



ALASKA DEPARTMENT OF HEALTH

Providence Valdez Medical Center Long-Term Care  
Bed Addition

## **Certificate of Need Request**

April 23, 2025



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## A. Executive Summary and Background

### Executive Summary

Providence Valdez Medical Center (PVMC) is seeking approval of their Certificate of Need (CON) application to convert four of their acute care medical/surgical beds to four long-term care (LTC) nursing beds and to make other minor changes to their existing facility related to the bed conversions. These changes include creating a new day room, nurse and manager offices, a new entry and vestibule, and a mechanical room.

Following is an at-a-glance summary of PVMC’s Pass/Fail decision for each standard. Detailed discussions of the standards can be found in Sections B and C of our report.

### Overall Project Pass/Fail Recommendation

Pass

*Table 1. Pass/Fail Standards At-A-Glance*

Summary of Standards and Resulting Pass/Fail			
General Standard	Pass/Fail	Service-Specific Standard	Pass/Fail
1. Document Need	Pass	1. Minimum of 40 Beds – New Freestanding Nursing Facility	N/A
2. Relationship to Applicable Plans	Pass	2. Minimum of 15 Beds – New Hospital-Based Nursing Facility	N/A
3. Stakeholder Participation	Pass	3. Minimum Occupancy – <ul style="list-style-type: none"> <li>• Freestanding 90%</li> <li>• Hospital-Based 80%</li> </ul>	Pass
4. Alternatives Considered	Pass	4. Service Area Average Occupancy 90%	Pass
5. Impact on Existing System	Pass	5. Combination of Assisted Living and Adult Day Care Slots	Pass
6. Access	Pass	6. Long-Term Nursing Home Bed Need Calculation	Pass

### Compelling Cases for Approval of the Project:

- Growth in the aging population of the service area and the high ratio of individuals age 65 and older.
- Consistently high occupancy between 97%-98% for 2021-2023.
- Expected increase in Alzheimer’s disease or related dementias (ADRD) need for LTC beds.
- Occupancy of all other existing nursing facility beds in the service area (over 90%).
- Our calculation of the long-term nursing home bed need calculation supports a need of up to six additional beds. See our service-specific standard discussion in Section C.6 of this report.



## Background and Project Description

PVMC Describes the Project as Follows (excerpts of CON application pages 8-13):

The project will convert four currently licensed medical/surgical beds into four LTC beds as follows:

*Table 2. Proposed Licensed Bed Changes*

Service Area	Current	Change	Proposed
Medical/surgical beds	10	-4	6
Obstetric care	1	0	1
Long-term care beds	10	4	14
Total Beds	21	0	21

This change will reduce the number of medical/surgical beds from 10 to 6 and increase the number of LTC beds from 10 to 14. PVMC will maintain one bed dedicated to obstetric care, so the total licensed bed count will remain at 21 upon project completion. Additionally, the project will include minor changes such as creating a new day room, nurse and manager offices, a new entry and vestibule, and a mechanical room. There will be no other changes to the existing provision of services. This change in bed use is aligned with utilization forecasts that project a declining need for medical/surgical beds, while simultaneously identifying an increased need for LTC services.

This expansion is driven by the growing demand for LTC services in the Valdez region, as identified through community health needs assessments and utilization forecasts.

The project involves both renovation and new construction, utilizing existing utilities and systems while also requiring upgrades and new installations. For instance, the new construction of a 2,166 square foot addition to the LTC facility, includes a mechanical room with a new air handling unit to meet the increased capacity for heating, ventilation, and air conditioning. Additionally, new electrical and plumbing installations will be necessary, such as a break room sink, a medical handwash sink, and exterior hose bibs, among other plumbing requirements. This new construction will also add support space including a new day room, nurse and manager offices, and a new vestibule. Renovations to the 3,203 square feet of the existing LTC and 717 square feet of acute space will be part of the conversion of the four acute care beds to LTC rooms. The total cost of the project is estimated at \$8,015,587 with site work to begin in April 2025 with an estimated date of project completion by May 2026.

The growth projections for PVMC's LTC unit assume the addition of one new resident each quarter beginning Quarter 3 2025 through Quarter 2 2026, for a total of four new residents with an expected occupancy rate of 96%. Additional services (non-bed activity) to fully support the LTC expansion will be proportionate to the growth in patient days. These additional volumes include nutritional, housekeeping and laundry, personal care, transportation, spiritual, social and recreational, mental health, and other services.



## Service Area Definition

DOH CON standards and regulations heavily rely on “service area” in the CON application and approval process. However, service area is not well-defined and is a complex issue in such a rural and geographically diverse state. Even PVMC inconsistently defined the service area in their application. PVMC is located in an area that has only one road leading to it, further complicating the determination of the service area. The nursing facility nearest to PVMC is Cordova Community Medical Center, which is located in the City of Cordova. The City of Cordova falls within the Alaska Department of Labor and Workforce Development Chugach census area.

Although PVMC’s definition of service area does not include any other long-term nursing care facilities, we have defined the service area as the Chugach census area (discussed below). While service area is difficult to define, ***whether or not Cordova is included in the service area ultimately did not matter because we found the provider passes all of the service specific standards in Section C of our report.*** Additionally, PVMC provided rationale and supporting data that no matter which service area is used, they have an increasing aging population that is likely to lead to an increased demand for LTC beds.

Section IV.B.4 of the State of Alaska Certificate of Need Application Packet requires the applicant to identify the target population to be served. We interpret this section to be congruent with the service area utilized in the service specific review standards, item 6, Long-Term Nursing Home Bed Need Calculation. The application requires the use of the Alaska Department of Labor and Workforce Development statistics for population data and projections. Additionally, the application states the population may be defined in one or more ways. Following is a summary of each method offered in the application, followed by a summary of PVMC’s methodology, and our analysis of each PVMC method. We ultimately determined the service area using method C below to be the Chugach Census Region as defined by the Alaska Department of Labor and Workforce Development which includes both PVMC and Cordova Community Medical Center.

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

#### **Valdez Region (Consists of the Chugach and Copper River Census Areas).**

This defined region appears to be what the city of Valdez utilized as the service area in their Hospital and Clinic Master Plan (Master Plan). This document was prepared by the city to assess the health care needs of the community. Additionally, PVMC referenced this region in the narrative section of the CON that discusses demonstration of need and their patient origin analysis supports that this region is served by PVMC.

Conversely, this service region was not used in PVMC’s calculation of the Long-Term Nursing Home Bed Need calculation (referred to as the “bed need formula” in our report). Refer to Section C.6 of this report for our bed need formula calculation and discussion.

### *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.*

#### **Primary Service Area (Consists of the Entirety of the City of Valdez).**



PVMC noted that roughly 70% of their LTC residents come from the city of Valdez, while 30% come from other communities, such as Copper River and Tatitlek. Therefore, PVMC considers the city of Valdez to be the primary service area. PVMC utilized this primary service area in their bed need formula (See Section C.6 of this report). PVMC's application did not contain all the data elements necessary to calculate the bed need formula using the city of Valdez as the service area. PVMC would have needed to provide all necessary data elements to calculate the bed need formula, but they did not.

Although PVMC made a compelling argument for why they consider the city of Valdez the primary service area, they did not provide the data needed for the bed need formula. Therefore, we are unable to consider this the primary service area for the bed need formula.

*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.*

**Secondary Service Area (Consists of the Chugach Census Region as Defined by the Alaska Department of Labor and Workforce Development).** This service area most closely aligns with the CON application guidance to use Alaska Department of Labor and Workforce Development statistics for population data and projections. PVMC also provided a version of the bed need formula utilizing this service area.

We understand there are no roads connecting Valdez to Cordova so access between the cities is far from convenient. Because of this geographic difficulty, we acknowledge that including Cordova in the service area is unusual; however, in the absence of a firm service area definition, we concluded that using the Alaska Department of Labor and Workforce Development statistics provides the most black and white authority for service area. We based this conclusion on the Section IV.b.4 of the CON application packet that states to "Use the most recent Alaska Department of Labor and Workforce Development statistics for population data and projections." Accordingly, we considered this as the service area which includes both PVMC and Cordova Community Medical Center for the purposes of our report.

## Myers and Stauffer Involvement

Myers and Stauffer is a nationally certified public accounting firm with expertise in government-sponsored health care accounting, auditing, and consulting. We are currently engaged with Alaska DOH to provide Medicaid rate maintenance support and consulting, hospital diagnosis-related group technical assistance, Medicaid provider compliance audits, disproportionate share hospital audits, pharmacy dispensing services cost study, and forensic accounting and litigation support. DOH requested our support with conducting a review of the PVMC pending CON application. Our assessment of the application was performed using the data sources that were provided by DOH (referenced in the following section).

## Data Sources

For our analysis, we relied on the following sources:



- PVMC CON application dated December 16, 2024.
- Alaska DOH document entitled “Certificate of Need Review Standards and Methodologies December 9, 2005.”
- Alaska DOH document entitled “Certificate of Need Application Packet Adopted December 9, 2005.”
- City of Valdez Hospital and Clinic Master Plan – November 11, 2022 ([Draft](#)).
- Department of Labor and Workforce Development [Alaska Population Projections 2023 to 2050](#).



# B. General Review Standards

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The Department will apply the following in its evaluation of each CON application, the general review and applicable service-specific review standards as documented in the *Alaska Certificate of Need Review Standards and Methodologies dated December 9, 2005*, and the standards set out in AS 18.07.043, and adopted by reference in 7 AAC 07.025.

## 1. General Standard 1 – Document Need

I. 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.

### Pass/Fail Recommendation

Pass – PVMC identified the primary barrier to care as the lack of availability of skilled nursing services in the service area. The conversion of medical/surgical beds to licensed skilled nursing facility (SNF) beds will increase the availability of services to the target population.

### Analysis

#### PVMC Assertion

High occupancy rates at PVMC indicate a clear need for additional LTC beds in the community. The occupancy rate in the LTC wing at PVMC has recently reached 95% and has been steadily increasing since 2019. This trend is expected to be further exacerbated by the projected growth in the elderly population, who typically utilize LTC services at higher rates. In 2021, there were 42 individuals in Valdez and 165 individuals regionwide (Copper River and Chugach census area combined) age 80 or older. By 2035, these numbers are expected to rise to 576 in the region, with 112 residing in Valdez. This increase in the elderly population will drive higher demand for both LTC and SNF beds.

The proposed project aims to address the unmet community needs and the consequent increased demand for SNF services. The Valdez region (Chugach and Copper River census area) has one of the highest ratios of people age 65 and older to skilled nursing beds in the state and currently has no assisted living home beds. Valdez also leads the state in the ratio of people age 65 and older to skilled nursing or assisted living beds combined. In the Valdez region, there are 139 people age 65 and older per available bed, which is at least three times as many people per bed in comparable regions.

#### Myers and Stauffer Response

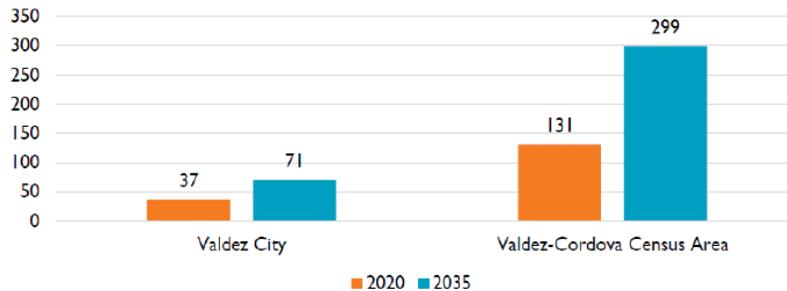
PVMC has identified that a primary barrier to long-term nursing care in the area is the availability of licensed SNF beds. PVMC's patient origin analysis indicated that PVMC residents are primarily from the Chugach and Copper River census areas. Based on current and projected population data for these areas, PVMC has substantiated that there is a current and future need for additional LTC beds.

Although PVMC used multiple service areas in their application (refer to *Executive Summary, Service Area Definition* section), they provided rationale and supporting data that no matter which service area



they reference, they each have an increasing aging population that is likely to lead to an increased demand for LTC beds. To further expand on community needs within the service area, PVMC utilized national statistics on ADRD and extrapolated the results to the service area to illustrate that there would be an increasing need for LTC beds due to an increase in ADRD residents (see Figure 3 of PVMC's application for extrapolated results and page 19 of the CON application and copied below). PVMC's assertion that the aging population is likely to result in an increase in people experiencing ADRD, thus, are more likely to require LTC services, appears reasonable.

**Figure 3. Estimated Number of People Experiencing ADRD, Age 65 and Older, 2020-2035**



Source: Alzheimer's Disease Facts and Figures 2021, Alzheimer's Association, Alaska Department of Labor and Workforce Development, Population Projections, v 2020.

Furthermore, PVMC's total patient day utilization ranges from 97% to 98% over the last three years (2021-2023). This is well in excess of the minimum occupancy requirement of 80% required in service-specific review standard 3 discussed in Section C of our report. This supports their assertion that the availability of LTC beds is likely to be a future need in the community. PVMC's application adequately documented a need for additional LTC beds in the service area.



### 2. General Standard 2 – Relationship to Applicable Plans

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.

#### Pass/Fail Recommendation

Pass – PVMC has appropriately engaged the community and considered their feedback in developing plans for converting four medical/surgical beds to four LTC beds.

#### Analysis

##### PVMC Assertion

The proposed project is fully aligned with the city of Valdez Master Plan published in November 2022. The Master Plan identified the expansion of the LTC facility as a key component among various project options, particularly as a near-term project. PVMC and the city of Valdez have collaborated on this initiative, which is included in the approved PVMC 2025 Operating and Capital Projects Budget.

The LTC expansion is also aligned with the 2024-2026 PVMC Community Health Improvement Plan (CHIP). In the 2024-2026 CHIP, a key strategy related to addressing increased access to health care included the expansion of LTC capacity at PVMC. This is in response to a well-documented increased demand for LTC services driven by an aging population, the greater prevalence of chronic health conditions, and in some populations increased longevity.

##### Myers and Stauffer Response

PVMC's plan for the expansion of nursing facility beds aligns with the city of Valdez's Master Plan. Additionally, PVMC engaged with the community of Valdez in the creation of a CHIP to help PVMC better understand the community's needs and how PVMC can enhance patient outcomes. In reviewing the city of Valdez's Master Plan, it was noted that most of the recommendations per this plan were incorporated into the PVMC's CON application indicating that stakeholder/community input was heavily considered in the CON application.



### 3. General Standard 3 – Stakeholder Participation

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

#### Pass/Fail Recommendation

Pass – We have reviewed PVMC’s application, letters of support, and the minutes of the comments received during the public hearing. Review of this information demonstrates that PVMC solicited stakeholder input and that there is overall stakeholder support for the PVMC’s application.

#### Analysis

##### PVMC Assertion

The development of this proposal has been made in concert with community leaders in the Valdez community. Using analyses and output from the 2022 PVMC Master Site Plan conducted by the city of Valdez and the 2024-2026 Community Health Needs Assessment (CHNA), Providence has partnered with community leadership to identify high-priority health care needs for the community. Additionally, provided as Exhibit 6 of the CON application are letters of stakeholder support from representatives of the city of Valdez, the Valdez Community Advisory Council, and the Valdez Senior Center.

##### Myers and Stauffer Response

PVMC’s application included six letters of support and the minutes from the public hearing that noted support for the project. These sources indicate the project has garnered support within the community.

We did note that a vast majority of the support for stakeholder engagement originated from individuals affiliated with Providence. Additionally, in reviewing the minutes from the public hearing, it appears that all participants were either employees of Providence or public hearing facilitators from Alaska DOH. In our *Executive Summary* where we discuss the service area definition, we found Cordova Community Medical Center to be part of the service area. Therefore, they would be the most impacted by this CON. We see no communication from them in the stakeholder meetings and communications. Therefore, we assume they do not have issue with the application.

The public hearing was open to all and no objections to the plan were noted. While the absence of noteworthy opposition does not necessarily translate to meaning there is broad community support, with no objections on file we find this standard to be satisfied.



### 4. General Standard 4 – Alternatives Considered

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.

#### Pass/Fail Recommendation

Pass – PVMC has demonstrated that they considered alternatives to this project. Further, of the options considered, PVMC's chosen alternative appears to be the option that best maximizes impact and minimizes cost.

#### Analysis

##### PVMC Assertion

Faced with the fact that there is a documented and growing need for LTC services in both the city of Valdez and the broader Chugach census area, PVMC considered the following alternative options: Option 1 is to do nothing, Option 2 proposes a new LTC facility in new location, and Option 3 proposes remodeling the current LTC facility at PVMC and expanding capacity. Ultimately, PVMC in partnership with the city of Valdez and other community stakeholders, chose option 3 to expand LTC services at its existing facility. The option of doing nothing was not considered satisfactory given the demonstration of need and community support for expanding access in a setting where there is already a need and demand is expected to increase over the next 10 years. Building a new facility is a high cost and inefficient option when compared with the option to expand the current facility. For these reasons, the proposed project is an expansion of current LTC beds in the current building.

##### Myers and Stauffer Response

Of the options presented by PVMC, we agree that expansion of the existing facilities is the most suitable approach.

Option 1, the status quo, would likely result in lower health care outcomes. If individuals needing LTC cannot receive those services within their communities, they may not receive the level of care they require or may have to seek services in areas that are further away from their communities and social support networks, which is not a desirable outcome. Additionally, due to the geographic location of Valdez, it would be difficult for friends and family to visit the residents in facilities not located in Valdez.

We agree that Option 2, building a new facility, is more costly than expanding or renovating an existing building. Additionally, given the low population density of the service area, it is likely there may not be sufficient demand in another location within the service area to justify an alternative location. Therefore, we agree that Option 3, expansion of the existing facility, is the best option presented.

The application did not clearly indicate why four LTC beds were chosen. On page 15 of their application, per their internal assessment, PVMC noted a projected demand of 19 beds by 2035, meaning nine additional LTC beds would be needed by 2035, but in their application, they are only requesting four. Because PVMC's request is conservative, we did not pursue further analysis of this issue. We find that PVMC complies with the general review standard.



### 5. General Standard 5 – Impact on Existing System

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.

#### Pass/Fail Recommendation

Pass – PVMC has demonstrated that the reduction of medical/surgical beds and the increase of long-term nursing beds better aligns with the current and anticipated health care needs of the community.

#### Analysis

##### PVMC Assertion

Since the project will be adding LTC capacity in response to the demand for these services, we expect it to complement existing services by addressing unmet needs and potentially reducing high occupancy rates. Increasing LTC capacity can help alleviate the costs associated with keeping a patient in an acute care bed due to the unavailability of a LTC bed. As previously mentioned, this project is aimed at those who require LTC services. Since this is an expansion of an existing facility, it will have no negative impact on the competition for the provision of these services.

PVMC is part of the Providence Health System in Alaska, which has an extensive and integrated health care network throughout the state. It offers a wide range of services and maintains strong referral and community partnerships to ensure comprehensive and compassionate care for Alaska residents. As a large system, Providence has established procedures for transferring patients to facilities with more advanced capabilities when required, both within Alaska and to other states. It maintains strong collaboration and coordination with local and regional specialists in fields such as cardiology, neurology, orthopedics, and oncology.

##### Myers and Stauffer Response

PVMC's response to this standard evaluates the project's impact to the current facility and its related party, Providence. Locally, the anticipated impact of the project is that health care availability would be better aligned with health care needs.

As this project includes a reduction of medical/surgical beds, there would inherently be an impact on the availability of higher acuity health care services. However, PVMC has identified that their medical/surgical beds have lower utilization rates. Page 21 of PVMC's original CON application included Table 7, "PVMC LTC Facility Historical Utilization, 2019-2023" to report the LTC facility licensed bed utilization. They submitted a revised table in a separate file to include acute care bed utilization. Per the revised table 7 copied below, PVMC currently has a low utilization of the medical/surgical beds.



Table 7 PVMC Historical Utilization, 2019-2023 (CON Application Page 21 separately filed revised table)

Providence Valdez Medical Center Historical Utilization, 2019-2023					
	Actual 2019	Actual 2020	Actual 2021	Actual 2022	Actual 2023
<b>Acute:</b>					
Number of admissions/discharges	170/170	128/125	146/140	145/143	116/110
Number of patient days (incl Swing Bed)	871	456	890	839	594
Average length of stay (excl Swing Bed)	2.5	2.4	2.5	2.8	2.5
Percent occupancy	22%	11%	22%	23%	15%
Average daily census	2.4	1.3	2.4	2.3	1.6
Number of licensed beds	11	11	11	11	11
Number of beds set up	11	11	11	11	11
<b>Long Term Care:</b>					
Number of admissions/discharges	6/9	3/1	2/3	3/1	1/4
Number of patient days	2,982	3,085	3,550	3,562	3,590
Percent occupancy	82%	84%	97%	98%	98%
Average daily census	8.2	8.4	9.7	9.8	9.8
Number of licensed beds	10	10	10	10	10
Number of beds set up	10	10	10	10	10

Utilizing PVMC’s historical Acute Care utilization in the table above, we created *Table 3* below to show that medical/surgical bed utilization after the four-bed reduction would have been between 23% - 35% for the last five years. If the PVMC medical/surgical beds were reduced to seven beds, for each of the last five years, PVMC would still fall under a 50% occupancy for each year. We find this compelling enough to justify the conversion of medical/surgical beds to long-term nursing beds as this will better align with the health care needs of the community.

Table 3. PVMC – Acute Care Occupancy (2019-2023)

Occupancy	2019	2020	2021	2022	2023
<b>Occupancy with Original 11 Beds</b>					
Bed Days Available (11 * 365)	4,015	4,015	4,015	4,015	4,015
Actual Acute Care Occupancy	871	456	890	839	594
Occupancy Percentage	22%	11%	22%	21%	15%
<b>Occupancy with Reduction to 7 Beds</b>					
Bed Days Available (7 * 365)	2,555	2,555	2,555	2,555	2,555
Actual Acute Care Occupancy	871	456	890	839	594
Occupancy Percentage	34%	18%	35%	33%	23%

Note, PVMC has 10 medical/surgical beds and one obstetrics bed. However, for purposes of occupancy analysis, PVMC did not separately track the obstetrics days. Therefore, the obstetric bed is grouped with the medical/surgical beds for occupancy purposes. PVMC noted that this obstetric bed will remain and



the 10 medical/surgical beds will be reduced to six. Therefore, our analysis in *Table 3* calculates acute care occupancy using the original 11 total beds compared to the CON proposal to reduce beds to seven.

Although this CON application is not requesting new acute care beds, to analyze whether reducing acute care beds is a risk, and to assess reasonableness, we compared acute services utilization to the minimum occupancy standards for acute care hospital services. We utilized the formulas in the DOH Alaska Certificate of Need Review Standards and Methodologies, II. Acute Care Hospital Service. This standard requires that for hospitals with fewer than 50 licensed beds (PVMC has 11), a 50% minimum occupancy must be maintained for a need to be considered for new medical/surgical beds. Accordingly, the decrease in medical/surgical beds associated with this application is not a concern because PVMC’s remaining seven medical/surgical beds are still projected to be underutilized. Refer to Table 8 of PVMC’s application for the projected utilization of the medical/surgical beds (see page 21 and copied below).

**Table 8. PVMC LTC and Acute Utilization, 2024-2030**

Providence Valdez Medical Center Utilization Annualized 2024, Projected 2025, Forecast 2026-2030							
	Annualized	Projected	Forecast				
	2024	2025	2026	2027	2028	2029	2030
<b>Acute:</b>							
Number of patient days (Acute)	826	768	750	750	750	750	750
Number of licensed beds (Acute)	11	9	7	7	7	7	7
Number of beds set up (Acute)	11	9	7	7	7	7	7
<b>Long Term Care:</b>							
Number of patient days (LTC)	3,595	3,831	4,876	4,906	4,919	4,906	4,906
Number of licensed beds (LTC)	10	12	14	14	14	14	14
Number of beds set up (LTC)	10	12	14	14	14	14	14

Source: Providence Valdez Medical Center

PVMC’s response did not evaluate the impact to other health care facilities in the Chugach census area. Because PVMC made compelling cases supporting the CON based on census and acuity projections and because of the remote geographic location of the facility, we do not see a negative impact to other health care providers.



### 6. General Standard 6 – Access

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.

#### Pass/Fail Recommendation

Pass – PVMC identified the primary barrier to accessibility as the availability of skilled nursing services. The conversion of medical/surgical beds to licensed SNF beds increases the accessibility of services to the target population.

#### Analysis

##### PVMC Assertion

Expanding LTC capabilities at PVMC will significantly enhance accessibility for local patients and their families, eliminating the need to travel to larger population centers, such as Anchorage. Providence is deeply embedded in the local community and collaborates closely with various organizations to address public health needs and improve overall community wellness. These partnerships include collaborations with local non-profits to support initiatives, such as food security, housing, mental health services, public health, and substance abuse treatment. As an established critical access hospital, PVMC's project to expand the existing LTC facility is not expected to result in any changes to existing ancillary or support services.

##### Myers and Stauffer Response

PVMC has identified that the primary barrier to accessibility is the availability of health care services. In the application, PVMC makes the case that converting medical/surgical beds to skilled nursing beds will better align the health care availability with the health care needs of the community. As a result, this project would reduce the need for community members to seek SNF services that are located outside of the community.

Given the low population density of the service area, it is likely the expansion of the existing facility within the most populated area (city of Valdez) of the service area (Chugach census area) best meets the community's access needs for these services. Additionally, PVMC has considered accessibility more broadly and has demonstrated that the current project improves accessibility to long-term nursing care in the area.



## C. Service-Specific Review Standards – Long-Term Nursing Care

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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. Service-Specific Standard 1 – Minimum of 40 Beds-New Freestanding Nursing Facility

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

#### Pass/Fail Recommendation

N/A – This standard is not applicable. The proposed project is an expansion of an existing hospital-based long-term nursing facility, not new construction of a freestanding facility.



## 2. Service-Specific Standard 2 – Minimum of 15 Beds – New Hospital-Based Nursing Facility

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.

### Pass/Fail Recommendation

N/A – This standard is not applicable. The proposed project is an expansion of an existing long-term nursing facility, not new construction.



### 3. Service-Specific Standard 3 – Minimum Occupancy (Freestanding 90% or Hospital-Based 80%)

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.

#### Pass/Fail Recommendation

Pass – PVMC qualifies as a hospital co-located LTC nursing facility under this standard. They have maintained an occupancy between 97%-98% during the three preceding years, which is well above the 80% minimum. Accordingly, this specific standard has been met.

#### Analysis

##### PVMC Assertion

As a co-located facility, PVMC has maintained an annual occupancy of 97% or greater over the last three years, which exceeds expectations for this standard.

##### Myers and Stauffer Response

Per Table 7 of the application, (see page 21 and copied below) PVMC identifies the reported days and occupancy percentages for the last three years. Per review, PVMC’s occupancy has consistently exceeded 80% over the previous three years thus meeting this standard.

**Table 7. PVMC LTC Facility Historical Utilization, 2019-2023**

Providence Valdez Medical Center Historical Utilization, 2019-2023					
	2019	2020	2021	2022	2023
<b>Long Term Care:</b>					
Number of admissions/discharges	6/9	3/1	2/3	3/1	1/4
Number of patient days	2,982	3,085	3,550	3,562	3,590
Percent occupancy	82%	84%	97%	98%	98%
Average daily census	8.2	8.4	9.7	9.8	9.8
Number of licensed beds	10	10	10	10	10
Number of beds set up	10	10	10	10	10

Source: Providence Valdez Medical Center



### 4. Service-Specific Standard 4 – Service Area Average Occupancy of at Least 90%

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.

#### Pass/Fail Recommendation

Pass – Although PVMC’s definition of service area does not include any other long-term nursing care facilities, we have defined the service area as the Chugach census area, which includes Cordova Community Medical Center. PVMC passes the 90% threshold test both with and without Cordova.

#### Analysis

##### PVMC Assertion

This question is not applicable. PVMC is the only long-term nursing facility in the service area and this standard is not applicable. However, PVMC has maintained an annual occupancy of well over 90% over the last three years.

##### Myers and Stauffer Response

As discussed in the *Executive Summary*, we have defined the service area as the Chugach census area, which includes the LTC nursing facility at Cordova Community Medical Center. Therefore, we disagree with PVMC that they are the only provider in the service area and that this standard is not applicable.

Although PVMC maintains this standard is not applicable, their CON application includes a separate electronic file titled “PVMC LTC CN Application Exhibits 2 of 2\_12.16.24.pdf.” Exhibit 5 (PDF page 54) includes several occupancy calculations to include various providers. Therefore, we relied on these exhibits for our analysis.

It appears PVMC utilized what they defined as the primary service area, which includes only the city of Valdez. As described in our *Executive Summary*, had PVMC provided all necessary data elements to calculate the bed need in accordance with the specific service standard, we may have come to the conclusion that the city of Valdez was an appropriate service area. However, this was not the case.

One of PVMC’s Exhibit 5 tables included the LTC nursing facility beds within the entire Chugach census area, including Cordova. We were able to evaluate this standard using the required data elements. Refer to PVMC’s Exhibit 5, (see page 56 of Exhibits 2 of 2 and copied below), for the LTC nursing facility occupancy percentages for the last three years.



### Long Term Care Need Methodology

#### Historical Utilization: Providence Valdez Medical Center & Cordova Community Medical Center

Facility Name	Calendar Year	ICF/SNF BEDS	TOTAL		0-64 Bed	65-74 Bed	75-84 Bed	84 + Bed
			BED DAYS	Utilization	Days	Days	Days	Days
CORDOVA COMMUNITY MEDICAL CENTER	2011	10	3237	88.68%	0	996	1568	673
Providence Valdez Medical Center	2011	10	3645	99.86%	0	1460	377	1808
CORDOVA COMMUNITY MEDICAL CENTER	2012	10	3381	92.63%	10	1098	1741	532
Providence Valdez Medical Center	2012	10	3577	98.00%	0	1260	563	1754
CORDOVA COMMUNITY MEDICAL CENTER	2013	10	3574	97.92%	315	1023	1095	1141
Providence Valdez Medical Center	2013	10	3500	95.89%	238	1108	303	1851
CORDOVA COMMUNITY MEDICAL CENTER	2014	10	3454	94.63%	365	823	363	1903
Providence Valdez Medical Center	2014	10	3563	97.62%	1091	730	1460	363
CORDOVA COMMUNITY MEDICAL CENTER	2015	10	2917	79.92%				
Providence Valdez Medical Center	2015	10	3637	99.64%	1441	366	1464	366
CORDOVA COMMUNITY MEDICAL CENTER	2016	10	3517	96.36%				
Providence Valdez Medical Center	2016	10	3650	100.00%	1095	730	365	1460
CORDOVA COMMUNITY MEDICAL CENTER	2017	10	3123	85.56%	565	303	1152	1103
Providence Valdez Medical Center	2017	10	3615	99.04%				
CORDOVA COMMUNITY MEDICAL CENTER	2018	10	3283	89.95%	1322	235	859	867
Providence Valdez Medical Center	2018	10	6569	179.97%	1411	365	395	2611
CORDOVA COMMUNITY MEDICAL CENTER	2019	10	2909	79.70%	953	665	22	1269
Providence Valdez Medical Center	2019	10	3626	99.34%				
CORDOVA COMMUNITY MEDICAL CENTER	2020	10	3085	84.52%	732	567	688	1098
Providence Valdez Medical Center	2020	10	3632	99.51%	1089	0	727	1816
CORDOVA COMMUNITY MEDICAL CENTER	2021	10	3550	97.26%	730	352	1345	1123
Providence Valdez Medical Center	2021	10	3639	99.70%	1456	0	365	1818
CORDOVA COMMUNITY MEDICAL CENTER	2022	10	3563	97.62%	718	972	778	1095
Providence Valdez Medical Center	2022	10	3372	92.38%	1686		674	1012
CORDOVA COMMUNITY MEDICAL CENTER	2023	10	3590	98.36%	637	1020	1095	838
Providence Valdez Medical Center	2023	10						

Per the above table, we noted that the occupancy percentages of all the LTC nursing facilities within the service area of the Chugach census area was at least 90% for the last three years. Accordingly, PVMC passes this standard.



## 5. Service-Specific Standard 5 – Combination of Assisted Living and Adult Day Care Slots

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.

### Pass/Fail Recommendation

Pass – We have determined that PVMC is eligible for the case-by-case approval exception, as the community has a population below 10,000. Based on the information provided in their application, the approval of additional LTC nursing facility beds for this community is warranted regardless of whether the assisted living and adult day care slot standard is met.

### Analysis

#### PVMC Assertion

Considering Valdez’s small population and PVMC’s unique role as the sole health care facility, we believe that our existing services and the planned expansion of LTC capacity will effectively meet the community’s needs without requiring additional assisted living beds or adult day care slots. Our comprehensive range of services, including home health care and outpatient rehabilitation, supports individuals in less restrictive settings. Therefore, we respectfully request that PVMC be granted case-by-case approval to proceed with the project as proposed.

#### Myers and Stauffer Response

The term “community” is not defined in the Review Standards and Methodologies. While it may refer to a more narrowly defined geographic area, we assume it is interchangeable with the term “service area.”

The estimated population for the service area (i.e., the Chugach census area) as of July 1, 2024 is 6,769; therefore, PVMC is eligible for case-by-case treatment.

It appears this standard is in place to ensure lower cost services are available for patients with lower acuity. While there is a potential need for HCBS programs, adult day care, and assisted living services in the area, providing those services may not be practical given the low population density, transportation limitations, and other factors unique to the service area. Therefore, it appears reasonable for PVMC to be exempt from meeting this standard.



## 6. Long-Term Nursing Home Bed Need Calculation

The department will use the formula below to determine the need for long-term nursing home beds.

- **Step One:** Determine the projected long-term nursing care caseload using the formula:

$$C = CASU$$

**C** (Caseload) = the average daily census of long-term nursing care patients five years from the project implementation date

**Average Daily Census** = patient days per year/365

**CASU** (Composite Age Specific Use) = defined as the cumulative average daily census of long-term nursing care patients per 1,000 persons for the age groups: 0-64 years, 65-74 years, 75-84 years, and 85 years and over, five years from implementation of the project, calculated as follows:

**CASU** =  $(UR<65 \times PP<65) + (UR65 \bullet 74 \times PP65 \bullet 74) + (UR75 \bullet 84 \times PP75 \bullet 84) + (UR>85 \times PP>85)$  where:

**UR<65** = the average nursing home bed use rate of the service area population aged 0 to 64 years for the preceding three years

**PP<65** = the projected population aged 0 to 64 years for the fifth year from the project implementation date

**UR65•74** = the average nursing home bed use rate of the population aged 65 to 74 years for the preceding three years

**PP65•74** = the projected population between 65 and 74 years of age for the fifth year from the project implementation date

**UR75•84** = the average nursing home bed use rate of the population aged 75 to 84 years for the preceding three years

**PP75•84** = the projected population between 75 and 84 years of age for the fifth year from the project implementation date

**UR>85** = the average nursing home bed use rate of the population 85 years of age and older for the preceding three years

**PP>85** = the projected population 85 years of age and older for the fifth year from the project implementation date

- **STEP TWO:** Determine the projected number of nursing home beds required to meet projected demand using the formula:

$$PBN = C / NHTO$$

**PBN** = projected nursing home bed need

**C** (caseload) = the average daily census of long-term nursing care patients five years from the project completion date



**NHTO** = nursing home target occupancy, defined as 90% (0.90)

- **STEP THREE:** For service area bed need projections, multiply projected bed need (PBN) by the current service area share of the population to be served aged 65 and over:

$$\text{PBN}_{sa} = \text{PBN} \times \text{SAS}$$

**SAS** (service area share) = the proposed service area's current share of the population to be served, as of the most recent geographic population estimates. If there is public information about service area population changes expected over the planning horizon, such as a military base closing, or a major economic project such as a new mine, the service area share estimate may be modified with explanation to reflect the expected change.

Determine unmet nursing home bed need, if any, by subtracting the number of existing licensed and CON-approved beds from the number of beds projected to be needed in the proposed service area.

## Pass/Fail Recommendation

Pass – After applying the bed need methodology to the Chugach census area, the bed need formula justifies a need for six beds. Accordingly, PVMC's request for four LTC nursing facility beds is justified.

## Analysis

### PVMC Assertion

PVMC's calculation of long-term nursing home beds was included as Exhibit 5 of their application (see page 56 of Exhibits 2 of 2 and copied below).



LTC Need Calculations

	2021 Bed Days	2022 Bed Days	2023 Bed Days	Average Bed Days	2023 Total Population	2030 Total Population	2023 Population 65 and older	2030 Population 65 and older	Current Bed Count			
Alaska	217,137	238,675		227,906	736,812	749,942	110,490	130,090	1017 (including MS Anc and Aspen)			
Chugach Census Area	7,182	7,202	6,962	7,116	6,868	6,946	1,117	1,291	20			
Valdez	3,550	3,563	3,590	3,568	3,852	3,896	503	582	10			
					Calculation with Total Population				Calculation with Age 65 and up			
<b>STATEWIDE</b>												
C= (Bed Days / current population) X Projected Population =					(227,906/736,812)*749,942=	231967.29			(227906/110490)*130090	268334.6		
ADC = Average Daily Census = Patient bed days / 365 =					(231968/365)=	635.52877			268335/365=	735.1644		
Projected bed need (at 90% occupancy) = ADC* 90%					(649/0.9)=	721.11111			736/0.9=	817.7778		
<b>BED NEED = projected beds – current beds =</b>					<b>722-1017</b>				<b>-295</b>			
									<b>818 - 1017</b>			<b>-199</b>
<b>Chugach Census Area</b>												
C= (Bed Days / current population) X Projected Population =					(7116/6868)*6946	7196.8165			(7116/1117)*1291	8224.491		
ADC = Average Daily Census = Patient bed days / 365 =					7197/365	19.717808			8225/365	22.53425		
Projected bed need (at 90% occupancy) = ADC* 90%					20/0.9	22.222222			23/0.9	25.55556		
<b>BED NEED = projected beds – current beds =</b>					<b>23-20</b>				<b>3</b>			<b>6</b>
									<b>26-20</b>			<b>6</b>
<b>Valdez</b>												
C= (Bed Days / current population) X Projected Population =					(3,568/3852)*3896=	3608.756			(3568/503)*582=	4128.382		
ADC = Average Daily Census = Patient bed days / 365 =					3609/365	9.8876712			4129/365	11.31233		
Projected bed need (at 90% occupancy) = ADC* 90%					10/0.9	11.111111			12/0.9	13.33333		
<b>BED NEED = projected beds – current beds =</b>					<b>12-10 =</b>				<b>2</b>			<b>4</b>
									<b>14-10=</b>			<b>4</b>

Myers and Stauffer Application of Bed Need Calculation:

PVMC’s calculation deviates from the required formula in the standards. PVMC provided no explanations for the deviation. For example, PVMC aggregated the population into categories of the service area population under 65 and over 65, rather than using the required age brackets of 0-64, 65-74, 75-84, and 85-plus. Additionally, we addressed in our *Executive Summary* the Alaska Department of Labor and Workforce Development does not publish all data elements necessary to perform the bed need calculation using the city of Valdez as the service area.

We defined the service area as the Chugach census area since PVMC provided most of the necessary data elements to perform the test for this area while the rest of that data elements were available from the Alaska Department of Labor and Workforce Development.

The following formulas were used to calculate the need for long-term nursing home beds according to the Alaska Certificate of Need Review Standards and Methodologies.

Table 4. Projected Long-Term Nursing Care Caseload for the Chugach Census Area

Step 1: Composite Age Specific Use (CASU) Calculation				
	0-64	65-74	75-84	85+
Average Nursing Facility Occupancy by Age Group for Last Three Years (2021-2023)	2,105	781	1,661	2,567
Current Census (2025) by Age Grouping	5,916	726	245	88
Use Rate by Age Group (UR)	0.36	1.08	6.78	29.17
Projected population for the fifth year from the project implementation date <sup>1</sup> (PP)	5,283	798	451	93



Step 1: Composite Age Specific Use (CASU) Calculation				
	0-64	65-74	75-84	85+
Age-Specific Use Rate	1,880	858	3,058	2,713
<b>Composite Age Specific Use (CASU)</b>				<b>23.31</b>

<sup>1</sup> The estimated project implementation date is May 2026. Population projections are unavailable for the year 2031. Population projections for 2030 have been utilized above.

*Table 5. Projected Number of Beds Required to Meet Projected Demand*

Step 2: Projected Nursing Home Bed Need Calculation	
Caseload (C = CASU)	23.31
NHTO	90%
<b>PBN</b>	<b>26</b>

*Table 6. Projected Bed Need for the Service Area*

Step 3: Service Area Projected Bed Need Calculation	
Projected Bed Need (PBN)	26
Service Area Share (SAS) <sup>2</sup>	100%
<b>Service Area Projected Bed Need (PBN<sub>SA</sub>)</b>	<b>26</b>
Existing Licensed Beds (Service Area)	20
<b>Unmet Nursing Home Bed Need</b>	<b>6</b>

In accordance with the prescribed formula, there is a calculated need of six LTC nursing beds for the Chugach census area. Therefore, the bed need is justified.