030 with no additional beds. This is an indication that in similarly situated cities, the utilization of nursing home services is significantly greater than in the Anchorage area. This is evidence of a significant lack of skilled nursing beds in Anchorage and Alaska in general, when compared to similarly situated cities, and is further corroboration of the need highlighted above.

Alaska is uniquely situated among states as it has a massive geographic area, with a very low relative population. The population density of Alaska is 1.3 persons per square mile, and the average population density for the United States is 93.8[17]. Anchorage plays an important part in the provision of healthcare in this unique state – it serves as the transportation and communication hub to much of the rural area in Alaska. Proving a bed need in Anchorage becomes even easier when considering the remainder of the state and its healthcare needs, particularly those of the senior population.

Sub-acute services will be offered at Aspen Creek Nursing and Rehabilitation for those residents who don't require long term acute care, but still require ventilator, tracheostomy, and other sub-acute care. Our leadership team has significant experience in acute and sub-acute patient care. We understand the rigor, staffing ratios, specialized equipment, labor, training, and licensure requisite to provide care to these higher acuity patients. The building plans include a 38-bed sub-acute unit with its own entrance that is entirely self-contained in its own wing, accessible via breeze-way corridor to the other units in the skilled nursing facility.

Aspen Creek is poised to provide sub-acute services, which currently are not offered by any of the existing or proposed skilled nursing facilities in Alaska. This need is a great one as these patients are the most vulnerable of the population. The addition of these

[17] https://www.census.gov/data/tables/time-series/dec/density-data-text.html

beds would greatly improve the quality and longevity of life and provision of healthcare to this population.

This project proposes to add 150 skilled nursing beds to satisfy an increasing demand for skilled nursing services. An additional deficiency of the formula currently used by the State of Alaska is that it fails to consider future demographic growth of relevant population segments. The 75+ age group is expected to grow by 82% over the next decade, translating to a compound annual growth rate of 5.5%[18]. This increase in the 75+ population as a total percentage of population from 3.3% to 4.3% results in significant increased demand for skilled nursing beds. The 75+ population in anchorage is projected to increase from 12,313 in 2021, to 15,397 by 2026 alone. The increase in that vulnerable population results in increase demand for skilled nursing beds. Adding 150 beds, including 38 sub-acute beds, will reduce the gap in need for skilled nursing services.

A table showing the breakdown of the population growth discussed above is included in the table below:

[18] Lettieri, T. & LoMonaco, J.P., "2021 Anchorage Area Skilled Nursing Facility Market Analysis Summary," (Valuation & Information Group). Appendix 4.

Population Growth					
	2010 Census	2021 Estimate	CAGR	2026 Projection	CAGR
Total Population					
PMA	291,826	286,633	-0.2%	284,587	-0.1%
Alaska	710,231	729,412	0.2%	733,636	0.1%
United States	308,745,538	330,946,040	0.6%	340,574,349	0.6%
65-74 Population					
PMA	13,309	23,246	5.2%	26,823	2.9%
Alaska	35,350	64,116	5.6%	74,707	3.1%
United States	21,713,429	33,408,314	4.0%	39,512,957	3.4%
65-74 Population, as a % of Total Population					
PMA	4.6%	8.1%	N/A	9.4%	N/A
Alaska	5.0%	8.8%	N/A	10.2%	N/A
United States	7.0%	10.1%	N/A	11.6%	N/A
75-84 Population					
PMA	5,868	9,343	4.3%	12,195	5.5%
Alaska	14,877	24,687	4.7%	31,620	5.1%
United States	13,061,122	16,368,076	2.1%	18,402,423	2.4%
75-84 Population, as a % of Total Population					
PMA	2.0%	3.3%	N/A	4.3%	N/A
Alaska	2.1%	3.4%	N/A	4.3%	N/A
United States	4.2%	4.9%	N/A	5.4%	N/A
85+ Population					
PMA	1,962	2,970	3.8%	3,202	1.5%
Alaska	4,711	7,006	3.7%	8,012	2.7%
United States	5,493,433	6,668,294	1.8%	7,129,280	1.3%
85+ Population, as a % of Total Population					
PMA	0.7%	1.0%	N/A	1.1%	N/A
Alaska	0.7%	1.0%	N/A	1.1%	N/A
United States	1.8%	2.0%	N/A	2.1%	N/A
Source: Environics Analytics					
**CAGR - Compounded Annual Growth Rate*					

The purpose of this facility will be to provide services to a spectrum of skilled nursing needs namely sub-acute, post-acute, transitional care, and long-term care needs.

This is done in a less institutional environment than the hospital and allows residents greater choice in their plan of care. Rooms will be private and semi-private suites. The facility will focus on sub-acute, post-acute, transitional care and long-term care, with the intention to augment the care they have received at the hospital by continuing a plan of care with these individuals that allows them to return to their highest practicable level of functioning. Residents admitted for sub-acute services currently have little option to receive such services unless Aspen Creek adds sub-acute beds. These patients Residents admitted for post-acute or transitional care services are expected to be at the facility for shorter periods, usually 14-100 days.

Aspen Creek proposes the addition of 38 sub-acute beds within the facility. This is a need of the entire state of Alaska, not just Anchorage. These beds will be for the most medically frail and needy, as described above.

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

Alignment with Local, State, and Governmental Plans

This application is aligned with the following local, state, and governmental plans:

- "The Alaska State Plan for Senior Services FFY 2020-2023," State of Alaska Department of Health and Social Services, Alaska Commission on Aging.
- "Healthy Alaskans 2030," https://www.healthyalaskans.org/wp-content/uploads/2021/01/StateHealthImprovementPlan.HealthyAlaskans2030_Final.01.21.2020.pdf
- "Alaska Health Care Strategies Planning Council. Final Report: Summary and Recommendations," 2007.

As an example, the Alaska Commission on Aging has six goals for senior services from 2020 to 2023, as follows: 1) Promote healthy aging and provide access to comprehensive and integrated health care, 2) Ensure seniors are financially secure, 3) Protect vulnerable seniors from abuse, neglect, self-neglect, and exploitation, 4) Ensure seniors have access to quality, affordable, accessible, safe, and appropriate housing, including senior housing, across the continuum of care, 5) Promote opportunities for meaningful aging, intergenerational connectivity, and civic Engagement, and 6) Provide quality and affordable home and community-based long-term support services to provide seniors with the highest quality of life.

Aspen Creek's proposed skilled nursing facility is aligned with these goals and will greatly enhance the service offerings to all Alaskans, not only those in Anchorage.

1. **Promote healthy aging and provide access to comprehensive and integrated health care.** The Mission of Aspen Creek is to redefine senior living in the Anchorage region: to maximize resident wellness, provide compassionate and quality care, promote healthy lifestyles, and offer an overwhelming sense of community. The goal of our leadership team is to create something unique in skilled nursing for Anchorage and Alaska residents.

   Upon admission, an interdisciplinary team creates a specialized plan of care for each resident. Various members of the team comprehensively interview the resident and loved ones to understand medical, social, financial, dietary, mental, and/or physical needs. This care plan is developed in conjunction with input from the attending physician, registered nurse, registered dietician, social service professional, activities professional, a comprehensive team of therapists, a business office specialist, and even mental health professionals. In this manner, the interdisciplinary team focuses on whole person care

and provides the best possible environment for seniors to age with dignity and in a healthy manner. The leadership team at Aspen Creek takes pride in creating a thriving environment for our residents, not just one where people survive and exist.

2. **Ensure seniors are financially secure.** As part of the development of a comprehensive plan of care, a social worker and business office specialist ensure that the resident has access to financial assistance provided by local, state, and/or federal programs. Oftentimes, seniors are unaware of available programs and require help in applying for available assistance. Aspen Creek is committed to providing this education and assistance to Anchorage and Alaska residents in need. Strict policy and procedure establishment and adherence provide safeguards for the personal property and financial security of Aspen Creek residents. Aspen Creek leaders understand the fiduciary duty owed to its residents.

3. **Protect vulnerable seniors from abuse, neglect, self-neglect, and exploitation**. Aspen Creek is committed to strict policy and procedure establishment and adherence to protect vulnerable seniors from abuse, neglect, self-neglect, and exploitation of any kind. Aspen Creek will employ these policies and procedures to ensure the creation of safeguards for its residents. Aspen Creek leaders understand the duty as mandated reporters to protect residents from abuse, neglect, self-neglect, and exploitation. During the admission process, the resident's mental state and capacity are determined, as well as investigation into powers of attorney and other authoritative legal documents. All responsible parties are consulted as a part of the comprehensive plan of care development. Any suspected abuse or malfeasance will be reported within mandated time frames.

4. **Ensure seniors have access to quality, affordable, accessible, safe, and appropriate housing, including senior housing, across the continuum of care.** The addition of Aspen Creek's skilled nursing beds is a much-needed boost to the skilled nursing offerings in the Anchorage area. With the creation of these additional beds, seniors will have better access to reside in a care setting more appropriate for their needs. The addition of sub-acute beds to the state of Alaska will be a major step in augmenting provision of care across the continuum as no facility in the state currently offers sub-acute beds. Anchorage and Alaska's residents currently requiring long-term sub-acute care are either not receiving the care to major detriment to their health, or they are getting transferred out of area to the lower 48 states.

5. **Promote opportunities for meaningful aging, intergenerational connectivity, and civic engagement.** The Mission of Aspen Creek is to redefine senior living in the Anchorage region: to maximize resident wellness, provide compassionate and quality care, promote healthy lifestyles, and offer an overwhelming sense of community. The goal of our leadership team is to create something unique in skilled nursing for Anchorage and Alaska residents. The vision extends to how Aspen Creek will keep residents engaged and thriving through activities that are personalized and highly-tailored to meet the interests of the resident. A frequent involvement from the community, infusing youth groups into activities and promoting bilateral volunteer opportunities

creates intergenerational connections that provide education and experience to the young, and youth and vigor to the experienced.

6. **Provide quality and affordable home and community-based long-term support services to provide seniors with the highest quality of life**. Aspen Creek will definitely provide quality and affordable long-term support services to those residents living in the facility and will look to positively influence the community in other ways. Aspen Creek plans to provide home health and hospice services to compliment provision of care across the healthcare continuum. With the provision of these services, Aspen Creek can provide care to Alaska residents in the care setting most appropriate for their needs. We have formed strong relationships with native groups and plan to foster these relationships moving forward to provide the best support, to the most Alaskans possible.

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

Members of Aspen Creek's leadership and outreach team have met with major hospitals, St. Elias Specialty Hospital, Alaska's sole long-term acute care facility, physicians, and local business and political stakeholders, in addition to members of the general population and potential future residents of Aspen Creek Nursing and Rehabilitation. The support has been overwhelmingly in favor of the addition of skilled nursing beds to Anchorage, highlighting the important need these beds will meet. Members of the Aspen Creek leadership team have been in contact with the department of Health and Social Services to verify alignment with state and local healthcare initiatives, including Alaska's State Plan for Senior Services years 2020-2023 and the Alaska Commission on Aging.

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

Given the estimated deficiency of skilled nursing beds, there is no alternative to adding beds to the Anchorage market. The deficiency may be somehow reduced by adding parallel and ancillary services like home health and hospice, but given the significant estimated deficiency, no alternative exists to adding beds to the Anchorage market. Please see section IV(C)(1) for further discussion on alternatives.

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

The addition of these beds will free up needed beds "upstream" from nursing homes in area hospitals. When hospitals cannot discharge a patient to an appropriate care setting, that patient unnecessarily occupies the bed while case management and discharge planners seek placement, or the patient improves in the acute setting and can then discharge to a lower level of care. This is an inefficient use of the acute care bed, removing it from availability of others who have an acute need, and providing care for

the patient in a higher-acuity setting than necessary. No one benefits in the above setting: least of all the patient awaiting acute care in an appropriate setting. Oftentimes, patients admitted to the acute setting from the E.R. or other locations, have to wait in the E.R. while acute beds become available. This results in longer E.R. wait times. Any restriction in the healthcare continuum causes delays "upstream." Anchorage is currently experiencing upstream delays because of a lack of skilled nursing beds.

Aspen Creek will complement current and proposed skilled nursing services in the Anchorage area by providing these services for those members of the population that are currently unserved or underserved. Estimated need for skilled nursing beds is over 300 beds immediately (see section IV(B)(2) above), with some projections showing the need growing to over 800 beds by 2030. Aspen Creek requests 150 beds currently. By approving these beds, the state will allow a much-needed augmentation to the skilled nursing offering in Anchorage.

Sub-acute services will be offered at Aspen Creek Nursing and Rehabilitation for those residents who don't require long-term acute care, but still require ventilator and tracheostomy care. The building plans include a 38-bed sub-acute unit with its own entrance that is entirely self-contained in its own wing, accessible via breeze-way corridor to the other units in the skilled nursing facility. Our leadership team has significant experience in acute and sub-acute patient care. We understand the rigor, staffing ratios, specialized equipment, labor, training, and licensure requisite to provide care to these higher acuity patients.

Aspen Creek is poised to provide sub-acute services, which currently are not offered by any of the existing or proposed skilled nursing facilities in Anchorage or all of Alaska. This need is a great one as these patients are the most vulnerable of the population. The addition of these beds would greatly improve the quality and longevity of life and provision of healthcare to this population.

With the three other Anchorage area skilled nursing facilities currently running well over 90% occupancy, each is effectively at capacity. There is an unmet need of skilled nursing services for the elderly in Anchorage. Please refer to Section IV(A) & (B) for more information on target population and bed-need estimates for this service.

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

This application is for new services not previously provided by Aspen Creek, so no services or facilities will be relocated.

Aspen Creek Nursing and Rehabilitation will be located at 5915 Petersburg Street in Anchorage. This location is ideal for access to the greater Anchorage area, situated immediately adjacent to highway 1 and Aspen Creek Senior Living. It is estimated that

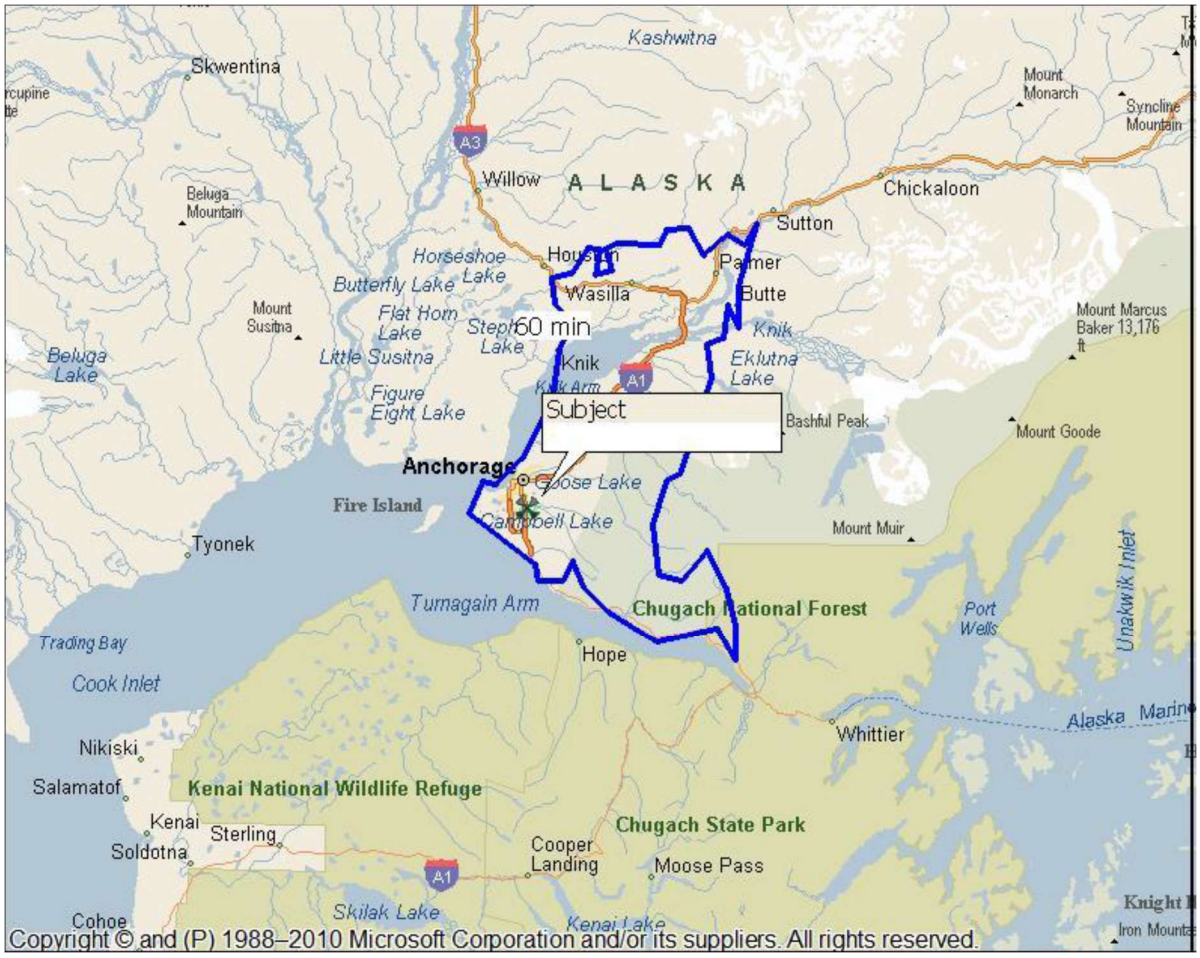
over 80% of all resident admissions will be within 30 minutes automobile travel time from the facility, making it easy for family and friends to visit loved ones.

The facility will be 11 minutes from the Ted Stevens Anchorage International Airport, 6 minutes from Alaska Native Medical Center, 8 minutes from Providence Alaska Medical Center, and 9 minutes from Alaska Regional Hospital.

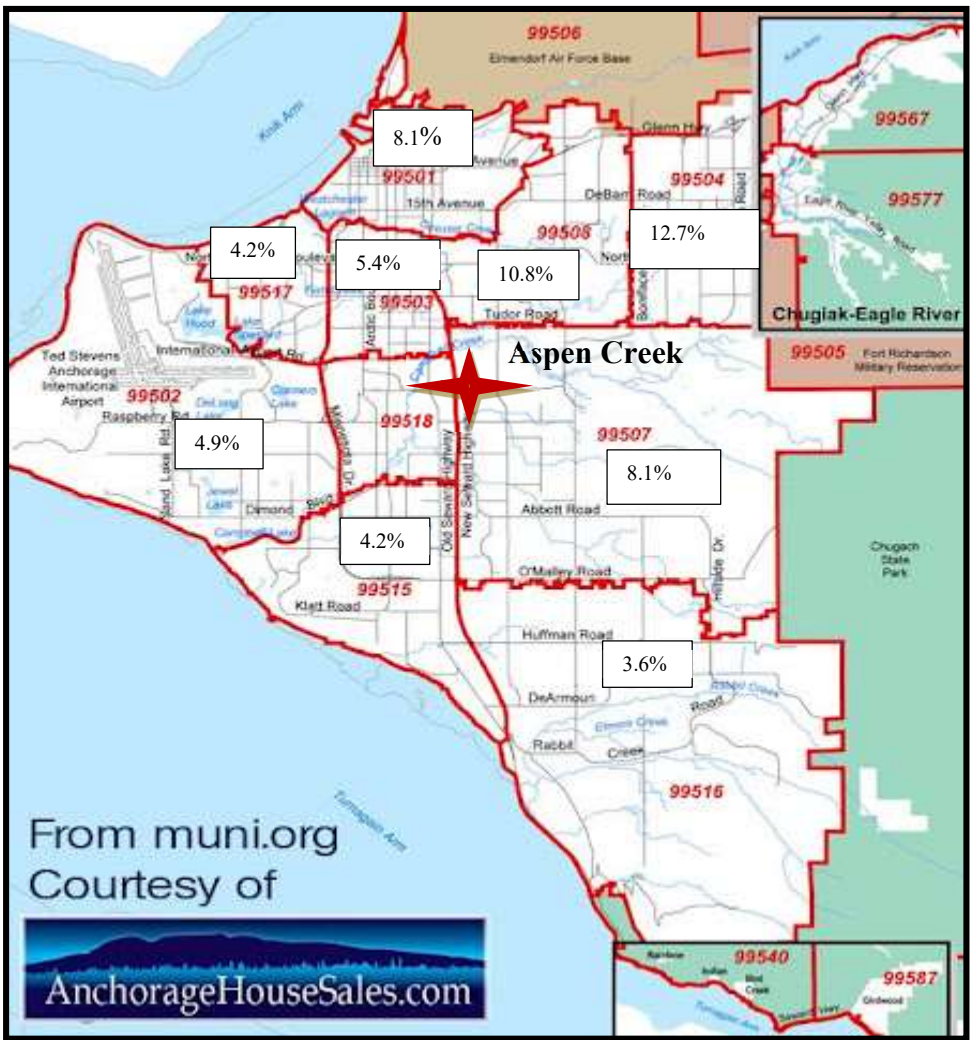
Aspen Creek Nursing and Rehabilitation will have a bus with an employed driver, who will be able to take residents on outings, for groceries, and to medical and other appointments as necessary, should other contracted transport not be able. This service could also be available to those members of the community needing to access Aspen Creek's services.

More detailed information is available highlighting Aspen Creek's location and those it will serve:

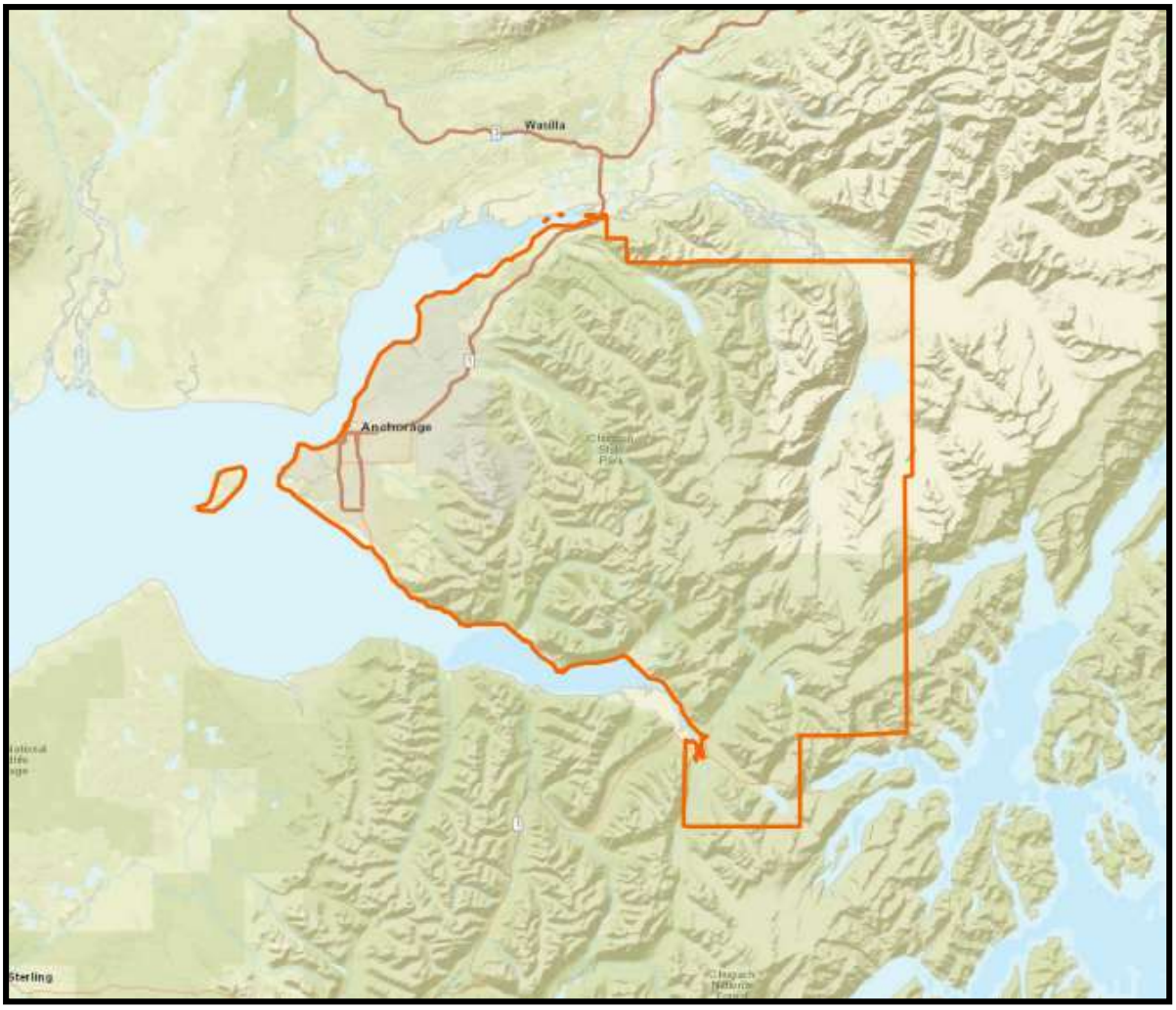
Aspen Creek will be located in the central portion of the city of Anchorage. Anchorage is the most populated city (286,633 residents in 2021) in the state of Alaska and is the healthcare and economic hub for the state. The city's population represents 39.3% of the total population in the state (729,412 residents in 2021), reflecting that the majority of the state is rural and undeveloped. The city of Anchorage is the fourth largest geographic city in the United States at 1,706 square miles. But only 10% of the city is developed/populated and the majority of the city's population density is located in the 100 square mile area positioned in the eastern edge of the city that consists of the area's urban core, referred to as the Anchorage Bowl. A map displaying Aspen Creek's location, a one hour-drive time radius, and Anchorage's proximity to other Alaska communities follows:



Discharge data from local hospitals serves as parallel information source, though acute care facilities typically have a larger draw than skilled nursing facilities. Given the rural nature of Alaska and lack of access to available providers, the resident origin data of these providers is a good indication of the area from which Aspen Creek anticipates receiving patients. A table and map displaying the combined resident origin data for these facilities follows:



Based on the above data, we estimate the city of Anchorage will represent the area of origin of greater than 80% of all skilled nursing admissions. The majority of these admissions will come from the Anchorage Bowl. The remaining admissions will obviously come from adjacent Alaska counties. Given that Anchorage serves as a main healthcare hub for all of Alaska, the entire city of Anchorage is Aspen Creek's primary market area, and the remaining portion of the state of Alaska is Aspen Creek's secondary market area.



These patients will likely utilize main ground transportation patterns to arrive at the facility, with the remainder coming from outside the greater anchorage area, including from all regions of the state. Most of the remaining admissions originating from outside Anchorage will be admitted from the 3 main acute care facilities in Anchorage and will have traveled there via typical air and land travel patterns.

B. LONG-TERM NURSING CARE REVIEW STANDARDS AND METHODOLOGY: After determining whether an applicant has met the general review standards in Section I of this document, the department will apply the following service-specific review standards in its evaluation of an application for a certificate of need for long-term nursing care services:

1. A new freestanding long-term nursing facility will not be approved unless the applicant has demonstrated a need for a minimum of 40 beds.

Aspen Creek proposes adding 150 skilled nursing beds, including 38 sub-acute beds, to its planned Anchorage area skilled nursing facility. (See section IV(B)(1) & (2)) above

for further discussion on the determination of the bed need calculation. We believe that a minimum need of 40 beds exists in satisfaction of the requirement of this section.

2. New long-term care nursing units co-located with hospitals will not be approved unless the applicant has demonstrated a need for a minimum of 15 beds. The department may approve a smaller number of beds if the applicant documents use patterns, and submits data and analysis that justify a smaller unit.

Not applicable.

3. To be considered for approval to expand licensed capacity, a freestanding long-term nursing care facility must have an average annual occupancy of at least 90%, and co-located long term nursing care units must have an average annual occupancy rate of at least 80%, during the preceding three years.

Not applicable.

4. In a service area with more than one long-term nursing care facility, all facilities must have had an average annual occupancy of at least 90% during the preceding three years before additional beds are approved.

Occupancy statistics at the local existing skilled nursing facilities show a recent average of 96%.

Occupancy Statistics					
	Occupied	Licensed Beds		Operating Beds	
Provider	Beds	Beds	Occup.	Beds	Occup.
1 Providence Extended Care	91	96	94.8%	96	94.8%
2 Providence Transitional Care	49	50	98.0%	50	98.0%
3 Prestige Care and Rehab Center of Anchorage	98	102	96.1%	102	96.1%
Weighted Average	238	248	96.0%	248	96.0%
Subject	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Total Including Subject	**238**	**248**	**96.0%**	**248**	**96.0%**

The average annual occupancies of the three skilled nursing facilities for the previous 3 years is over 90%. Data taken from each facility's cost report is represented in the table below:

Historical Occupancy Data						
	2017		2018		2019	
	ADC	Occ. %	ADC	Occ. %	ADC	Occ. %
1 Providence Extended Care	94.7	98.7%	95.7	99.7%	95.7	99.7%
2 Providence Transitional Care	43.9	87.8%	46.5	93.1%	47.6	95.1%
3 Prestige Care and Rehab Center of Anchorage	87.8	86.1%	89.0	87.3%	91.4	89.6%
Total / Weighted Average	226.5	91.3%	231.2	93.2%	234.6	94.6%
Subject	**n/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
Total / Weighted Average Including Subject	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**
*Source: Alaska Medicaid Nursing Home cost report data						

5. In the interest of serving individuals in the most cost-effective, least-restrictive setting possible, there must be a combination of at least one assisted living bed or adult day care slot for each existing and proposed new long-term nursing care bed. For a community with a population of 10,000 or less, the department may approve beds on a case-by-case basis.

Anchorage currently has over 2,800 assisted living beds[19]. With Aspen Creek's 150 skilled nursing beds, the total number of existing and proposed skilled nursing beds would be 518. If Aspen Creek's beds are approved and constructed, there would be over 5 assisted living beds for every skilled nursing bed, meeting the standard.

[19] https://dhss.alaska.gov/dhcs/pages/cl/all/default.aspx#:~:text=Current%20Licensed%20Facilities,Assisted%20Living%20Facilities

Section VII. Construction Data

A. Please check appropriate boxes:

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

B. Project Development Schedule	**Date**
1. Estimated completion of final drawings and specifications	9/1/2022
2. Estimated construction begun by	4/1/2023
3. Estimated construction complete by	6/1/2025
4. Estimated opening of proposed services	9/30/2025

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

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

> The subject parcel is Lot 2, Dowling at Lake Otis Subdivision, according to Plat No. 2017-96, in the Anchorage Recording District, Third Judicial District, State of Alaska. Spring Creek Enterprises entered into a purchase sale agreement for the parcel December 16, 2021. Please see appendix 11.

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

> Please see appendix 11.

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

> Please see appendix 11.

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

> Please see appendix 11.

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

Please see appendix 12.

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

Aspen Creek Anchorage currently owns the property immediately West of the proposed site for this project. This proposed property is under contract and will be purchased on or before March 30th, 2022.[20] In coordination with J&L Development, Aspen Creek rezoned, replated, designed, engineered and then constructed all of the utilities and site improvements shown on construction drawings reflected in the exhibits noted in the above sections.

The proposed project in this application will be constructed on a parcel of land that has been engineered in anticipation of this needed facility. It possesses DOT approval for access to Dowling and Lake Otis, existing Water and Sewer systems, Wetland Mitigation studies and release, Geotechnical surveys, all public power, low voltage and natural gas utility services, an active site grading and fill permit and has begun the process of removing vegetation during non-nesting months in preparation for preliminary grading to begin Spring of 2023.

We are under contract with an architect as noted on the attached plans and are prepared to complete these plans once a CON has been issued with an estimated plan creation time of approximately six months. Normal time for submission, approval and acceptance from the Municipality of Anchorage (MOA) is approximately six months. During this time plans will be solicited to the construction industry for bidding and value engineering as we consider availability of selected materials and cost of implementing engineered construction preferences.

At the conclusion of the MOA plan approval process, and construction market input these approved and value engineered drawings will be used to construct the proposed project as schematically outlined. It is our experience that minor changes that improve function, climate conditions and cost are a part of the plan development process and add great value to the final product of a facility of this magnitude as a health care offering.

These documents and the market participation in their development will have led us to our construction partners for this project during the approval process with the MOA. At the issuance of a building permit, CCI Construction Inc. (CCI), which is the development arm of our enterprise, will commence construction in coordination with local professionals, as outlined in the above noted 24 months of active construction.

Projects of this size and type proceed in the order of underground site work, foundational work, underground facility work, framing, dry in, rough ins, insulation, coverings, and then the finishing processes in coordination with exterior building and site finishes. A detailed pert

[20] See Appendix 14

schedule will be created with input from local professionals upon completion of approved working drawings that will be contractually used with those who are participating on the project.

Disruption of services during Construction:

Aspen Creek Senior Living (assisted living), which is currently in operation on the site to the West, will continue its operations. As noted on the site plan for this existing facility, we have a near acre structurally graded pad that was created for an eventual child day care facility for our staff and pharmacy for our residents and patients. This pad will be used as a secured material yard for various materials that will be used during the course of construction. Access to this secure area will be provided by the general contractor only and under supervised access to ensure that both materials, operational staff and visitors will be safe and kept from harm's way as materials are moved to and from this site. Needed safety measures and cleaning will be implemented in coordination with ongoing operations at our current assisted living facility for the use of this area.

A second staging area adjacent to Lake Otis (as noted on the plans) has been created for future professional health care services from our medical professional community. This pad will be used for our construction offices and, because of distant proximity to our operations will be the primary entrance into our construction area. Barricades will be provided and when appropriate construction management personnel if and when we have anticipated heavy construction traffic that may need access from Dowling in conjunction with entering the site from lake Otis.

Prior to construction a traffic safety and site access plan will be created and given to each local professional as a part of our safety plan for this project.

Section VIIIA. Financial Data - Acquisitions

1. Acquisition type: (Please check applicable boxes)

☐ Lease ☐ Rent ☐ Donation X Purchase ☐ Stock Transaction

2. Cost data (Omit cents)

a. Total acquisition cost*	$6,685,260
b. Amount to be financed	$5,013,945
c. Difference between items (a) and (b) (list available resources to be used, e.g. available cash, investments, grants, etc.)	$1,671,315
d. Anticipated interest rate 5 % , term 35 years.	
e. Total anticipated interest amount	$5,614,160
f. Total of (a) and (e)	$12,299,420
g. Estimated annual debt service requirements	$296,340

***Please see Appendix 11 for site acquisition information. Not applicable – please see Section VIIIB below for all acquisition data.

3. Describe how you expect to finance the project.

Short-term financing of 3-5 years will be used for the construction phase of the project. 25% equity will be used to secure the short-term financing.

Upon completion of the construction phase, long term HUD financing will be used over the next 40 years. Equity requirements will be met with the 25% equity used in the short-term phase of the project.

Working capital needs will be met through investor equity in Aspen Creek Management, LLC.

In addition to using investor equity for working capital needs, an accounts receivable line of credit will be utilized to ensure back up working capital to meet the ongoing needs of the facility until billing is in place and reimbursement revenue is received.

See *Appendix 2: Project Cost Summary*

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. X 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)	$6,685,260
b. Estimated general construction**	$25,459,278
c. Fixed equipment, not included in a**	$2,420,771
d. Total construction costs (sum of items a, b, and c)**	$34,565,309
e. Major movable equipment**	$2,539,988
f. Other cost:**	
(1) Administration expense	$1,007,602
(2) Site survey, soils investigation, and materials testing	$193,542
(3) Architects and engineering fees	$1,098,571
(4) Other consultation fees (preparation of application included)	$435,552
(5) Legal fees	$115,204
(6) Land development and landscaping	$7,483,002
(7) Building permits and utility assessments (including water, sewer, electrical, phones, etc.)	$507,756
(8) Additional inspection fees (clerk of the works)	$0
(9) Insurance (required during construction period)	$183,982
g. Total project cost (sum of items d, e, f)	$48,130,508
h. Amount to be financed	$36,097,881
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.)	$12,032,627
j. Anticipated long-term interest rate	5%
k. Anticipated interim (construction) interest rate	5%
l. Anticipated long-term interest amount	$40,419,128
m. Anticipated interim interest amount	$2,150,195
n. Total items g, l, and m	$90,699,831
o. Estimated annual debt service requirement	$2,185,311
p. Construction cost per sq. ft.	$393
q. Construction cost per bed	$230,435
r. Project cost per sq. ft.	$547
s. Project cost per bed (if applicable)	$320,870

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

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

Section IX. Financial Data – All Proposed Activities

Provide an accompanying narrative explanation for each of the schedules below if there are any significant trends or significant changes in any item or group of items from year to year.

Note: Indicate whether you are using a calendar year or other fiscal year period.

A. Attach Schedule I - Facility Income Statement

1. For the most recent five prior full fiscal or calendar years
2. Projections during construction or implementation period (if applicable)
3. Projection for three years following completion of construction, or implementation of the proposed activity.

B. Attach Schedule II - Facility Balance Sheet

1. For the most recent five prior fiscal or calendar years.
2. Current fiscal or calendar year to date

C. Attach Schedule III - Average Patient Cost Per Day (Per Diem Rate if applicable) and Revenue Amounts

Provide revenue and expense data FOR EACH SERVICE THAT IS IDENTIFIED AS CHANGING.

1. For the most recent five prior full fiscal or calendar years (information may be obtained on total patient load, directly from your respective years' Medicare Cost Reports)
2. Current fiscal or calendar year to date
3. Projection for five years following completion of construction or implementation.

D. Attach Schedule IV – Operating Budget

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

E. Attach Schedule V – A. Debt Service Summary, and B. New Project Debt Service Summary

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

F. Attach Schedule VI - Reimbursement Sources

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

G. Attach Schedule VII – Depreciation Schedule

Showing a depreciation schedule for all items acquired through the proposed project. Note that the straight-line method must be used. Indicate on the depreciation schedule or separately which major movable equipment is being purchased for the project (see Section VIIIB, Item 2e). Also, on a separate page, include a list of all equipment to be purchased through this project and the costs.

Schedule I. Facility Income Statement			
Provide Last Five Years Actual and Projections For Three Years Beyond Project Completion			
Gross Patient Revenue:	FY2025	FY2026	FY2027
Inpatient Routine			
Inpatient Ancillary			
Outpatient			
Long-Term Care	$22,416,950	$24,240,338	$38,313,825
Swing Beds			
Other			
Total Patient Revenue	$22,416,950	$24,240,338	$38,313,825
Less Deductions			
Charity Care	$104,996.25	$113,231.25	$179,111.25
Contractual Allowances			
Bad Debts	$34,998.75	$37,743.75	$59,703.75
Total Deductions	$139,995	$150,975	$238,815
Net Operating Revenues	$22,276,955	$24,089,363	$38,075,010
All Other Revenues			
EXPENSES:			
Salaries	$9,994,859.67	$10,394,345.64	$19,334,562.20
Benefits	$3,876,368.43	$3,982,303.69	$5,989,459.32
Supplies	$3,362,591.10	$3,467,094.74	$5,238,770.10
Utilities	$415,882	$422,243	$439,990.30
Lease	$5,618,000	$5,618,000	$5,618,000
Other Expenses	-	-	-
Depreciation	-	-	-
Interest	-	-	-
Total Expenses	$23,267,701.20	$23,883,987.07	$36,629,781.92
Excess (Shortage) of Revenue	$(990,746.2)	$205,375.93	$1,454,228.08
Over Expenditures			

Schedule II. Facility Balance Sheet Not Applicable					
Provide Last Five Years Actual and Projections For Three Years Beyond Project Completion					
CURRENT ASSETS	FY	FY	FY	FY	FY
Cash & Cash Equivalent					
Net Patient Accounts Receivable					
Other Accounts Receivable					
Inventories					
Prepaid Expenses					
Other					
Total Current Assets					
Property and Equipment					
Land & Improvements					
Building/Fixed Equipment					
Major Movable Equipment					
Accumulated Depreciation					
Net Property & Equipment					
Other Assets					
TOTAL ASSETS					
LIABILITIES/FUND BALANCE					
Current Liabilities					
Accounts Payable					
Accrued Expenses					
Accrued Compensation					
Other Accruals					
Total Current Liabilities					
Long Term Liabilities					
Long Term Debt					
Other					
Total Long Term Liabilities					
Fund Balance					
Total Liabilities & Fund Balance					

Note: Use one copy of this form for the previous five years, another for the construction or development period, and five years after the project opens

Schedule III. Average Patient Cost Per Day (Per Diem Rate if applicable) and Revenue Amounts			
Provide Last Five Years Actual and Projections For Three Years Beyond Project Completion			
	FY 2025	FY 2026	FY 2027
Revenues	$22,276,955	$24,089,363	$38,075,010
Expenses	$23,267,701.20	$23,883,987.07	$36,629,781.92
Patient Days	27,916.50	30,113	47,633
Revenue Per Patient Day	$797.98	$799.97	$799.34
Operating & Capital Budget Summary:			
Gross Revenues	$22,416,950	$24,240,338	$38,313,825
Deductions from Revenue	$139,995	$150,975	$238,815
Net Revenue	$22,276,955	$24,089,363	$38,075,010
Direct Expense	$23,267,701.20	$23,883,987.07	$36,629,781.92
Indirect Expense			
Net Income Projected	$(990,746.2)	$205,375.93	$1,454,228.08
Rate Computation			
Annual Medicaid Rate	$800	$800	$800
*Estimated Medicaid rate figured for years 1-3			

Schedule IV. Operating Budget			
Provide Last Five Years Actual and Projections For Three Years Beyond Project Completion			
Description:	FY	FY	FY
Number of Beds	150	150	150
Days in a year	365	365	365
Available bed days	54,750	54,750	54,750
Resident bed days	27,916.5	30,113	47,633
Percent growth	-	7.29%	36.7%
Occupancy	39%	55%	87%
Average length of stay	30	30	30
Patient Bed Days	27,916.5	30,113	47,633
Number of Residents	58.5	82.5	130.5
Daily Room and Board Rate*	$797.98	$799.97	$799.34
Total Revenue	$22,276,955	$24,089,363	$38,075,010
Rate Computation			
Annual Medicaid Rate	$800	$800	$800
*Estimated Medicaid rate figured for years 1-3			

Schedule V-A. Debt Service Summary **N/A**					
Provide Current Debt Data and Projections For the Next Three Years					
Existing Debt:	FY	FY	FY	FY	FY
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
Total Existing Debt					
Principal					
Interest					
Estimated Debt – New Project					
Principal					
Interest					

Schedule V-B. New Project Debt Service Summary					
Attach a debt service cash flow schedule over the life of the debt for the new project. Break out principal, interest, and other.					
Year	Item	Principal	Interest	Other	Total
2025	Project Loan	$36,097,881	$42,569,323		$78,667,204

Schedule VI. Reimbursement Sources

Show reimbursement sources for the previous five years (N/A) and projections for three years after the new project opens.

Fiscal Year 2025				
Reimbursement Source	**Number of Patients**	**Gross Patient Charges**	**Deductions**	**Net Patient Revenues**
Medicaid	54	$15,633,240		$15,633,240
Medicare	15	$3,433,730		$3,433,730
Private Insurance	0			
Self Pay	8	$3,349,980		$3,349,980
Total	77	$22,416,950		$22,416,950

Fiscal Year 2026				
Reimbursement Source	**Number of Patients**	**Gross Patient Charges**	**Deductions**	**Net Patient Revenues**
Medicaid	57.75	$16,863,000		$16,863,000
Medicare	16.5	$3,703,838		$3,703,838
Private Insurance	0			
Self Pay	8.25	$3,613,500		$3,613,500
Total	82.5	$24,180,338		$24,180,338

Fiscal Year 2027				
Reimbursement Source	**Number of Patients**	**Gross Patient Charges**	**Deductions**	**Net Patient Revenues**
Medicaid	90	$26,280,000		$26,280,000
Medicare	27	$6,060,825		$6,060,825
Private Insurance				
Self Pay	13.5	$5,913,000		$5,913,000
Total	130.5	$38,253,825		$38,253,825

Schedule VII. Depreciation Schedule			
Use the straight-line method. Provide a separate schedule for any pieces of major moveable equipment.			
Equipment Description	Cost	AHA Life	Depreciation Per Year
EVS Equipment	78,600	10	7,860
Food Services Small Wares	98,250	5	19,650
Food Services Hardware	492,979.20	20	24,648.96
Healthcare Equipment	163,750	8	20,468.75
Therapy Equipment	229,250	8	28,656.25
Residential Appliances	82,800	10	8,280
Furniture & Accessories	1,976,187.60	15	131,745.84
Nurse Call	$ 311,850.00	15	20,790
Wander Management	98,010	15	6,534
Access Control System	350,000	15	23,333.33
A/V & Entertainment	114,048	5	22,809.6
Phone System	101,089	10	10,108.9
Totals:	4,096,813.8	11.33	324,885.63

FAIR MARKET VALUE – HOW TO CALCULATE

Fair market value is the price that the property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.

To determine the fair market value of equipment, using the formula below, first determine the number of years of estimated useful life of the equipment, as described in the AHA publication *Estimated Useful Lives of Depreciable Hospital Assets* to achieve an annual depreciation amount. Include your calculations as part of this section of your application.

Determining Fair Market Value of Equipment		
1	Purchase price of equipment (round to nearest dollar)	$4,096,814
2	AHA estimated useful life of equipment (in years)	11.33
3	Annual Depreciation Expense (ADE) [Divide #1 by #2]	$361,590
4	Multiply ADE by age of equipment (new = 0)	$0
5	Fair Market Value (Subtract #4 from #1)	$4,096,814

The fair market value of land or buildings is the value contained in a current appraisal of the land or building from a licensed real estate appraiser who has no financial or other interest in the transaction. Attach the appraisal as an appendix to the application.

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): $ N/A

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): $ 48,130,508

Estimated Value of the Activity for (1) (sum of A & B above) $ 48,130,508

(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): $ N/A

Estimated Value for (1) from above: $ 48,130,508

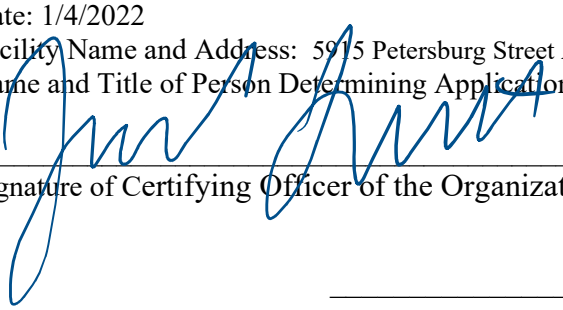
Total Estimated Value of the Activity (sum of (1) and (2): $ 48,130,508

Amount of Application Fee submitted with this application (see 7 AAC 07.079 to calculate amount due): $ $75,000

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: 1/4/2022
Facility Name and Address: 5915 Petersburg Street Anchorage AK, 99507
Name and Title of Person Determining Application Fee: Jared Leavitt, Manager



Signature of Certifying Officer of the Organization

REQUEST FOR MODIFICATION OF A CERTIFICATE OF NEED

Name of Facility

Mailing Address

Street Address

Project Authorized in Certificate of Need dated:

APPLICANT INFORMATION

If the owner, applicant organization, or contact person has changed since the certificate of need was issued, please provide the new name, title, and address.

REASON FOR MODIFICATION (Describe each applicable reason in detail)

☐ Change in scope of authorized activity

☐ Change in cost of authorized activity

☐ Change in time schedule of authorized activity

CERTIFICATION

I certify that all of the information contained in this request, including any supporting documents, is true to the best of my knowledge and belief.

Name

Title:

Date:

Signature:

NOTE: A current periodic progress report must be submitted with this request.

PERIODIC PROGRESS REPORT

Name and Address of Applicant or Certificate Holder:

Project Description:

Date Certificate of Need Issued:

Approved Cost:

All persons who have requested an exemption or have been issued a certificate of need are required to submit periodic reports until the project has been completed or terminated, as required under 7 AAC 07.105. Submittal dates are on or before January 1 and July 1 each year.

Please respond to the following questions. If the question is not applicable, please state why.

1. Is the project fully obligated? (An obligation is defined as an enforceable contract for acquisition, construction, or lease of a capital asset; or, in the case of donated property, the date on which the gift is completed in accordance with applicable state law.) If not, explain. If yes, indicate the nature and date of all obligations incurred to date. If the project is not fully obligated, indicate the cost and the date those obligations will be incurred.

2. What are all expenditures by category (e.g., land fees, construction, etc.) made to date on the project? Attach an expense sheet that compares the proposed costs to the expenses for the reporting period, as well as all expenses since the certificate of need was issued.

3. What is the anticipated completion date (operational date)? How does this differ from the project schedule submitted in the certificate of need application? Please explain any significant differences in the schedules. How will future milestones in the schedule be affected?

4. In the case of construction projects, has the construction started and what has been completed to date (e.g., footings, foundations, etc.)? What percentage of total construction is complete?

5. Are construction/project activities progressing in conformance with the scope of the project approved by the Commissioner? Explain any variations (e.g., in size or type of construction).

6. Is the projected final project cost currently within the limits approved by the Commissioner? If the project is complete, please submit a final capital budget. Include a documentation of expenses that has been certified by a general contractor, equipment supplier, and/or other authorized representative who can objectively confirm the expenses.

7. Are there any changes in the services or programs from those that were originally proposed and approved? If so, please indicate those changes.

I hereby certify that the statements made in this report are correct to the best of my knowledge and belief.

Signature of Certifying Officer:

Title:

Telephone:

Date:

Send to:
Certificate of Need Program
Health Planning and Systems Development
Department of Health and Social Services
P.O. Box 110660
Juneau, Alaska. 99811-0660