



November 21, 2014

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VIA E-MAIL AND U.S. MAIL

Alexandria.hicks@alaska.gov

Alexandria Hicks, Coordinator
Certificate of Need Program
Department of Health and Social Services
3601 C Street, Suite 978
Anchorage, AK 99503-5924

Re: Request for Determination

Dear Ms. Hicks:

Please consider this letter as a request for determination under 7 AAC 07.031 in addition to satisfying a requirement contained in Appendix B (attached) of the Specialty Clinics Building CON approved on January 8, 2014. CPH is requesting a determination for the purpose of converting prior approved shelled-space in the Specialty Clinics Building to provide CPH endoscopy and procedure room services.

Description of Proposed Activity

Specifically, CPH proposes to convert 5,750 square feet of shelled space for endoscopy and procedure suites. This space will accommodate a common lobby/waiting area, receptionist station, dressing rooms, a prep/recovery area, scope cleaning room, two exam rooms, two endoscopy/procedure rooms, one office, a locker & shower room, two ADA bathrooms and clean & soiled linen rooms (see attachment A). The endoscopy/procedure suites will be utilized for non-surgical procedures to include colonoscopies, gastroscopies, sigmoidoscopies, manometries, EGD's, endo-video capsule, YAG eye laser, pain management and other simple procedures.

History

CPH originally included the endoscopy space request in our Specialty Clinics Building CON application in 2013. During our pre-application conference on February 20, 2013 in Juneau with Karen Lawfer, it was pointed out that there were



no specific review standards for several components CPH was requesting, including the endoscopy/procedure rooms. As such, we were asked to briefly describe each of them in the narrative of our application. The endoscopy suites were denied in the final approved CON. One of the reasons stated for the denial of the endoscopy portion of the CON was there was not an adequate demonstration of documented need. While we were led to believe that was not required prior to submittal of our CON, we hope this request will clarify the necessity for moving endoscopy out of the surgical area of the hospital. While we do not believe this project requires any CON approval, we are bound by Appendix B from our CON to submit the request for determination. CPH will provide a brief description of the need for this request since it was one of the reasons for denial prior.

Need for Proposal

Removing endoscopy and all of its functions from the existing Operating Room (OR) area of the hospital will solve numerous problems currently experienced by physicians, staff, and patients. Identified problems include: lack of pre-op space; capacity to address volume; cancelled surgeries; low patient satisfaction and physician and staff morale. This is not due to surgical volume, but is directly related to these short duration endoscopy/procedure cases causing congestion and delay in the pre op area, which impacts the entire OR area as described above.

CPH currently operates four surgical suites and one endoscopy/procedure room that are all co-located in the north end of the hospital (see Attachment A). The current layout was adequate prior to the addition of several new surgical specialists. An additional operatory was added in 2012 to accommodate increased surgical volume. However, it is no longer feasible for patients and staff to have endoscopy and surgery co-located due to space constraints (specifically insufficient pre-op rooms). Adding new pre op rooms in the current OR area of the hospital is not feasible and there is no alternative area large enough in the existing hospital to accommodate the space requirements for additional pre and post op beds to support the endoscopy suite. For that reason we propose to locate endoscopy services in the new Specialty Clinics Building that is currently under construction.

Loading up several pre-op rooms at the same time for rapid turn-over, non-surgical cases, does not leave space for "pre-oping" general or special surgical cases. This is because the pre-op rooms for procedure/endoscopy patients are also used for the post procedure recovery and therefore are "occupied" for the entire length of the procedure. They cannot be turned over (vacated and cleaned) until the patient is



completely recovered post procedure and exits the room. Simply speaking, one physician booking the procedure/endoscopy room for a day of procedures significantly delays patient flow to the four surgical suites leaving surgical patients waiting for a pre-op room resulting in cancelled surgeries, extensive delays and low staff and patient satisfaction. In addition, the single procedure room is insufficient to provide for the volume of cases at CPH which results in an operatory being used for non-surgical cases taking it out of rotation for other surgeons.

The remedy (proposed request) to relieve this burden is to move all endoscopy procedures to a different location. The only other option to address the issue short of not offering the services is to relocate the services elsewhere. Currently, there is no space in the hospital to accommodate the needed footprint. That was the purpose of the recently approved Specialty Clinics Building and it remains the only logical choice to solve the space and efficiency issues.

Certified Cost Estimate

The estimated cost of completing the project is \$864,232.00. Please see certified cost estimate provided by Soderstrom Architects LTD. (attached)

Clarification

As discussed in our original CON request, all employed and independent general surgeons who practice at CPH typically request monitored or general anesthesia for colonoscopy cases. This form of anesthesia is administered by an anesthesia provider. As such, CPH provides this service upon request to physicians on the medical staff who request it now and we intend to continue this practice. Some of the other physicians who perform endoscopy procedures at CPH use moderate sedation which is normally provided by a nurse, but all of our general surgeons prefer anesthesia.

Prior public comments were successful in having the endoscopy portion of our most recent CON request denied as some public testimony implied CPH was in some way attempting to construct surgical suites without CON approval. This position was advanced by some because anesthesia machines were included on the equipment list. CPH would like to reiterate and emphasize that the anesthesia machines are for colonoscopy cases when physicians request monitored anesthesia. Appendix A of the recently issued CON for our Specialty Clinics Building specifically prohibits conversion to surgery suites and specifically requires a CON



“regardless of cost.” This appendix specifically prohibits surgery suites from being constructed in the new SCB without first going through the CON process.

Estimated Start and Completion Date

The construction of the Specialty Clinics Building began in the spring of 2014 and will be completed December 2015 and open in January 2016. The requested proposal would be included in the overall construction of the new facility.

Central Peninsula Hospital believes this project is exempt from requiring a CON as the endoscopy/procedure room proposal is not a health care facility; does not exceed the current \$1.5 million threshold, is not a new service as CPH currently provides this service, and is simply relocating and expanding the service into a recently approved structure. These services do not have specific review standards.

Thank you for your consideration.

Sincerely,

Rick Davis
CEO
Central Peninsula Hospital

ATTACHMENTS:

Existing Flow Narrative and Diagram of OR and Endoscopy at CPH
Certified Cost Estimate
January 8, 2014 Specialty Clinics Building CON

ATTACHMENT A

Narrative Description for Diagram

Actual example that frequently occurs at CPH: An orthopedic surgeon schedules 3 cases on a normal surgery day – first case at 8:00am, with a 10:00AM and 12:00PM case to follow. Three patients took a day off from work, fasted since the night before, and arrive to the hospital one hour prior to their scheduled surgery time.

Simultaneously, another physician has scheduled eight colonoscopies in the procedure room, for 30-45 minutes per case beginning at 8:00am. These patients also arrive one hour prior to scheduled procedure time, have taken time off work, and have also fasted since the night before. In each case the patient is placed in a pre-op room approximately 45 minutes prior to their procedure to be prepared for their simple, quick procedure. As they are taken back for their procedure their clothes and other belongings remain in their assigned pre-op room, and when the procedure has been completed they are brought back to that room and recovered from the general anesthesia or moderate sedation. When recovered they are dressed and discharged. This recovery/discharge time is generally 90 minutes. After the patient is discharged the pre op room must be thoroughly cleaned (15 minutes at best) prior to the next patient being brought in to that room.

Under an ideal scenario (as above), meaning all cases go smoothly without delays, one pre op room is in use for 3.25 hours for each case that is done in the endoscopy suite. That equates to 26 hours of pre-op room utilization for those 8 endoscopy cases. CPH has a total of 10 pre-op rooms to support 4 (four) surgical suites and 1 (one) endoscopy suite.

In the meantime, it is 12:00 and our orthopedic surgeon has finished his second surgical case and comes to day surgery to see why his third case is not ready. He is told that all of our pre-op rooms are in use and we have not been able to get his third patient back to a room to pre-op them. At the same time there are three other surgeons and operating rooms running, and their next patients are all competing for pre-op rooms.

It is a common occurrence to end up having to cancel cases late in the afternoon because of this bottleneck, which means that a patient has taken a day off work and fasted for up to 20 hours only to be told that their surgery will need to be re-scheduled at a later date. At the very least, cases are forced to run late into the evening which results in overtime pay and over-worked nurses, disgruntled patients, and unhappy physicians.

This real-life scenario happens frequently and is described in detail here in an attempt to illustrate the need for CPH to separate the endoscopy/procedure room patient flow from that of the main operating room.

Existing CPH Surgical and Endoscopy/Procedure Room Flow

Need for New Endoscopy/Procedure Rooms

Need/Issue:

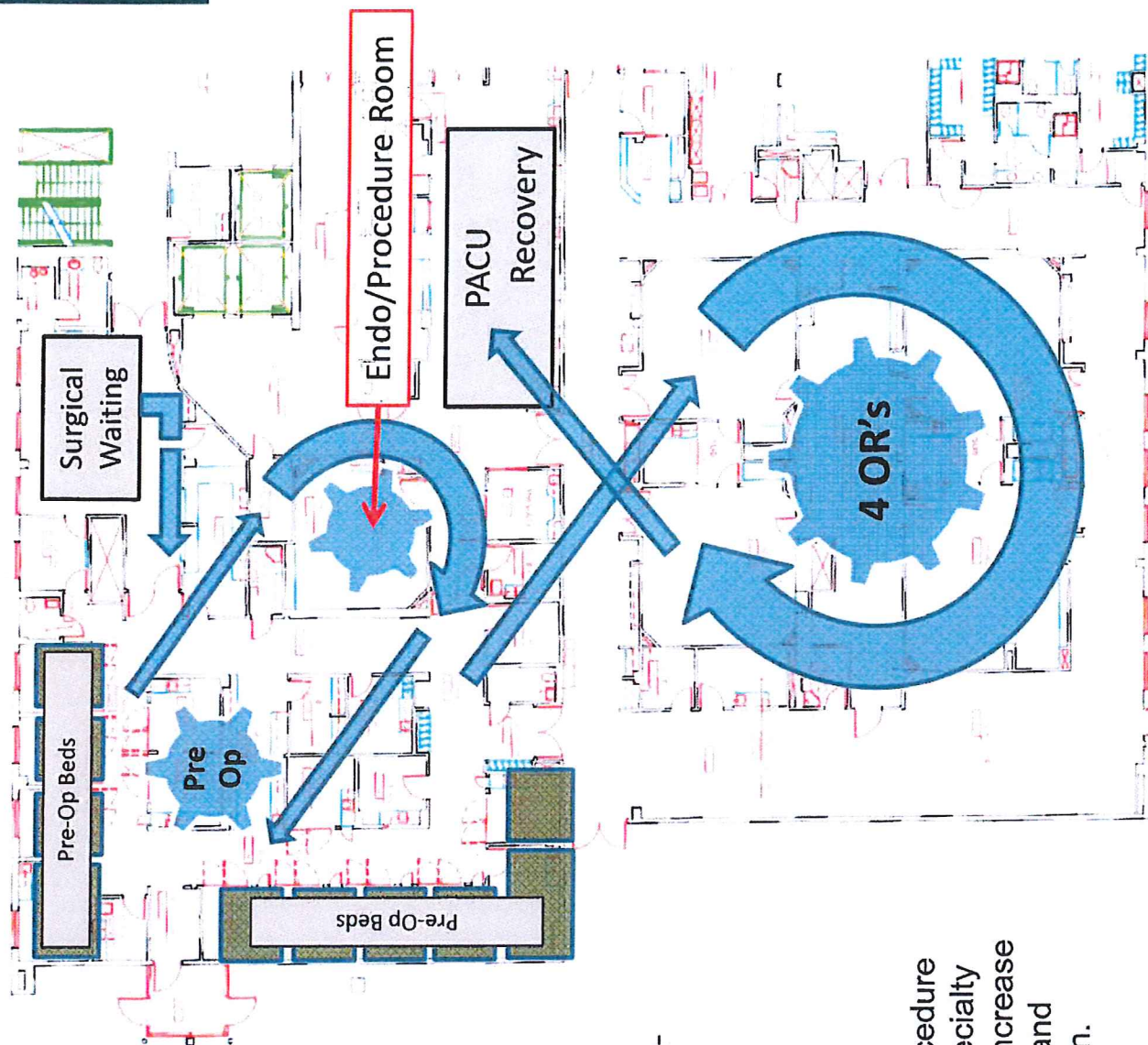
Pre-op beds that are occupied for endoscopy patients – makes them unavailable for patients scheduled for surgery

Result:

Delays or cancellations of surgical cases; surgeons and OR staff waiting for patients to get through pre-op; overtime, increased costs, patient satisfaction scores falling.

Proposed Solution:

Proposed Endoscopy/Procedure Rooms located in new Specialty Clinics Building. This will increase efficiency, reduce delays, and improve patient satisfaction.





SODERSTROM ARCHITECTS

Mr. Bruce Richards
Central Peninsula Hospital
250 Hospital Place
Soldotna, AK 99669

November 21, 2014

Bruce,

The following cost estimate was developed based of cost information from documentation provided by Soderstrom Architects, LTD, Rider Levett Bucknall cost consultants (certified cost consultant), Gene Burton & Associates Equipment Planners, Central Peninsula Hospital, and the Kenai Peninsula Borough. This is a certified cost estimate as required in 7 ACC 07.031. The following opinion of probable cost is based on the Phase V specialty clinics building - Endoscopy clinic, final design documents dated February 19th, 2014.

Cost Estimate Summary for Endoscopy Suites (5,750 S.F.) - Specialty Clinics Building:

Construction and Site Development	(approved Jan 8, 2014 Specialty Clinics Building CON)
Construction Contingency	(approved Jan 8, 2014 Specialty Clinics Building CON)
Architect and Engineering Fees	(approved Jan 8, 2014 Specialty Clinics Building CON)
Other Design Fees	(approved Jan 8, 2014 Specialty Clinics Building CON)
Permitting	(approved Jan 8, 2014 Specialty Clinics Building CON)
Development Fees	(approved Jan 8, 2014 Specialty Clinics Building CON)
Administrative Fees	(approved Jan 8, 2014 Specialty Clinics Building CON)
Furniture, Fixtures & Equipment	\$864,232

Total Project Cost

\$864,232

Please let me know if you have any questions or comments. Soderstrom Architects, LTD is a corporation licensed in Alaska to perform professional architectural services. This estimate represents a true and correct reflection based on the conditions and scope known at the time of development.

Sincerely,

SODERSTROM ARCHITECTS, LTD
Brad Dehle, Principal

Cameron Hyde, AIA
Dan Danielson, AIA
E. Henry Fitzgibbon, LEED, AIA
Brad Dehle, AIA

STATE OF ALASKA
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
SEAN PARNELL, GOVERNOR



CERTIFICATE OF NEED
For construction by Central Peninsula Hospital in
Soldotna, Alaska

In accordance with A.S. 18.07.031-111 and 7 AAC 07.001-900, Central Peninsula Hospital is authorized in part and denied in part to construct the Specialty Clinics Building in Soldotna, Alaska.

Central Peninsula Hospital is authorized to construct 87,981 gross square feet of new construction to house: an Oncology/Infusion area of twelve infusion chairs, three private rooms, a procedure room and centralized pharmacy workroom; Specialty Clinics area for Pain Management, Neurology, Orthopedics, Podiatry, General Surgery, and Spine; Undesignated Clinical Space for three to four clinical areas; Rehabilitation Space for Physical and Occupational Therapy, including a gym and five treatment rooms; and, 7,400 square feet of shelved in space. Central Peninsula Hospital is not authorized to complete activities related to its request for MRI, PET/CT, CT services or Endoscopy/Procedure Room services.

The total cost of the project is \$38,381,896 for construction, equipment, and furnishings. The anticipated completion date is December 31, 2015 with an operational date of January 31, 2016.

This approval is subject to the conditions specified in Appendices A and B of this document.

By: _____

William J. Streur

William J. Streur
Commissioner

Date: _____

8 JAN 2014

APPENDIX A

**CERTIFICATE OF NEED
CENTRAL PENINSULA HOSPITAL
SPECIALTY CLINICS BUILDING
JANUARY 8, 2014**

Approval of this certificate is conditioned on the premise that any "shelled in" or other space planned for conversion to additional surgical suites at a later date must go through the Certificate of Need process and be approved by the Department, regardless of the cost, prior to expending any funds for conversion or operation.

APPENDIX B

**CERTIFICATE OF NEED
CENTRAL PENINSULA HOSPITAL
SPECIALTY CLINICS BUILDING
JANUARY 8, 2014**

Approval of this certificate is conditioned on the premise that prior to using or converting any or all space that was dedicated to the components of the Certificate of Need application that were denied by the Commissioner—namely MRI, PET/CT, CT services and Endoscopy/Procedure Room services—which is now estimated to be 7,400 square feet in “shelled in” space, Central Peninsula Hospital must request a formal determination from the Department as to whether a Certificate of Need is required for the intended use or conversion of that space prior to expending any funds for conversion or operation.