

ALASKA SURGERY CENTER

an affiliate of **SCA**

December 22, 2017

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



Re: Request for Determination
Relocation of Alaska Surgery Center

Dear Ms. Hicks:

Alaska Surgery Center ("ASC") seeks to relocate its existing ambulatory surgical center¹ to a new location in Anchorage within about 3 miles of its current location. ASC seeks a determination from the Certificate of Need ("CON") Program that a CON is not needed for this relocation of the existing ambulatory surgical center. ASC seeks a determination pursuant to 7 AAC 07.031 that the relocation described in this request letter is exempt from CON requirements as detailed in AS 18.07 and 7 AAC 07.

ASC currently operates an ambulatory surgical center located at 4100 Lake Otis Parkway, Suite 222, Anchorage, Alaska 99508. The existing surgical center has eight Class C operating rooms and two procedure rooms. ASC is currently licensed by the State of Alaska as an ambulatory surgical center, License number ASC-004.² ASC currently has 8 operating rooms and 2 procedure rooms. ASC plans to relocate its ambulatory surgical center to a new location in the same community only 3 miles from its current location. The estimated starting date for the proposed relocation project to begin construction is approximately March 1, 2019; 18 months prior to Alaska Surgery Center's existing lease expiration in September 2021. The estimated completion date is within 12 months of the start date. The additional 6 months will allow Alaska Surgery Center a window of time to move into the new building and deal with any unexpected delays.

¹ As noted below, AS 18.07.031 uses the terminology "ambulatory surgical facility" when referencing "ambulatory surgical centers." It appears that the State of Alaska uses these terms interchangeably and there is no difference between an "ambulatory surgical facility" and an "ambulatory surgical center." *Compare*, AS 18.07.031 (c) *with* the State of Alaska, Division of Health Care Services, Health Facilities Licensing Certification Chart for Ambulatory Surgical Centers, attached as Exhibit 1.

² *See*, State of Alaska, Division of Health Care Services, Health Facilities Licensing Certification Chart for Ambulatory Surgical Centers, Exhibit 1.

The relocated ambulatory surgical center will have 8 Class C operating rooms and 2 procedure rooms. The relocated ambulatory surgical center will continue to provide the same categories of health care services, in particular, surgical services.

APPLICATION OF AS 18.07.031 (c)

AS 18.07.031 specifically allows ASC to move its ambulatory surgical center from its present location to a new location without having to obtain a CON:

... a person who is lawfully operating a health care facility that is an ambulatory surgical facility at a site may make an expenditure of any amount in order to relocate the services of that facility to a new site in the same community without obtaining a certificate of need as long as neither the bed capacity nor the number of categories of health care services provided at the new site is greater.

AS 18.07.031(c).

ASC proposed relocation of its ambulatory surgical center meets all the requirements of this statute.

1) Lawfully operating as an ambulatory surgical center. ASC is lawfully operating as an ambulatory surgical center.³ DHSS and the Certificate of Need Program have long recognized that ASC is licensed for and operates 8 operating rooms.

2) Relocating within the same community. As noted above, AS 18.07.031 (c) allows the existing ambulatory surgical center to be relocated "to a new site in the same community." ASC proposes to move the existing ambulatory surgical center from its current location in Anchorage to another location in Anchorage only a few miles from its current location. Based on past decisions of the Certificate of Need Staff and the Department of Health & Social Services, moving the ambulatory surgical center from Anchorage to a new site in Anchorage is moving it within the same "community."

The proposal to relocate the existing ambulatory surgical center to a nearby site in Anchorage meets the statutory prerequisite that the center be moved within the same community.

3) The bed capacity at the new location will not be greater than it is currently. ASC currently has 8 operating rooms and 2 procedure rooms. The new site where ASC proposes to move will also have 8 operating rooms and 2 procedure rooms.

The proposal to relocate the existing ambulatory surgical center to the new location meets the statutory prerequisite that the center not increase its bed capacity.

³ Exhibit 1.

4) The number of categories of health care services provided will not be greater than it is currently. "Category of health services" is defined as a "major type, program, unit, division, or department of care provided through a health care facility, whether inpatient or outpatient, including an outpatient department, psychiatric wing, kidney dialysis program, radiotherapy, burn unit, or newborn intensive care unit. . . ." ⁴ ASC currently provides surgical services. ASC proposes to continue to provide surgical services.

ASC currently has 8 operating rooms that are classified as "Class C" operating rooms and 2 procedure rooms. ASC intends to build 8 operating rooms and 2 procedure rooms and continue to operate all 8 operating rooms as "Class C" operating rooms and 2 procedure rooms, once the move is made.

The proposal to relocate the existing ambulatory surgical center to a new location in Anchorage within about 3 miles of its current location meets the statutory prerequisite that the ambulatory surgical center not increase the number of categories of health care services provided. ASC currently offers general surgery services and after it moves it will continue to offer general surgery services.

APPLICATION OF 7 AAC 07.031

The Request for Determination regulation is located at 7 AAC 07.031:

(a) A person who is considering whether to undertake an activity involving the construction or alteration of a health care facility or the addition of a category of health care services provided by a health care facility may submit to the department a written request for a determination as to whether the requirements of AS 18.07 and [the CON regulations] are applicable to the activity proposed. . . .

Subsection (b) of that regulation imposes requirements that certain information be provided. Below are ASC's responses to each of those subsections:

1) Description of the proposed activity. The activity is as described above. ASC proposes to relocate its existing surgical care center in Anchorage to a nearby site also in Anchorage. The new center will have 8 Class C operating rooms and 2 procedure rooms.

2) Certified Cost Estimate. A certified cost estimate is attached to this Request for Determination letter. In addition to the cost of constructing a new ASC with 8 operating rooms and 2 procedure rooms, Alaska Surgery Center will also be purchasing the land where it will build the new facility. A certified cost estimate for the construction and land to be purchased is attached to this Request for Determination. Collectively, the land and building will cost approximately \$14,971,240.⁵

⁴ AS 18.07.111 (1).

⁵ See enclosed Certified Cost Estimate.

3) Estimated Starting Date and Completion Date. The estimated starting date will be approximately March 1, 2019; 18 months prior to Alaska Surgery Center's existing lease expiration in September 2021. The estimated completion date is within 12 months of the start date, the additional 6 months will allow the Alaska Surgery Center a window of time to move into the building and deal with any unexpected delays.

Please contact me by phone at (907) 550-6189 or by email at Kevin.Barry@scasurgery.com if you need any additional information to make reach a decision on this Request for Determination.

Very truly yours,
ALASKA SURGERY CENTER


Kevin Barry, CEO

Enclosure



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

Re: Request for Determination – Relocation of Alaska Surgery Center

Dear Ms. Hicks,

I have reviewed the scope of work planned by the Alaska Surgery Center with respect to moving its facilities to the proposed new location. The work will include complete construction of interior improvements meeting or exceeding the guidelines and codes applicable for the occupancy, use and type of construction. The design will be focused on efficient flow and function that will allow the staff to deliver excellent patient care.

I certify that the following cost estimates submitted by the Alaska Surgery Center, Limited Partnership are reasonable and reflect the currently anticipated costs of undertaking and completing the proposed facility assumed to contain 8 operating rooms and 2 procedure rooms along with all supporting ancillary areas within approximately 26,000 usable square feet. The costs below include the surgery center's prorated share of the site acquisition costs along with the cost of tenant improvements construction, professional fees (architectural and engineering, commissioning, testing, etc.) and furniture, fixtures and equipment necessary for a complete and functional ambulatory surgery center. I have reviewed a copy of the proposed land tract and believe that it is adequate for the proposed project and is being offered at a price that is at fair market value.

Land Acquisition (Prorated Share)	\$1,652,410
ASC Construction (Tenant Improvements)	\$9,684,271
Professional Fees	\$1,149,269
Furniture, Fixtures and Medical Equipment	\$2,485,290
Total	\$14,971,240

This certification is based on my review of the land tract documents and other documents associated with the development of this project as well as familiarity with healthcare facility equipment, demolition and construction. I am a registered Architect with base registration in the state of Alabama but I am NCARB certified and have been involved in design and development for construction of 95 ambulatory surgical facilities similar to the one stated in this proposal. I maintain historic cost information on every completed project and the costs proposed for this project align with that data as adjusted for the Anchorage market per the Sweets Cost Guide. I have been involved with health care facility design and construction for over 35 years and am fully familiar with the costs associated with construction and development of an ambulatory surgical facility. Further, I have spoken with counterparts in the industry who have built ambulatory surgical facilities or other health care facilities in Alaska and believe that my estimate takes into account items and issues unique to the state of Alaska.

Sincerely,

A handwritten signature in blue ink that reads 'Wayne Carr' followed by the date '12/20/2017'.

Wayne Carr, RA (AL), NCARB
CEO, Three Sixty Project PM, LLC

EXHIBIT 1

STATE OF ALASKA
DIVISION OF HEALTH CARE SERVICES
HEALTH FACILITIES LICENSING CERTIFICATION

(#20) AMBULATORY SURGICAL CENTER

MEDICARE PROVIDER #	LICENSE #	FACILITY NAME	CONTACT PERSON	ADDRESS	CITY	ZIP	PHONE	ADMIN. FAX
02-C0001007	ASC-001	Alaska Digestive Center, LLC	Pamela Guerrero	4048 Laurel Street, Suite 103A	Anchorage	99508	563-1750	550-4403
02-C0001006	ASC-002	Alaska Spine Center	Kevin Barry	4100 Lake Otis Pkwy., #212	Anchorage	99508	339-7246	644-5555
02-C0001004	ASC-003	Pacific Cataract & Laser Institute	Laurie Wiley	1600 "A" Street, Suite 200	Anchorage	99501	272-2423	272-2428
02-C0001001	ASC-004	**Alaska Surgery Center	Kevin Barry	4100 Lake Otis Pkwy, Suite 222	Anchorage	99508	550-6100	550-6268
02-C0001000	ASC-005	Anchorage Surgicenter, LLC	Bruce Jayne	4001 Laurel Street, Unit A	Anchorage	99508	563-1800	563-1802
02-C0001005	ASC-006	Anchorage Endoscopy Center	Dorlene Muchahy, RN	2841 Debarr Road, Suite 51	Anchorage	99508	222-3636	222-5031
02-C0001002	ASC-007	Geneva Woods Surgical Center	Barbara Cope	3730 Rhone Cr., Suite 100	Anchorage	99508	562-4764	561-8519
02-C0001008	ASC-009	Alaska Spine Institute Surgery Center, LLC DBA: Alpine Surgery Center	Dana Grant	3801 Lake Otis Pkwy, Suite 100	Anchorage	99508	563-1555	563-1222
02-C0001010	ASC-011	Juneau Spine & Pain Center DBA: Southeast Alaska Surgery Center	Victoria Goodkin	3200 Hospital Drive, Suite 100	Juneau	99801	723-9885	(800)766-1962
02-C0001011	ASC-012	**Providence Surgery Centers, LLC DBA: Creekside Surgery Center	Sue Sumpter	3831 Piper Street, Suite S-110	Anchorage	99508	339-7815	339-7890
02-C0001012	ASC-013	*The Surgery Center of Fairbanks, LLC	Sharon Davis	2310 Peger Road	Fairbanks	99701	458-7263	458-7264
02-C0001013	ASC-014	*Alaska Eye Surgery and Laser Center	Megan Schreyer	235 E. 8th Ave., Suite 3A	Anchorage	99501	569-1551	569-1564
02-C0001014	ASC-015	**South Anchorage Surgery Center, LLC	Rebecca Contreras	1917 Abbott Road, Suite 103	Anchorage	99507	770-3244	770-3288
02-C0001015	ASC-016	**Surgery Center of Wasilla, LLC	Lorie Colee	3190 E Meridian Park loop Ste 111	Wasilla	99654	631-3578	631-3631
02-C0001016	ASC-017	**Alaska Cardiovascular Surgery Center	Cassandra Kincaid, Director	3220 Providence Drive, Ste E3-083 3841 Piper St., Suite T-100	Anchorage Anchorage	99508 99508	264-5835	771-6705
<i>Licensed only</i>	ASC-018	Surgery Center of Kenai, LLC	Joseph Hurley	100 Trading Bay Drive, Suite 9	Kenai	99611	335-2580	283-5320
<i>Licensed only</i>	ASC-019	ASC North, LLC	Harold Gear	6911 Debarr Rd	Anchorage	99504	205-1545	
<i>Licensed only</i>	ASC-20	Muldoon ASC	Harold Gear	6911 Debarr Rd	Anchorage	99504	205-1545	
02-C0001017	ASC-21	***Alaska Medical Center, LLC	Linda Holmes	188 W Northern Lights, Suite 110	Anchorage	99503	276-2844	276-2815
<i>Licensed only</i>	ASC-22	Artic Surgery Center, LLC	Lucy Maxwell	1335 Gambell St.	Anchorage	99501	222-6500	222-6550
TJC*								
AAAHc**								
AAAASF***								