



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of
Health and Social Services**
OFFICE OF RATE REVIEW

Certificate of Need Program
3601 C Street, Suite 978
Anchorage, Alaska 99503
Main: 907.334.2464
Fax: 907.334-2220

August 27, 2018

Ms. Carissa Silva
Providence Health & Services Alaska
Regional Business Development
3760 Piper Street Suite 3050
Anchorage, AK 99508

RE: Request for Determination dated August 3, 2018

Dear Ms. Silva,

In a letter dated August 3, 2018, you formally requested a determination under 7 AAC 07.031 as to whether a Certificate of Need (CON) is required for Providence Seward Medical and Care Center (PSMCC) to develop space within the facility's existing Radiology Department to house a CT scanner.

PSMCC plans to repurpose and rebuild a portion of existing space in its Radiology Department that currently houses an ultrasound room, bathroom, office, and darkroom, to develop a CT room with restroom and an enlarged control room that will serve the new CT scanner and existing X-ray rooms.

Currently, PSMCC has a CT scanner located in a trailer adjacent to the facility. With the re-modeling of the existing Radiology Department, the need to locate the CT scanner in a rented trailer will be eliminated.

PSMCC's plan includes the purchase of a new CT scanner. The existing CT scanner became inoperable in February 2018, with the cost of repairs exceeding the value of the equipment. PSMCC is now renting a CT scanner and proposes the purchase of a new CT scanner once the project is complete.

Anticipated expenditures include:

Construction	\$1,105,180
Legal fees, permits	18,500
Administrative costs	17,800
Sub Total	\$1,141,480
Equipment (CT scanner)	<u>366,940</u>
Total	\$1,508,420

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Ms. Carissa Silva

Your anticipated, total project cost exceeds the current \$1.5 million CON statutory threshold. However, pursuant to AS 18.07.031(e), costs associated with the routine replacement of equipment are not considered when determining whether a CON is necessary. Since your plan is to replace the existing scanner, and not add an additional scanner, the cost for the replacement scanner will not be included in the total costs when determining whether your project requires a CON to proceed.

Your estimated project start date is October 5, 2018, with an estimated project completion date of January 30, 2019.

Based on the request for determination, as presented, a CON is not required for the proposed project because the expenditures at issue would not exceed the \$1.5 million CON statutory threshold under AS 18.07.031. Additionally, there is no change in bed count or capacity or a new category of service proposed.

If you are dissatisfied with this determination, you may request reconsideration under 7 AAC 07.033. A request for reconsideration must be postmarked no later than 30 days after publication of the public notice. If you wish to revise your request for determination, or apply for a CON, please notify the CON Program immediately.

Sincerely,

A handwritten signature in cursive script that reads "Alexandria Hicks".

Alexandria Hicks, CON Coordinator