

## **Providence Mat-Su Surgery Center**

Ambulatory Surgery Center in Mat-Su

Providence Health & Services Alaska

### **Addendum to CON Application**

April 8, 2013

*received  
at public  
meeting  
4/8/2013  
kf*

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## **I. Public Support and Stakeholder Engagement**

### **1. Letters of Support**

#### **IV.B.5.h. Attach letters of support from local and regional agencies, other health care facilities, individuals, governmental bodies, etc. (p. 32 of the CON Application)**

Multiple individuals and organizations have expressed their support of this project. Among others, Verne E. Rupright, mayor of Wasilla, sent a letter to Alaska DHSS in support of development of an ASC in Mat-Su by Providence (copy of the letter is attached).

According to a most recent public opinion survey, Providence would be the provider of choice for outpatient surgery for almost 60 percent of Mat-Su residents.

Review of the public media also confirmed support of our project by Mat-Su community. When Providence submitted the CON application, the following comments were posted on the web by members of the Mat-Su community.

*"Bring it on Providence, the Valley needs you. You would be a welcome addition and your services are greatly needed. I can't even begin to tell how many negative experiences I've had or my friends have had at Mat Su Regional. It's a "diagnose yourself" hospital. All of our families surgeries have been done in Anchorage at Providence so not having to drive in would be greatly welcomed."*

*"The valley needs a hospital/ surgery center that doesn't tell you to drive on past if you don't have insurance. And my experience is that competition makes prices come down and quality improve."*

### **2. Stakeholder Engagement**

#### **VI.4. Applicant documents stakeholder participation. (p. 46 of the CON Application)**

An internal multidisciplinary team has been involved in assessing the Mat-Su community need and planning for this surgery center. Intensive research was done to ensure that specific needs of the Mat-Su population are addressed by the project.

Providence was not able to work directly with all of the stakeholders in the community before submitting this CON application because the current CON regulations give a preference to the first applicant. Therefore, prior to submitting the application, Providence worked with internal experts, including individuals who currently work in, live in and/or serve the Mat-Su community as well as ASC experts.

Once the public notice of the CON application was posted, Providence began engaging external stakeholders, including Mat-Su physicians and other members of the community. Providence is currently meeting with multiple Mat-Su surgeons to develop a partnership for providing ambulatory surgery services to Mat-Su residents and will continue working with the providers to ensure that the design of the proposed ASC meets the specific needs of providers and patients.

As of April 5, 2013, Providence has discussed partnership opportunities with more than 10 Mat-Su physicians and communicated the project plans to more than 20 Mat-Su organizations and community leaders.



## II. Demonstration of Need

After DHSS provided us Mat-Su surgery data, we updated our estimates of the Mat-Su community need for surgery services. The new data confirms the need for two additional surgery suites in Mat-Su identified in the CON application we submitted in November 2012.

The updates include the following.

1. Use Mat-Su surgery data provided by AK DHSS in January 2013
2. Include identified outpatient surgery volumes outmigrating from Mat-Su due to insufficient surgical capacity (see Surgery Outmigration Data sheet for detail.)
3. Establish that Mat-Su Regional Medical Center has five combo and two outpatient-only ORs (previously unknown)
4. Use population projections for 2020 instead of 2018 as the CON process is expected to take longer than originally anticipated.

### STEP ONE: Determine the projected general surgery caseload

**Caseload**  $C = P * GSUR$ , where

C (caseload) = number of general surgery cases projected for the fifth year from the project implementation date.

P (projected population) = the official state projected population in the fifth year following implementation of the project

GSUR (use rate) = the average number of general surgery cases provided over the preceding three years per 1,000 (persons).

#### Mat-Su Surgery Volumes

	2009	2010	2011
<b>Combo ORs</b>			
MSRMC Combo	3,334	3,519	3,588
Total	3,334	3,519	3,588
<b>O/P Only ORs</b>			
MSRMC O/P only	796	765	889
Surgery Center of Wasilla [1]	-	-	-
O/P Outmigration [2]	2,685	2,725	2,709
Total	3,481	3,490	3,598
<b>Overall Total</b>	<b>6,815</b>	<b>7,009</b>	<b>7,186</b>

#### Three-Year Average

3,480

3,523

[1] Surgery Center of Wasilla (f.k.a. Pioneer Peak is excluded because it is not a Class C surgery suite)

[2] See Surgery Outmigration Data sheet for detail.

P (projected population)

#### Mat-Su Population Estimates and Projections, Alaska Department of Labor (DOL)

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
74,871	78,229	81,012	83,691	86,074	88,995	91,697				103,070					117,222
DOL Estimates							DOL Projections								

GSUR (use rate)

#### General Surgery Use Rate per 1,000 population

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Combo GSUR					37.95									
O/P only GSUR					38.42									

C (caseload)

Projected caseload based on the average number of general surgery cases provided over the three preceding years (2009-2011)

#### CON Mat-Su OR Need for 2020

	GSUR	Mat-Su Population in 2020	2020 Caseload
Combo	37.95	117,222	4,449
O/P only	38.42	117,222	4,504

### STEP TWO: Determine the projected number of operating rooms required to meet the projected demand

$GORR = C / TU$

GORR = general operating rooms required

C (caseload) = number of general surgery cases projected for the fifth year from the project implementation date

TU (target use rate) = defined as **900** surgical cases (for hospital based operating rooms - for both I/P and O/P cases)  
**1200** surgical cases (for operating rooms dedicated to outpatient surgery use only)

	2020 Caseload	OR Needed
Combo	4,449	4.9
O/P only	4,504	3.8

### STEP THREE: Determine unmet need for general purpose ORs by subtracting number of currently existing and CON-approved ORs from the projected to be needed

#### Existing Class C operating rooms in Mat-Su

	Combo	O/P only	Total
MSRMC	5	2	7
<b>Total</b>	<b>5</b>	<b>2</b>	<b>7</b>

#### Need for additional ORs

	OR Needed	Existing ORs	Additional ORs Needed
Combo	4.9	5	(0.1)
O/P only	3.8	2	1.8
<b>Total</b>	<b>8.7</b>	<b>7</b>	<b>1.7</b>

### III. Surgery Outmigration Data

The Department shall grant a sponsor a certificate of need for a health care facility if the availability, quality, or accessibility of health care resources in a community is less than the current or projected requirement for health services required to maintain good health of its citizens (paraphrased from AS 18.07.041).

After we submitted our CON application, the Department provided us 2009-2011 surgery data from the Mat-Su (Table III.1.).

*Table III.1. Mat-Su Surgery Data from AK DHSS*

	2009	2010	2011
Mat-Su Regional Medical Center			
Suites for I/P or O/P Surgery	3,334	3,519	3,588
Suites for O/P Surgery Only	796	765	889
Pioneer Peak Surgery Center (Surgery Center of Wasilla)	1,290	2,203	1,446
<b>Total</b>	<b>5,420</b>	<b>6,487</b>	<b>5,923</b>

Most likely, the Mat-Su surgery data provided by the Department do not capture the actual need for surgery services in Mat-Su due to the high levels of outmigration for surgery services from the Mat-Su to Anchorage and other communities. In order to accurately capture the need for surgery services, outmigration from the Mat-Su needs to be included in the analysis.

The following table (Table III.2.) demonstrates outmigration for outpatient surgery from the Mat-Su.

*Table III.2. Outmigration from the Mat-Su for Outpatient Surgery*

	2009	2010	2011
Outmigration to Anchorage Hospitals	1,591	1,649	1,568
Outmigration to Anchorage ASCs	1,081	1,060	1,130
Outmigration to Other Alaska Hospitals	13	16	11
<b>Total</b>	<b>2,685</b>	<b>2,725</b>	<b>2,709</b>

Alaska Hospital and Nursing Home Association/Hospital Industry Data Institute (ASHNHA/HIDI) database was the source of the outmigration data from the Mat-Su to the hospitals in Anchorage and other Alaska communities. The estimates of the outpatient surgery outmigration are based on the following data and assumptions.

According to the Alaska DHSS<sup>1</sup>, Anchorage Class C ASCs performed the following number of surgeries in the past five years (Table III.3).

*Table III.3. Anchorage ASC Surgery Volumes*

	2007	2008	2009	2010	2011
Creekside Surgery Center					1,706
Alaska Surgery Center – Health South	5,550	5,368	5,451	5,423	5,423
Alaska Spine Center	1,131	1,198	1,452	1,694	1,683

<sup>1</sup> DHSS staff review of the Alaska Regional Hospital's 2010 CON application



*Table III.3. Anchorage ASC Surgery Volumes*

	2007	2008	2009	2010	2011
Alaska Spine Institute	2,282	2,705	2,638	2,100	2,149
AWH (d/b/a Surgery Center of Anchorage)	775	644	985	985	985
<b>Total</b>	<b>9,738</b>	<b>9,915</b>	<b>10,526</b>	<b>10,202</b>	<b>11,946</b>

*Note: Highlighted cells indicate volumes assumed from previous years due to the lack of data*

Approximately 10 percent of PAMC outpatient surgery patients are residents of the Mat-Su. Assuming Anchorage ASCs have similar mix of patients, we are able to estimate the outmigration from the Mat-Su to the ambulatory surgery centers in Anchorage (Table III.4).

*Table III.4. Outpatient Surgery Outmigration from the Mat-Su to Anchorage ASCs, Estimated*

	2009	2010	2011
PAMC O/P Surgery Patients from Mat-Su, percent	10.3%	10.4%	9.5%
Anchorage ASC Case Volume (Class C only)	10,526	10,202	11,946
Outmigration to Anchorage ASCs from the Mat-Su	1,081	1,060	1,130

It is not the first time the Department has been asked to consider outmigration for healthcare services to properly capture community need. In the 2003 CON application to build a 76-bed acute care hospital in the Mat-Su, Mat-Su Valley Medical Center, LLC (the applicant) indicated that due to the inadequate capacity of medical-surgical providers, patients needed to travel to Anchorage to receive care<sup>1</sup>. And in 2008, Bartlett Regional Hospital, in its CON application, used outmigration data to demonstrate unmet community need for surgery services<sup>2</sup>.

Additionally, there is an important logistical reason why outmigration data should be included in the analysis of the community need for surgery services in the Mat-Su. Round trip travel time from Palmer and Wasilla to Anchorage is approximately two hours under ideal conditions (the weather is good and the highway is not closed due to an accident); however, Palmer and Wasilla combined make up only about 15 percent of the borough's population. The round trip travel time from the Mat-Su's remote places (e.g. Lake Louise) to Anchorage could be as much as eight hours. Moreover, the Glenn Highway, the only road that connects Anchorage and the Mat-Su, could be dangerous in winter and between seasons and is often closed in at least one direction due to an accident<sup>3</sup>. As a result, Mat-Su residents could be prevented from traveling to Anchorage for needed health care.

Providence will help arrange for postoperative transportation from the Providence Mat-Su Surgery Center if required.

<sup>1</sup> Mat-Su Valley Medical Center, LLC CON Application, April 2003, pp. 39 and 49

<sup>2</sup> Bartlett Regional Hospital CON Application, September 2008, pp. 24 and 26

<sup>3</sup> We are in the process of collecting data on how many times the Glenn Highway was closed for at least 30 minutes in either direction in 2012.

#### **IV. Revised Project Timeline**

Due to the delays in the CON process, the project timeline has been revised since submission of the CON application in November 2012.

The current project timeline is the following.

- Estimated completion of final drawings and specifications January 1, 2014
- Estimated construction begun by May 1, 2014
- Estimated construction complete by January 1, 2015
- Estimated opening of proposed services May 1, 2015
- Completion date of the project May 1, 2016

Funds will be encumbered through May 1, 2016, the completion date of the project.

## **V. Letters of Support**





# CITY OF WASILLA

**COPY**

MAYOR VERNE E. RUPRIGHT

290 E. Herning Avenue  
Wasilla, AK 99654-7091

Phone: (907) 373-9055

Fax: (907) 373-9096

December 27, 2012

Ms. Karen Lawfer  
Health and Social Services Planner III  
Certificate of Need Coordinator  
State Department of Health and Social Services  
P. O. Box 110660  
Juneau, AK 99811-0660

Dear Ms. Lawfer:


I am writing to express my support for the certificate of need application submitted by Providence Health & Services Alaska for a new Providence Mat-Su Surgery Center.

This proposed ambulatory surgery center will fill a need for health care services in our community that is not currently being met. The Valley is among the fastest-growing areas of our state, and along with that population growth is an increased need for health care services now and into the future.

As a long-time Alaskan familiar with the importance of high-quality, accessible health care in our rural communities, I support this project. We are obligated to our communities to provide for health care in a less-costly manner. This ambulatory surgery center can provide an alternative that is potentially more affordable and efficient.

Thank you for the opportunity to offer my perspective. I highly encourage you to approve this certificate of need application from Providence.

Sincerely,



Mayor Verne E. Rupright  
City of Wasilla