



January 21, 2026

Shelley Ebenal, Chief Executive Officer
Fairbanks Memorial Hospital
1650 Cowles Street
Fairbanks, Alaska 99701
Via email: shelley.ebenal@gfchf.com

RE: *Certificate of Need Decision – Fairbanks Memorial Hospital Inpatient
Psychiatric Bed Reallocation Project*

Dear Ms. Ebenal,

After careful review of Fairbanks Memorial Hospital's (FMH) Certificate of Need (CON) application, submitted on June 12, 2025, for the reallocation of inpatient bed capacity to establish adolescent inpatient psychiatric services and to reconfigure adult inpatient psychiatric services, the Department of Health (DOH) approves the application. This decision has been made in accordance with AS 18.07, 7 AAC 07, and the Alaska CON Standards and Methodologies.

After considering the DOH's records, including the application under review; the CON Program's analysis and recommendations submitted under 7 AAC 07.060; public comments received under 7 AAC 07.052; the applicable provisions of AS 18.07 and 7 AAC 07; and relevant health planning documents on file with the DOH, including the United States Department of Justice's December 15, 2022 findings as well as the Behavioral Health Roadmap for Alaska report describing extraordinary circumstances affecting access to care, I have determined that the proposed project satisfies the applicable review standards. Therefore, I am hereby granting a CON for the FMH inpatient psychiatric bed reallocation project with the following specifications, pursuant to 7 AAC 07.070(a):

1. **Maximum Expenditure:** The total expenditure for the proposed activity shall not exceed \$6,200,000.
2. **Bed Capacity:** FMH is approved to reallocate four (4) existing licensed general medical-surgical beds to inpatient psychiatric use. The total number of licensed inpatient beds at FMH will remain unchanged.
3. **Approved Capacity of Other Services:** A Certificate of Need is approved authorizing FMH to operate a total of twenty-four (24) licensed inpatient psychiatric beds following completion of the project, consisting of twenty (20) beds within the adult inpatient psychiatric unit and four (4) beds configured for adolescent inpatient psychiatric care, all within the hospital's existing licensed bed authority and without an increase in total licensed inpatient beds.

- 4. Completion Date:** FMH anticipates that the project will be completed and services operational on or before December 2026.

The Certificate of Need statutes, regulations, and review standards evaluate inpatient psychiatric beds as a single service category and do not distinguish between adult and adolescent services for CON purposes. Similarly, the health facilities licensing regulatory framework does not differentiate between adult and adolescent inpatient psychiatric beds for purposes of hospital licensure. As such, FMH would not be in violation of either CON requirements or health facility licensing requirements by treating adolescents in its currently licensed inpatient psychiatric treatment beds.

At the same time, the record reflects that inpatient psychiatric services for adults and adolescents are commonly delivered as separate service lines in practice, with patients treated in distinct physical spaces and under different clinical protocols. This approval does not create a separate licensed service or a new CON category. Rather, it authorizes the reallocation of existing inpatient beds within the single CON service category of Acute Inpatient Psychiatric Treatment Services.

With respect to Acute Inpatient Psychiatric Treatment Service-Specific Review Standard #2, which requires an annual average occupancy rate of at least 80 percent during the preceding three years, I agree with the CON Program's recommendation that the standard cannot be meaningfully applied to this project. The applicable service-specific review standards and methodologies evaluate inpatient psychiatric beds as a single service category and rely on statewide bed counts and utilization rates, without calculating a service-area-specific bed need.

As applied to this project, the statewide methodology assumes accessibility to inpatient psychiatric beds across regions by counting beds located in Anchorage as available to the entire state. The methodology does not account for regional variation in access to care, emergency department boarding, out-of-region or out-of-state placements, or unmet need masked by the absence of locally available services. These limitations are consistent with the conditions described in the Department of Justice findings and the Behavioral Health Roadmap for Alaska and demonstrate that strict application of the occupancy-based standard would not accurately reflect need or improve access to appropriate inpatient psychiatric services for youth in Interior Alaska.

Given these limitations, I find that Acute Inpatient Psychiatric Treatment Service-Specific Review Standard #2 cannot be accurately applied to the proposed reallocation and does not reflect demonstrated regional need for youth behavioral health services in Interior Alaska. Accordingly, Service-Specific Review Standard #2 is waived pursuant to 7 AAC 07.025.

Approval of this Certificate of Need does not imply any guarantee of federal, state, or private funding, including Medicaid reimbursement, and does not imply any guarantee of profitability. This Certificate of Need is valid only through the project completion date identified above, unless extended in accordance with 7 AAC 07.095.

If you are dissatisfied with this decision, you may appeal by requesting an administrative hearing in accordance with 7 AAC 07.080. A request for an administrative hearing must be received in writing by the DOH no later than 30 days after publication of notice of this decision.

Sincerely,



Heidi Hedberg, Commissioner

Cc: Kari Burrell, Chief Strategy Officer, Foundation Health Partners,
kari.burrell@foundationhealth.org
Emily Ricci, Deputy Commissioner, emily.ricci@alaska.gov
Daniel Phelps, Process Improvement Manager, Office of the Commissioner,
daniel.phelps@alaska.gov
Nicole Lebo, Executive Director, Office of Rate Review, Nicole.Lebo@alaska.gov
Mattie Dawson, CON Program Manager, Office of Rate Review,
Mattie.Dawson@alaska.gov

