

**KAHTNU VENTURES, LLC**  
**CERTIFICATE OF NEED APPLICATION**  
**FOR AN**  
**AMBULATORY SURGERY CENTER**  
**KENAI, ALASKA**

**November 18, 2011**

## **Section I. General Applicant Information**

On the following page is a form that must be completed and signed for each application.



## CERTIFICATE OF NEED APPLICATION

### APPLICANT IDENTIFICATION AND CERTIFICATION OF ACCURACY

#### 1. Applicant Identification

**Facility Name**

Kahtnu Ventures, LLC

**Medicaid Provider Number**  
Application to be submitted**Facility Address (Street/City/State/Zip Code)**

See section VII for site information

**Medicare Provider Number**  
Application to be submitted**Name and mailing address of organization that operates the facility** (if different from above)**Facility Administrator** (Name, title, mailing address, including City/State/Zip Code)

To be named

**Telephone****Facsimile****E-mail****Applicant** (Name, title, mailing address, including City/State/Zip Code)Kahtnu Ventures LLC  
341 West Tudor Ste 102  
Anchorage, AK 99501**Telephone (907) 770-9607****Facsimile****E-mail****Principal Contact Person** (Name, title, physical address, mailing address, including City/State/Zip Code)Sharon Anderson  
341 West Tudor Ste 102  
Anchorage, AK 99503**Telephone (907) 770-9607****Mobile Phone****Facsimile (907) 770-0302****E-mail** sanderson@a-lhealth.com

#### 2. Ownership Information

**A. Type of Ownership** (check applicable category)☐ For profit: individual☐ Not for profit: government☐ For profit: partnership☐ Not for profit: corporation☐ For profit: corporation☒ Other (specify): \_Alaskan LLC\_**B. List of all Owners** (Page 2 of application)**C. Accreditation Information** (Page 2 of application)

#### 3. Agreement to participate in the Uniform Statewide Reporting System

I hereby agree to participate in the uniform statewide reporting system required under AS 18.07.101 when requested to do so under 7 AAC 07.105(c).

#### 4. Certification of Accuracy by Certifying Officer of the Organization

I hereby certify that the information contained in this application, including all documents that form any part of it, is true, to the best of my knowledge and belief. I agree to provide, within 60 days from receipt of a request from the department under 7 AAC 07.050(b), any additional information needed by the department to make a decision.

**Name**

Sharon Anderson

**Title**

Manager

**Signature****Date**

11/18/2011

**For Part 2.B.** of the application form, provide the following ownership information under each requirement, using as much space as necessary to provide complete information:

(1) For individual owners and partnerships, list the names, titles, organizational name, mailing and street addresses, and telephone and facsimile numbers of the owner or partners.

The organization is an Alaskan LLC comprised of physician members of the LLC who all reside and practice in the Kenai Peninsula Borough:

Theodore Barton, M.D.

Bobbie Behrens, M.D

Roger Hoebelheinrich, M.D.

Henry Krull, M.D.

Peter Ross, M.D.

Gary Schoenrock, M.D.

James Zirul, D.O.

c/o (mailing address for purposes of the application process only)

341 West Tudor Ste 102

Anchorage, AK 99503

(2) For corporations, list the names, titles, and addresses of the corporate officers and Board of Directors. If the facility is a subsidiary of another company or has multiple owners, provide the names and addresses of the all of companies that have ownership in the facility.

This is not a corporation

(3) For governmental or other nonprofit owners, list the names and addresses of hospital board members.

N/A

**For Part 2.C.** of the application form, provide the following information:

Is this facility accredited or certified by a recognized national organization? **N/A**

This will be a new facility and will be certified by the Centers for Medicare and Medicaid Services (CMS) for conditions of participation. There are standards in the CMS Conditions of coverage 42 CFR Public Health Chapter IV, subchapter B - Medicare Program, part 416 – Ambulatory Surgical Services that address Evaluation of quality: 416.40 Conditions for Coverage- Compliance with State licensure law. The ASC must comply with State licensure requirements; and 416.43 Evaluation of Quality. The ASC, with the active participation of the medial staff, must conduct an ongoing, comprehensive self-assessment of the

quality or care provided, including medical necessity of procedures performed and appropriateness of care and use findings, when appropriate, in the revision of center policies and consideration of clinical privileges.

In addition to the requirements listed in the CMS guidelines, AK State licensure standards address quality of care and risk management standards. The new facility is also expected to attain Joint Commission accreditation.

If yes, identify the organization, the date of accreditation or certification, and attach as an appendix to this application a copy of the most current accreditation or certification.

N/A This is a new facility

## **Section II. Summary Project Description**

Provide a one-page summary of the proposed project including:

- (1) A brief description of each proposed service, including whether equipment will be purchased or replaced and a list of that equipment.
- (2) The number of square feet of construction/renovation.
- (3) The number and type of beds/surgery suites/specialty rooms.
- (4) Services to be expanded, added, replaced, or reduced.
- (5) The total cost of the project.
- (6) How the project will be financed.
- (7) Estimated completion date.

Kahtnu Ventures, LLC proposes to construct a single story freestanding Ambulatory Surgical Center in Kenai, Alaska. This is new construction and all equipment will be purchased for the facility. A detailed listing of the equipment is included in the application. The facility will be constructed on site in Kenai. The square footage for the ASC will be approximately 8,365.

This ASC will have one surgical suite and a procedure room primarily designed for pre-procedure blocks.

The total cost of the project is \$9,076, 834. (land \$339,500; site work \$260,500; building \$6,575,834; equipment \$1,900,000). Please note that the Certified cost estimate from the developer rounded the equipment cost up to \$2,000,00, but the equipment bid remains at \$1,900,000.

Certified cost estimates (land, construction and equipment) previously requested by the department with the September filing of this project are included at the end of the application.

Kahtnu opposes the inclusion of any empty or shelled-in room as part of the count of completed surgery suites for purposes of determining need for CON calculations. In 2004 CPGH received a CON allowing them to build 4 surgery suites as long as they were built prior to December 31, 2010. Kahtnu believes that CPGH only built 3 surgery suites and shelled-in a fourth surgical suite. Pursuant to the 2004 CON, all surgery suites built pursuant to that CON had a project completion date of December 31, 2010. Since the fourth suite was not completed by December 31, 2010, it would be improper to count it in the supply of operating rooms in any analysis of Kahtnu's CON Application. There is no statute or regulation that allows a shelled-in room to be counted in the CON need calculation as though the shelled-in room used for storage that will was a fully functioning surgery suite.

The project will be funded through an Alaskan lending institution. The opening is anticipated to be Spring 2013.

### Section III. Description of Facilities and Capacity Indicators

- A. Proposed changes in service capacity. Provide either the number of beds, surgery suites, rooms, pieces of equipment, or other service.

Type of Service	Current Capacity	Added, Expanded, or Replacement Capacity	TOTAL PROPOSED CAPACITY
<b>IN-PATIENT ACUTE CARE HOSPITALS</b>			
Med/Surg Beds			
1-bed room/unit			
2-bed room/unit			
Other (list)			
ICU Beds			
Obstetrics Beds			
Pediatric Beds			
Acute Rehab Beds			
Obstetrics Beds			
Pediatric Beds			
Ancillary Services (list)			
<b>BEHAVIORAL HEALTH CARE</b>			
In-patient Acute Psychiatric Beds			
RPTC Beds			
In-patient Substance Abuse Beds			
<b>LONG-TERM CARE</b>			
Acute Beds			
1-bed room/unit			
2-bed room/unit			
Other (list)			
Nursing Beds			
1-bed room/unit			
2-bed room/unit			
Other (list)			
<b>DIAGNOSTIC AND DIAGNOSTIC IMAGING SERVICES</b>			
CT Scanner			
MRI			
PET or PET/CT			
Cardiac Catheterization			
Emerging Med. Tech. (list)			
<b>SURGICAL CARE</b>			
Ambulatory Surgery or Dedicated OP Suites		1	1
Suites for IP & OP			
Endoscopy Suites			
Open-Heart Surgery			
Organ Transplantation			
Other Services (list) procedure room		1	1
<b>THERAPEUTIC CARE</b>			
Radiation Therapy			

Type of Service	Current Capacity	Added, Expanded, or Replacement Capacity	TOTAL PROPOSED CAPACITY
Lithotripsy			
Renal Dialysis			
Other (List)			
Total Capacity		2	2

**B.** Provide a detailed narrative description of each service identified in "A" above, including the type of change (addition, expansion, conversion, reduction, replacement, elimination). Include, as appropriate, detailed information relative to the scope and level of service.

This application proposes to construct a freestanding ambulatory surgical center that will have one operating room and an anesthesia room to provide pre-surgical anesthesia. Exposure to unnecessarily high levels of general anesthesia occurs more often in hospital than ambulatory surgery centers, where specialists rely more heavily on regional blocks. The regional blocks would be performed in the anesthesia procedure room.

The only facility providing operating rooms is Central Peninsula Hospital which is located in Soldotna, Alaska. The hospital operating rooms are above the target volume, as defined in State of AK DH&SS standards and methodology adopted in January 2006. Outpatient procedures will be performed in the center. Orthopedic, general surgery, pain management, gynecology, urology, ENT, plastic surgery and endoscopic surgeries are planned to be performed in the center. Staff and equipment will be specialized for the center.

The applicant is Kahtnu Ventures LLC which is an Alaskan LLC with surgeon members as detailed in the applicant information section. The manager of the facility has experience in developing and operating ambulatory surgical centers in Alaska. Several physicians from the Kenai borough are supportive and plan to schedule cases in the new ASC.

Surgical volumes in the Kenai Peninsula Borough have been increasing. The local hospital has been successful recruiting surgeons to the area. With increased numbers of surgeons, the aging of the population increasing the need for medical services, the scheduling for routine procedures can be difficult because block time is in short supply and reliance on hospital suites increases the likelihood of routine procedures being postponed to accommodate emergencies. Operating at 90% of capacity in a hospital setting is taxing and operating above 85% can be a problem. Central Peninsula Hospital suites now operate above 90% capacity.

Currently, procedures that do not require a hospital must still be performed there because there is no availability nor accessibility with existing healthcare services to a freestanding ambulatory surgery center. This application would remove this unreasonable barrier.

In Alaska, much like across the U.S. the shift to outpatient care continues due to additional procedures authorized to be performed in the ambulatory surgical, outpatient setting, technological advances and payor pressure. For consumers, the freestanding ambulatory surgical center provides patients with convenient services and a high level of specialization with



improved outcomes, lower costs and better experiences (including the expectation that their outpatient cases will not be 'bumped' to handle inpatient cases).

Ambulatory Surgery Centers allow physicians to work efficiently. The impact of the aging population on the demand for surgical procedures is forecasted to be from 14 percent to 47 percent, depending on the specialty. An ASC will be uniquely positioned to play an important role in managing the increased need for surgical services as it arises in the years ahead. The following chart shows this demand from the study, Etzioni DA, Lius JH, Maggard MA, Ko CY. The aging population and its impact on the surgery workforce. Ann Surg. 2003. August 238 (2): 170-7.

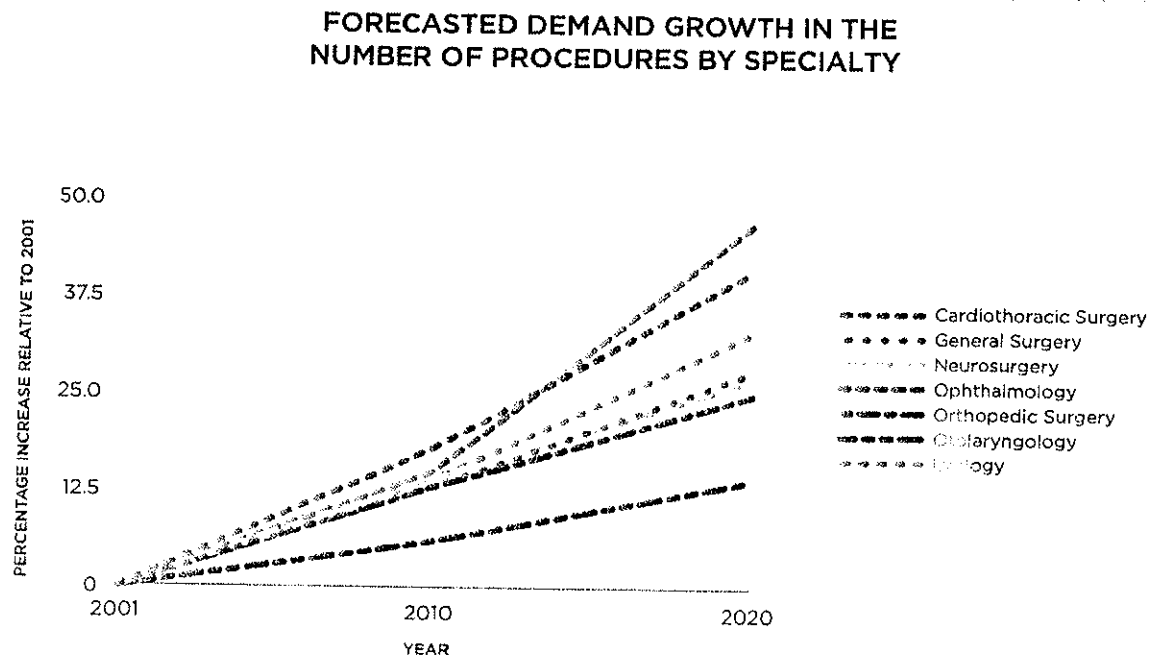
AMBULATORY SURGERY CENTERS: A POSITIVE TREND IN HEALTH CARE • 2

## ASCs ALLOW PHYSICIANS TO WORK EFFICIENTLY

A recent analysis examined the impact of the aging population on the demand for surgical procedures and attendant need for surgical subspecialists. This study concluded that the aging population would be a major force in driving significant growth in the demand for surgical services. The forecasted growth in work by the year 2020 varied from 14 percent to 47 percent, depending on specialty.<sup>3</sup> Meeting these surgical needs will be a challenge. Solutions include increasing the number of surgical

residency positions, increasing the workloads of surgeons in the workforce, and improving the efficiency of surgeons.

Utilizing settings that allow physicians to practice efficiently will help mitigate the impact of the aging population on the anticipated shortage in the surgery workforce. ASCs offer physicians the ability to work more efficiently and are therefore uniquely positioned to play an important role in managing the increased need for surgical services as it arises in the years ahead.



Etzioni DA, Lius JH, Maggard MA, Ko CY. The aging population and its impact on the surgery workforce. Ann Surg. 2003. August 238 (2): 170-7.

C. Provide in the following table information regarding equipment to be purchased. See section IX for equipment listing with Depreciation

Equipment listing Item	#	Price each	Total price	Depreciation
Anesthesia machines	2	\$ 27,000.00	\$ 54,000.00	7
Anesthesia cart	2	\$ 875.00	\$ 1,750.00	5
Anesthesia stool	2	\$ 220.00	\$ 440.00	5
OR table ortho	1	\$ 60,000.00	\$ 60,000.00	15
OR table	1	\$ 40,000.00	\$ 40,000.00	15
Orthopedia power instruments		\$	\$	
shaver	1	\$ 10,500.00	\$ 10,500.00	10
drill, reamer, oscillator, reciprocator	1	\$ 11,200.00	\$ 11,200.00	10
OR lights, full	2	\$ 25,000.00	\$ 50,000.00	15
C-arm	1	\$ 135,000.00	\$ 135,000.00	8
Monitors for OR	2	\$ 25,000.00	\$ 50,000.00	8
Monitors for PACU	6	\$ 20,000.00	\$ 120,000.00	7
Physician stool	2	\$ 180.00	\$ 360.00	5
Tourniquet system	2	\$ 8,000.00	\$ 16,000.00	7
View boxes	2	\$ 450.00	\$ 900.00	7
Instrument Tables	4	\$ 220.00	\$ 880.00	10
Transport stretchers	8	\$ 10,000.00	\$ 80,000.00	3
Sterilizer plasma	1	\$ 148,000.00	\$ 148,000.00	12
Sterilizer vacuum	1	\$ 99,000.00	\$ 99,000.00	12
Sterilizer ultrasonic	1	\$ 30,000.00	\$ 30,000.00	12
Washer/decontaminator	1	\$ 100,000.00	\$ 100,000.00	15
Washer/ decontaim -endoscopic	1	\$ 25,000.00	\$ 25,000.00	10
Ventilators	2	\$ 20,000.00	\$ 40,000.00	7
Power instrumentation stryker	1	\$ 75,000.00	\$ 75,000.00	15
Wheelchair	8	\$ 350.00	\$ 2,800.00	5
US Ablation/coag	2	\$ 25,000.00	\$ 50,000.00	5
Defibrillators	1	\$ 11,000.00	\$ 11,000.00	5

		\$	\$	
Blood gas analyzer	1	30,000.00	30,000.00	5
		\$	\$	
blood gas analyzer-point of care	1	7,000.00	7,000.00	5
		\$	\$	
Oximity	6	15,000.00	90,000.00	5
		\$	\$	
Pyxis drug security	1	200,000.00	200,000.00	5
		\$	\$	
Warming cabinet	3	4,550.00	13,650.00	10
		\$	\$	
Copier/fax combo	2	3,500.00	7,000.00	10
		\$	\$	
refrigerator with lock	1	1,500.00	1,500.00	10
		\$	\$	
ice maker	1	3,600.00	3,600.00	10
		\$	\$	
IV poles	7	150.00	1,050.00	5
		\$	\$	
Instruments - ortho	1	1,490.00	1,490.00	5
		\$	\$	
Instruments - ENT	1	2,500.00	2,500.00	5
		\$	\$	
Instruments - GYN	1	2,500.00	2,500.00	5
		\$	\$	
Linen hampers	3	350.00	1,050.00	5
		\$	\$	
Crash cart	1	895.00	895.00	10
		\$	\$	
Recliners-PACU	5	825.00	4,125.00	10
		\$	\$	
Microscope	1	90,000.00	90,000.00	7
		\$	\$	
Tables/chairs	1	20,000.00	20,000.00	15
		\$	\$	
Refrige/microwave	1	1,500.00	1,500.00	15
		\$	\$	
Furnishings (seating)	1	23,000.00	23,000.00	15
		\$	\$	
Infusion pumps	6	3,600.00	21,600.00	3
		\$	\$	
Lockers	1	15,000.00	15,000.00	5
		\$	\$	
Filings	1	35,000.00	35,000.00	10
		\$	\$	
Office furniture	1	115,710.00	115,710.00	10
		\$	\$	
Total			1,900,000.00	

**D.** Provide in the following table information regarding equipment to be replaced or retired.  
**N/A This is a new facility**

<b>Equipment to be Replaced or Retired</b>				
<b>Equipment Description</b>	<b>Make</b>	<b>Model</b>	<b>Date Placed Into Service</b>	<b>Reason for Replacement or Retirement</b>

**E.** Describe replacement or upgrading of utilities including the electrical, heating, ventilation, and air conditioning systems.

N/A This is a new facility

**F.** Describe the structural framing, floor system, and number of floors (including the basement).  
The facility will be a one-story structure on a concrete slab, steel structure frame, metal roof deck with rigid insulation and EPDM type roof membrane.

**G.** Total square footage in current facility/project.

N/A This is a new facility

**H.** Total square footage of proposed facility/project.

8365 square feet

**I.** Area per bed, service unit, or surgery suite (if applicable).

4183 SF per operating room and procedure room

**J.** Percentage of total floor area used for direct service (non-bed activity).

5,027.36 SF patient area 60.1%.

**K.** Additional volume of service (non-bed activity) expected.

N/A. This is a Freestanding Ambulatory Surgical Center.

**L.** Provide a brief history of expansion and construction for the past five years, including new equipment purchases, additional beds, and new services. Describe how this project fits into the facility's long-range plans, including potential projects planned for development within the next five years.

This is a new facility.

## Section IV. Narrative Review Questions

### A. RELATIONSHIP TO APPLICABLE PLANS AND NATIONAL TRENDS

Indicate how the application relates to any relevant plans, including the applicant's long-range plans, appropriate local, regional, or state government plans, the current *Alaska Certificate of Need Review Standards and Methodologies*, adopted by reference in 7 AAC 07.025, and current planning guidelines of recognized national medical and health care groups. If the proposal is at variance with any of these documents, explain why. (See the department's website for state planning processes and materials and links to federal websites.)

### B. DEMONSTRATION OF NEED

1. Identify the problems being addressed by the project. For example, identify whether this project is for (a) a new service; (b) an expanded service; or (c) an upgrade of an existing service.

The project is for a new Freestanding Ambulatory Surgery Center. The Operating rooms at Central Peninsula Hospital are at target use. The population between 2000-2010 increased in the Kenai Peninsula Borough by 5,709. The population is aging as evidenced by the age groups over 65 years growing from 3649 in the 2000 Census to 6276 in the 2010 Census. In addition to population growth, the number of surgeons is increasing.

2. Describe whether (and how) this project (a) addresses an unmet community need; (b) satisfies an increasing demand for services; (c) follows a national trend in providing this type of service; or (d) meets a higher quality or efficiency standard.

The project will address an unreasonable barrier to the availability, quality or accessibility of existing healthcare services.

- Scheduling for routine procedures can be difficult because block time is in short supply and reliance on hospital suites increases the likelihood of routine procedures being postponed to accommodate emergencies.
- Exposure to unnecessarily high levels of general anesthesia occurs more often in hospitals than ambulatory surgery centers, where specialists rely more heavily on regional blocks.
- Procedures take longer than necessary, in part because of the time spent changing equipment and surgical teams, and because non-specialized support personnel are less efficient.
- Procedures that do not require a hospital must still be performed at the hospital because there is no availability nor accessibility in the community for freestanding ambulatory surgery.
- There is no accessibility nor availability of surgical services in the following services areas of the Kenai Peninsula borough : Kenai city ( population 7,100); Nikiski (population 4,493); Salamatof (population 980); Kalifornsky (population 7,850) . All of these are closer to Kenai than to Soldotna. As a result of this larger portion of the

population is outside of the Soldotna city (population 4,163) limits, there is an unreasonable barrier to the availability, quality or accessibility of existing healthcare services to the population.

- Operating at 90% of capacity in a hospital setting is taxing and operating above 85% can be a problem for any facility. Central Peninsula Hospital's general surgery suites now operate above 90% of capacity.
- The trend analysis indicates the rate of surgical procedures has been increasing and is likely to continue to do so. The population is aging, there are additional surgeons in the area to prevent volumes from leaving the service area. Many more procedures can be done in an ambulatory surgery center as evidenced by the increased list of procedures authorized by medicare to be performed in the ambulatory surgery center.

The project addresses an unmet need and satisfies an increasing demand for services.

- The project will address the population growth;
- Operating rooms are at capacity.
  - The general surgery review methodology from the Alaska Certificate of Need Review Standards and Methodologies, p 30-31, effective January 11, 2006 adopted a target use of 900 cases per OR for combined use (inpatient and outpatient). The 3 Operating rooms at Central Peninsula Hospital are combined use.
  - The target volume for the 3 Operating rooms equals 2700 cases. Figures from the indicate there were 3,527 cases in the most recent 12 months ending June 30, 2011. This is 2004. **This is 827 cases above target in 2011.**
  - This project will provide relief for the Central Peninsula operating rooms at target use.
  - The expected first year ASC volume will meet the expected demand and still provide for the hospital to be above target capacity. The ASC volume in the first year (commencing July 2013) is projected at 900 cases. This volume will still allow the hospital rooms to operate at capacity, and provide operating rooms for the increased volume due to population growth, aging of the population and increased availability of surgeons for the market area.
- In a communication to the Kenai Peninsula Borough assembly the hospital reported it has recently recruited and signed a general surgeon, orthopedic spine surgeon, and an OB/GYN who have begun, or will begin practice during FY11 and FY12 and that the current operating room 'blocked time' is full.
- The project will allow for increased efficiency for patients and surgeons. The operating rooms at Central Peninsula Hospital are run for both inpatient and outpatient surgeries being performed within the same rooms. Outpatient cases are often bumped to allow for emergent surgical cases to be performed. Patients can be inconvenienced, particularly those who have made arrangements for time off of their work schedule to have their outpatient procedures performed.
- Creating an off campus ASC in Kenai will provide the access and availability to a greater portion of the population. Cases will not be bumped by inpatient cases.

The project will also follow a national trend in providing this type of service.

- Ambulatory surgery centers can offer more efficient and cost-effective patient care. Development of an ASC in Kenai will not harm the local hospital. The hospital is at target capacity in the operating rooms. The physicians who will be practicing at the new ASC all treat the medically indigent patients, as well as accept Medicare and Medicaid.
- Patients will have a choice where they want their surgery performed. The center is being proposed to meet patient demands and meet community demand.
- The federal government recognizes the cost effectiveness performing surgeries in an ASC and has continued to expand the ASC list of approved procedures.
- Private insurance companies have an even larger list of approved procedures to be performed in the ambulatory surgery setting.
- Physicians have a Safe Harbor if they wish to invest in an ambulatory surgical center. This was clarified on November 19, 1999 by The Department of Health and Human Services Office of Inspector General (OIG).

3. Describe any internal deficiencies of the facility that will be corrected, and document which of these deficiencies have been noted by regulatory authorities. Note any deficiencies that will not be corrected by this project, what efforts have been taken to correct the deficiencies, and how this project will affect the deficiencies. Attach any pertinent inspection records and other relevant reports as an appendix to the application.

N/A as this is a new facility.

4. Identify the target population to be served by this project. The "target population" is the population that is or may reasonably be expected to be served by a specific service at a particular site. Explain whether this is a local program, or a program that serves a population outside of the proposed service area. Use the most recent Alaska Department of Labor and Workforce Development statistics for population data and projections. Explain and document any variances from those projections. The population may be defined in one or more ways:

- a. Document the service area by means of a patient origin analysis.
- 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.
- 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.
- d. The population to be served can be defined according to the unique needs of patients requiring specialized or tertiary care (e.g. heart, cancer, kidney, alcoholism, etc.) or the needs of under-served groups.

Alaska Department of Labor and Workforce Development information has been used in this application and is included in the following pages.



**Table 3.1**  
**Alaska Region and Borough/Census Area Population Projections, 2009 - 2034**

	July 1, 2009		2014			2019	
	Estimate	Low*	Middle	High*	Low*	Middle	High*
<b>State of Alaska</b>	692,314	690,871	723,619	756,015	686,575	758,613	827,758
<b>Anchorage / Mat-Su Region</b>	374,902	381,872	399,950	417,926	386,989	427,814	467,012
Anchorage, Municipality of	290,588	291,246	304,555	317,831	290,251	319,812	348,192
Matanuska-Susitna Borough	84,314	90,626	95,395	100,095	96,738	108,002	118,820
<b>Gulf Coast Region</b>	76,686	74,629	78,196	81,697	72,291	79,885	87,160
Kenai Peninsula Borough	53,578	53,361	56,007	58,597	52,804	58,562	64,077
Kodiak Island Borough	13,860	12,946	13,461	13,973	12,049	13,095	14,094
Valdez-Cordova Census Area	9,248	8,322	8,728	9,127	7,438	8,228	8,989
<b>Interior Region</b>	108,463	107,367	111,723	116,010	105,764	115,217	124,270
Denali Borough	1,838	1,718	1,783	1,845	1,585	1,715	1,841
Fairbanks North Star Borough	93,779	93,352	96,997	100,592	92,397	100,358	107,984
Southeast Fairbanks Census Area	7,243	7,307	7,694	8,071	7,352	8,216	9,038
Yukon Koyukuk Census Area	5,603	4,990	5,249	5,502	4,430	4,928	5,407
<b>Northern Region</b>	23,664	23,428	24,760	26,084	23,169	26,037	28,810
Nome Census Area	9,500	9,387	9,911	10,433	9,256	10,391	11,482
North Slope Borough	6,798	6,757	7,140	7,522	6,698	7,517	8,315
Northwest Arctic Borough	7,366	7,284	7,709	8,129	7,215	8,129	9,013
<b>Southeast Region</b>	69,338	64,741	67,948	71,072	60,003	66,480	72,671
Haines Borough	2,286	2,041	2,133	2,219	1,797	1,974	2,135
Juneau City and Borough	30,661	29,403	30,884	32,330	27,972	31,051	33,999
Ketchikan Gateway Borough	12,984	11,875	12,464	13,046	10,767	11,934	13,051
Prince of Wales-Outer Ketchikan C.A.	5,392	4,817	5,052	5,286	4,266	4,721	5,154
Sitka City and Borough	8,627	8,175	8,578	8,972	7,675	8,505	9,298
Skagway-Hoonah-Angoon C.A.	2,908	2,657	2,785	2,903	2,401	2,642	2,871
Wrangell-Petersburg Census Area	5,852	5,199	5,445	5,686	4,596	5,070	5,526
Yakutat City and Borough	628	574	607	630	529	583	637
<b>Southwest Region</b>	39,261	38,834	41,042	43,226	38,359	43,180	47,835
Aleutians East Borough	2,778	2,666	2,830	2,988	2,533	2,887	3,219
Aleutians West Census Area	4,549	4,351	4,592	4,832	4,102	4,627	5,124
Bethel Census Area	16,997	17,073	18,036	18,990	17,109	19,224	21,270
Bristol Bay Borough	967	926	972	1,016	886	977	1,073
Dillingham Census Area	4,729	4,489	4,739	4,984	4,263	4,781	5,281
Lake and Peninsula Borough	1,547	1,415	1,487	1,561	1,287	1,441	1,588
Wade Hampton Census Area	7,694	7,914	8,386	8,855	8,179	9,243	10,280

\* Respective region and borough/census area values are not associated with any specified statistical confidence level.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Table 3.7

## Kenai Peninsula Borough Population by Age and Sex, and Components of Change, 2009 - 2034

July 1, 2009 Estimate				July 1, 2014 Projected			
Age	Total	Male	Female	Age	Total	Male	Female
0-4	3,512	1,866	1,646	0-4	3,756	1,926	1,830
5-9	3,676	1,957	1,719	5-9	3,793	2,011	1,782
10-14	3,825	1,971	1,854	10-14	3,941	2,101	1,840
15-19	4,227	2,203	2,024	15-19	3,511	1,845	1,666
20-24	3,018	1,498	1,520	20-24	3,683	1,866	1,817
25-29	2,707	1,381	1,326	25-29	3,413	1,659	1,754
30-34	2,982	1,552	1,430	30-34	3,119	1,582	1,537
35-39	3,204	1,611	1,593	35-39	3,280	1,708	1,572
40-44	3,454	1,718	1,736	40-44	3,409	1,737	1,672
45-49	4,346	2,203	2,143	45-49	3,470	1,734	1,736
50-54	4,868	2,429	2,439	50-54	4,220	2,122	2,098
55-59	4,622	2,479	2,143	55-59	4,684	2,321	2,363
60-64	3,315	1,783	1,532	60-64	4,400	2,341	2,059
65-69	2,405	1,281	1,124	65-69	3,036	1,622	1,414
70-74	1,359	682	677	70-74	2,063	1,068	995
75-79	914	430	484	75-79	1,054	508	546
80-84	608	225	383	80-84	624	269	355
85-89	365	122	243	85-89	343	109	234
90+	171	22	149	90+	208	57	151
Total	53,578	27,413	26,165	Total	56,007	28,586	27,421
Median Age	39.4	39.0	39.9	Median Age	39.2	38.8	39.7
July 1, 2019 Projected				July 1, 2024 Projected			
Age	Total	Male	Female	Age	Total	Male	Female
0-4	4,043	2,072	1,971	0-4	4,067	2,084	1,983
5-9	4,056	2,078	1,978	5-9	4,357	2,231	2,126
10-14	4,066	2,159	1,907	10-14	4,346	2,233	2,113
15-19	3,594	1,960	1,634	15-19	3,685	2,003	1,682
20-24	2,963	1,506	1,457	20-24	3,019	1,605	1,414
25-29	4,088	2,028	2,060	25-29	3,379	1,674	1,705
30-34	3,869	1,880	1,989	30-34	4,543	2,245	2,298
35-39	3,442	1,751	1,691	35-39	4,225	2,067	2,158
40-44	3,500	1,842	1,658	40-44	3,691	1,903	1,788
45-49	3,428	1,755	1,673	45-49	3,524	1,862	1,662
50-54	3,359	1,663	1,696	50-54	3,313	1,680	1,633
55-59	4,053	2,024	2,029	55-59	3,211	1,579	1,632
60-64	4,465	2,195	2,270	60-64	3,863	1,916	1,947
65-69	4,053	2,138	1,915	65-69	4,124	2,008	2,116
70-74	2,651	1,382	1,269	70-74	3,585	1,849	1,736
75-79	1,653	829	824	75-79	2,173	1,103	1,070
80-84	734	328	406	80-84	1,201	569	632
85-89	349	133	216	85-89	422	170	252
90+	196	57	139	90+	193	65	128
Total	58,562	29,780	28,782	Total	60,921	30,846	30,075
Median Age	38.8	38.4	39.1	Median Age	38.6	38.3	39.0

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

Table 3.7, cont.

Kenai Peninsula Borough Population by Age and Sex, and Components of Change,  
2009 - 2034

July 1, 2029 Projected				July 1, 2034 Projected			
Age	Total	Male	Female	Age	Total	Male	Female
0-4	3,977	2,037	1,940	0-4	3,956	2,026	1,930
5-9	4,378	2,240	2,138	5-9	4,274	2,185	2,089
10-14	4,649	2,387	2,262	10-14	4,662	2,391	2,271
15-19	3,938	2,066	1,872	15-19	4,230	2,215	2,015
20-24	3,067	1,625	1,442	20-24	3,285	1,672	1,613
25-29	3,432	1,769	1,663	25-29	3,502	1,798	1,704
30-34	3,821	1,883	1,938	30-34	3,887	1,983	1,904
35-39	4,865	2,407	2,458	35-39	4,152	2,051	2,101
40-44	4,469	2,216	2,253	40-44	5,084	2,537	2,547
45-49	3,703	1,917	1,786	45-49	4,470	2,224	2,246
50-54	3,394	1,778	1,616	50-54	3,573	1,831	1,742
55-59	3,144	1,584	1,560	55-59	3,232	1,684	1,548
60-64	3,030	1,479	1,551	60-64	2,959	1,480	1,479
65-69	3,558	1,750	1,808	65-69	2,767	1,339	1,428
70-74	3,664	1,740	1,924	70-74	3,160	1,516	1,644
75-79	2,987	1,502	1,485	75-79	3,077	1,420	1,657
80-84	1,630	789	841	80-84	2,286	1,097	1,189
85-89	736	323	413	85-89	1,045	474	571
90+	231	87	144	90+	418	174	244
Total	62,673	31,579	31,094	Total	64,019	32,097	31,922
Median Age	39.2	38.7	39.7	Median Age	40.1	39.3	40.7
Population and Components of Population Change							
	2009-2014	2014-2019	2019-2024		2024-2029	2029-2034	
Population at Start of Period	53,578	56,007	58,562		60,921	62,673	
Population at End of Period	56,007	58,562	60,921		62,673	64,019	
Average Annual Births	741	821	842		787	791	
Average Annual Deaths	382	440	507		578	666	
Average Annual Net Migrants	125	131	136		140	143	
Average Annual Change	486	511	472		350	269	
Average Annual Percent Change	0.91%	0.91%	0.81%		0.58%	0.43%	

\*Average annual numbers are rounded to whole numbers.

Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section

# 2010 Census Demographic Profile for Kenai Peninsula Borough

## Population by Age and Sex

	Total	Male	Female
Total	55,400	29,038	26,362
Under 5 years	3,464	1,713	1,751
5 to 9 years	3,434	1,773	1,661
10 to 14 years	3,762	1,897	1,865
15 to 19 years	3,959	2,123	1,836
20 to 24 years	3,066	1,731	1,335
25 to 29 years	3,245	1,746	1,499
30 to 34 years	3,045	1,622	1,423
35 to 39 years	3,311	1,754	1,557
40 to 44 years	3,544	1,838	1,706
45 to 49 years	4,384	2,287	2,097
50 to 54 years	5,143	2,661	2,482
55 to 59 years	5,057	2,646	2,411
60 to 64 years	3,710	1,989	1,721
65 to 69 years	2,585	1,441	1,144
70 to 74 years	1,479	794	685
75 to 79 years	1,040	531	509
80 to 84 years	639	289	350
85 years and over	533	203	330
<b>Median age and population of selected age groups</b>			
Median age	40.6	40.4	40.8
Population 16 years and over	43,964	23,262	20,702
Population 18 years and over	42,289	22,379	19,910
Population 21 years and over	40,123	21,166	18,957
Population 62 years and over	8,297	4,335	3,962
Population 65 years and over	6,276	3,258	3,018

## Race

Population of one race: 52,293

Population of two or more races: 3,107

	Race alone	Race alone or in combination with one or more other races
White	46,857	49,778
Black or African American	269	530
American Indian and Alaska Native	4,081	6,429
Asian	631	1,159
Pacific Islander	119	297
Other	336	522

### Hispanic or Latino and Race

Total	1,641
White alone	978
Black or African American alone	21
American Indian and Alaska Native alone	111
Asian alone	17
Pacific Islander alone	8
Other race alone	257
Two or more races	249

### Hispanic or Latino by Origin

Total	1,641
Mexican	1,015
Puerto Rican	95
Cuban	27
Other	504

## Relationship

<b>Total</b>	<b>55,400</b>
<b>In households</b>	<b>53,678</b>
Householder	22,161
Spouse	11,308
Child	14,994
Own child under 18 years	11,955
Other relatives	1,936
Under 18 years	809
65 years and over	280
<b>Nonrelatives</b>	<b>3,279</b>
Under 18 years	297
65 years and over	146
Unmarried partner	1,652
<b>In group quarters</b>	<b>1,722</b>
<b>Institutionalized population</b>	<b>1,104</b>
Male institutionalized population	993
Female institutionalized population	111
<b>Noninstitutionalized population</b>	<b>618</b>
Male noninstitutionalized population	444
Female noninstitutionalized population	174

## Households

<b>Total</b>	<b>22,161</b>
<b>Family households (families)</b>	<b>14,238</b>
With own children under 18 years	6,111
Husband-wife family	11,308
With own children under 18 years	4,279
Male householder, no wife present	1,129
With own children under 18 years	676
Female householder, no husband present	1,801
With own children under 18 years	1,156
<b>Nonfamily households</b>	<b>7,923</b>
Householder living alone	6,336
Male householder living alone	3,721
65 years and over	721
Female householder living alone	2,615
65 years and over	938

### Households with children/elders

Households with individuals under 18 years	6,678
Households with individuals 65 years and over	4,593

### Averages

Average household size	2.4
Average family size	3.0

## Housing Occupancy

<b>Total</b>	<b>30,578</b>
<b>Occupied housing units</b>	<b>22,161</b>
<b>Vacant housing units</b>	<b>8,417</b>
<b>For rent</b>	<b>656</b>
<b>Rented, not occupied</b>	<b>77</b>
<b>For sale only</b>	<b>403</b>
<b>Sold, not occupied</b>	<b>103</b>
<b>For seasonal, recreational, or occasional use</b>	<b>6,083</b>
<b>All other vacants</b>	<b>1,095</b>
<b>Vacancy rates</b>	
<b>Homeowner vacancy rate (percent)</b>	<b>2.4</b>
<b>Rental vacancy rate (percent)</b>	<b>9.9</b>
<b>Housing tenure</b>	
<b>Owner-occupied housing units</b>	<b>16,246</b>
<b>Renter-occupied housing units</b>	<b>5,915</b>
<b>Population in owner-occupied housing units</b>	<b>40,902</b>
<b>Population in renter-occupied housing units</b>	<b>12,776</b>
<b>Average household size in owner-occupied housing units</b>	<b>2.5</b>
<b>Average household size in renter-occupied housing units</b>	<b>2.2</b>

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 May 17, 2011



# 2010 Census Demographic Profile for Kenai city

## Population by Age and Sex

	Total	Male	Female
Total	7,100	3,523	3,577
Under 5 years	566	280	286
5 to 9 years	545	282	263
10 to 14 years	533	269	264
15 to 19 years	563	283	280
20 to 24 years	464	243	221
25 to 29 years	511	258	253
30 to 34 years	389	197	192
35 to 39 years	469	234	235
40 to 44 years	444	204	240
45 to 49 years	554	276	278
50 to 54 years	540	252	288
55 to 59 years	482	249	233
60 to 64 years	345	164	181
65 to 69 years	284	134	150
70 to 74 years	172	91	81
75 to 79 years	116	62	54
80 to 84 years	69	29	40
85 years and over	54	16	38
<b>Median age and population of selected age groups</b>			
Median age	34.7	33.5	35.6
Population 16 years and over	5,355	2,648	2,707
Population 18 years and over	5,129	2,521	2,608
Population 21 years and over	4,812	2,368	2,444
Population 62 years and over	888	419	469
Population 65 years and over	695	332	363

## Race

Population of one race: 6,537

Population of two or more races: 563

	Race alone	Race alone or in combination with one or more other races
White	5,670	6,193
Black or African American	49	99
American Indian and Alaska Native	632	1,074
Asian	104	196
Pacific Islander	21	63
Other	61	80

## Hispanic or Latino and Race

Total	317
White alone	204
Black or African American alone	3
American Indian and Alaska Native alone	20
Asian alone	4
Pacific Islander alone	5
Other race alone	50
Two or more races	31

## Hispanic or Latino by Origin

Total	317
Mexican	212
Puerto Rican	21
Cuban	7
Other	77

## Relationship

<b>Total</b>	<b>7,100</b>
<b>In households</b>	<b>7,046</b>
Householder	2,809
Spouse	1,265
Child	2,193
Own child under 18 years	1,773
Other relatives	279
Under 18 years	136
65 years and over	29
Nonrelatives	500
Under 18 years	50
65 years and over	19
Unmarried partner	256
<b>In group quarters</b>	<b>54</b>
<b>Institutionalized population</b>	<b>7</b>
Male institutionalized population	7
Female institutionalized population	0
<b>Noninstitutionalized population</b>	<b>47</b>
Male noninstitutionalized population	21
Female noninstitutionalized population	26

## Households

<b>Total</b>	<b>2,809</b>
<b>Family households (families)</b>	<b>1,789</b>
<b>With own children under 18 years</b>	<b>918</b>
<b>Husband-wife family</b>	<b>1,265</b>
<b>With own children under 18 years</b>	<b>567</b>
<b>Male householder, no wife present</b>	<b>161</b>
<b>With own children under 18 years</b>	<b>106</b>
<b>Female householder, no husband present</b>	<b>363</b>
<b>With own children under 18 years</b>	<b>245</b>
<b>Nonfamily households</b>	<b>1,020</b>
<b>Householder living alone</b>	<b>814</b>
<b>Male householder living alone</b>	<b>396</b>
<b>65 years and over</b>	<b>82</b>
<b>Female householder living alone</b>	<b>418</b>
<b>65 years and over</b>	<b>150</b>

### Households with children/elders

Households with individuals under 18 years	1,006
Households with individuals 65 years and over	535

### Averages

Average household size	2.5
Average family size	3.1

## Housing Occupancy

<b>Total</b>	<b>3,166</b>
<b>Occupied housing units</b>	<b>2,809</b>
<b>Vacant housing units</b>	<b>357</b>
<b>For rent</b>	<b>118</b>
<b>Rented, not occupied</b>	<b>16</b>
<b>For sale only</b>	<b>40</b>
<b>Sold, not occupied</b>	<b>6</b>
<b>For seasonal, recreational, or occasional use</b>	<b>104</b>
<b>All other vacants</b>	<b>73</b>
<b>Vacancy rates</b>	
<b>Homeowner vacancy rate (percent)</b>	<b>2.3</b>
<b>Rental vacancy rate (percent)</b>	<b>9.4</b>
<b>Housing tenure</b>	
<b>Owner-occupied housing units</b>	<b>1,683</b>
<b>Renter-occupied housing units</b>	<b>1,126</b>
<b>Population in owner-occupied housing units</b>	<b>4,465</b>
<b>Population in renter-occupied housing units</b>	<b>2,581</b>
<b>Average household size in owner-occupied housing units</b>	<b>2.7</b>
<b>Average household size in renter-occupied housing units</b>	<b>2.3</b>

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# 2010 Census Demographic Profile for Soldotna city

## Population by Age and Sex

	Total	Male	Female
Total	4,163	1,989	2,174
Under 5 years	327	154	173
5 to 9 years	299	154	145
10 to 14 years	304	140	164
15 to 19 years	287	147	140
20 to 24 years	250	125	125
25 to 29 years	299	154	145
30 to 34 years	229	131	98
35 to 39 years	258	126	132
40 to 44 years	237	115	122
45 to 49 years	270	142	128
50 to 54 years	297	137	160
55 to 59 years	306	145	161
60 to 64 years	247	105	142
65 to 69 years	162	72	90
70 to 74 years	140	57	83
75 to 79 years	97	38	59
80 to 84 years	79	27	52
85 years and over	75	20	55
<b>Median age and population of selected age groups</b>			
Median age	36.7	34.6	38.9
Population 16 years and over	3,175	1,511	1,664
Population 18 years and over	3,072	1,470	1,602
Population 21 years and over	2,903	1,375	1,528
Population 62 years and over	684	266	418
Population 65 years and over	553	214	339

## Race

Population of one race: 3,879

Population of two or more races: 284

	Race alone	Race alone or in combination with one or more other races
White	3,574	3,847
Black or African American	11	28
American Indian and Alaska Native	181	362
Asian	66	133
Pacific Islander	12	28
Other	35	66

## Hispanic or Latino and Race

Total	163
White alone	97
Black or African American alone	2
American Indian and Alaska Native alone	2
Asian alone	0
Pacific Islander alone	0
Other race alone	27
Two or more races	35

## Hispanic or Latino by Origin

Total	163
Mexican	104
Puerto Rican	5
Cuban	2
Other	52

## Relationship

<b>Total</b>	<b>4,163</b>
<b>In households</b>	<b>4,091</b>
Householder	1,720
Spouse	757
Child	1,231
Own child under 18 years	1,014
Other relatives	139
Under 18 years	57
65 years and over	20
Nonrelatives	244
Under 18 years	19
65 years and over	9
Unmarried partner	109
<b>In group quarters</b>	<b>72</b>
Institutionalized population	53
Male institutionalized population	17
Female institutionalized population	36
Noninstitutionalized population	19
Male noninstitutionalized population	13
Female noninstitutionalized population	6



## Households

<b>Total</b>	<b>1,720</b>
<b>Family households (families)</b>	<b>1,054</b>
<b>With own children under 18 years</b>	<b>518</b>
<b>Husband-wife family</b>	<b>757</b>
<b>With own children under 18 years</b>	<b>325</b>
<b>Male householder, no wife present</b>	<b>92</b>
<b>With own children under 18 years</b>	<b>67</b>
<b>Female householder, no husband present</b>	<b>205</b>
<b>With own children under 18 years</b>	<b>126</b>
<b>Nonfamily households</b>	<b>666</b>
<b>Householder living alone</b>	<b>550</b>
<b>Male householder living alone</b>	<b>220</b>
<b>65 years and over</b>	<b>35</b>
<b>Female householder living alone</b>	<b>330</b>
<b>65 years and over</b>	<b>158</b>

### Households with children/elders

Households with individuals under 18 years	530
Households with individuals 65 years and over	397

### Averages

Average household size	2.4
Average family size	3.0

## Housing Occupancy

<b>Total</b>	<b>1,968</b>
<b>Occupied housing units</b>	<b>1,720</b>
<b>Vacant housing units</b>	<b>248</b>
<b>For rent</b>	<b>79</b>
<b>Rented, not occupied</b>	<b>11</b>
<b>For sale only</b>	<b>27</b>
<b>Sold, not occupied</b>	<b>1</b>
<b>For seasonal, recreational, or occasional use</b>	<b>98</b>
<b>All other vacants</b>	<b>32</b>
<b>Vacancy rates</b>	
<b>Homeowner vacancy rate (percent)</b>	<b>2.6</b>
<b>Rental vacancy rate (percent)</b>	<b>10.1</b>
<b>Housing tenure</b>	
<b>Owner-occupied housing units</b>	<b>1,024</b>
<b>Renter-occupied housing units</b>	<b>696</b>
<b>Population in owner-occupied housing units</b>	<b>2,631</b>
<b>Population in renter-occupied housing units</b>	<b>1,460</b>
<b>Average household size in owner-occupied housing units</b>	<b>2.6</b>
<b>Average household size in renter-occupied housing units</b>	<b>2.1</b>

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# 2010 Census Demographic Profile for Kalifornsky CDP

## Population by Age and Sex

	Total	Male	Female
Total	7,850	4,062	3,788
Under 5 years	546	271	275
5 to 9 years	585	300	285
10 to 14 years	571	304	267
15 to 19 years	615	329	286
20 to 24 years	406	222	184
25 to 29 years	431	209	222
30 to 34 years	479	243	236
35 to 39 years	531	274	257
40 to 44 years	536	261	275
45 to 49 years	645	350	295
50 to 54 years	701	375	326
55 to 59 years	669	332	337
60 to 64 years	417	209	208
65 to 69 years	330	193	137
70 to 74 years	158	87	71
75 to 79 years	119	56	63
80 to 84 years	61	25	36
85 years and over	50	22	28

## Median age and population of selected age groups

Median age	37.8	37.9	37.8
Population 16 years and over	6,020	3,112	2,908
Population 18 years and over	5,738	2,970	2,768
Population 21 years and over	5,454	2,820	2,634
Population 62 years and over	966	500	466
Population 65 years and over	718	383	335

# Race

Population of one race: 7,413

Population of two or more races: 437

	Race alone	Race alone or in combination with one or more other races
White	6,842	7,254
Black or African American	28	53
American Indian and Alaska Native	392	703
Asian	74	167
Pacific Islander	13	62
Other	64	84

## Hispanic or Latino and Race

Total	272
White alone	184
Black or African American alone	2
American Indian and Alaska Native alone	11
Asian alone	0
Pacific Islander alone	0
Other race alone	51
Two or more races	24

## Hispanic or Latino by Origin

Total	272
Mexican	150
Puerto Rican	11
Cuban	2
Other	109

# Relationship

<b>Total</b>	<b>7,850</b>
<b>In households</b>	<b>7,753</b>
Householder	2,978
Spouse	1,707
Child	2,366
Own child under 18 years	1,942
Other relatives	287
Under 18 years	107
65 years and over	55
Nonrelatives	415
Under 18 years	48
65 years and over	23
Unmarried partner	210
<b>In group quarters</b>	<b>97</b>
<b>Institutionalized population</b>	<b>4</b>
Male institutionalized population	4
Female institutionalized population	0
<b>Noninstitutionalized population</b>	<b>93</b>
Male noninstitutionalized population	42
Female noninstitutionalized population	51

## Households

<b>Total</b>	<b>2,978</b>
<b>Family households (families)</b>	<b>2,097</b>
<b>With own children under 18 years</b>	<b>982</b>
<b>Husband-wife family</b>	<b>1,707</b>
<b>With own children under 18 years</b>	<b>724</b>
<b>Male householder, no wife present</b>	<b>184</b>
<b>With own children under 18 years</b>	<b>123</b>
<b>Female householder, no husband present</b>	<b>206</b>
<b>With own children under 18 years</b>	<b>135</b>
<b>Nonfamily households</b>	<b>881</b>
<b>Householder living alone</b>	<b>691</b>
<b>Male householder living alone</b>	<b>434</b>
<b>65 years and over</b>	<b>70</b>
<b>Female householder living alone</b>	<b>257</b>
<b>65 years and over</b>	<b>75</b>

### Households with children/elders

Households with individuals under 18 years	1,072
Households with individuals 65 years and over	518

### Averages

Average household size	2.6
Average family size	3.1

## Housing Occupancy

<b>Total</b>	<b>3,531</b>
<b>Occupied housing units</b>	<b>2,978</b>
<b>Vacant housing units</b>	<b>553</b>
<b>For rent</b>	<b>39</b>
<b>Rented, not occupied</b>	<b>7</b>
<b>For sale only</b>	<b>38</b>
<b>Sold, not occupied</b>	<b>13</b>
<b>For seasonal, recreational, or occasional use</b>	<b>382</b>
<b>All other vacants</b>	<b>74</b>
<b>Vacancy rates</b>	
<b>Homeowner vacancy rate (percent)</b>	<b>1.5</b>
<b>Rental vacancy rate (percent)</b>	<b>7.2</b>
<b>Housing tenure</b>	
<b>Owner-occupied housing units</b>	<b>2,483</b>
<b>Renter-occupied housing units</b>	<b>495</b>
<b>Population in owner-occupied housing units</b>	<b>6,612</b>
<b>Population in renter-occupied housing units</b>	<b>1,141</b>
<b>Average household size in owner-occupied housing units</b>	<b>2.7</b>
<b>Average household size in renter-occupied housing units</b>	<b>2.3</b>

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# 2010 Census Demographic Profile for Nikiski CDP

## Population by Age and Sex

	Total	Male	Female
Total	4,493	2,341	2,152
Under 5 years	285	152	133
5 to 9 years	324	162	162
10 to 14 years	379	188	191
15 to 19 years	356	191	165
20 to 24 years	235	123	112
25 to 29 years	196	102	94
30 to 34 years	241	116	125
35 to 39 years	269	142	127
40 to 44 years	319	168	151
45 to 49 years	342	165	177
50 to 54 years	446	240	206
55 to 59 years	389	214	175
60 to 64 years	269	147	122
65 to 69 years	208	111	97
70 to 74 years	94	49	45
75 to 79 years	57	34	23
80 to 84 years	52	27	25
85 years and over	32	10	22

## Median age and population of selected age groups

Median age	39.4	39.8	39.0
Population 16 years and over	3,417	1,795	1,622
Population 18 years and over	3,255	1,711	1,544
Population 21 years and over	3,093	1,618	1,475
Population 62 years and over	586	311	275
Population 65 years and over	443	231	212



# Race

Population of one race: 4,287

Population of two or more races: 206

	Race alone	Race alone or in combination with one or more other races
White	3,847	4,037
Black or African American	5	20
American Indian and Alaska Native	347	522
Asian	50	80
Pacific Islander	16	23
Other	22	29

## Hispanic or Latino and Race

Total	118
White alone	63
Black or African American alone	1
American Indian and Alaska Native alone	16
Asian alone	3
Pacific Islander alone	1
Other race alone	15
Two or more races	19

## Hispanic or Latino by Origin

Total	118
Mexican	84
Puerto Rican	4
Cuban	2
Other	28

## Relationship

<b>Total</b>	<b>4,493</b>
<b>In households</b>	<b>4,482</b>
Householder	1,689
Spouse	927
Child	1,388
Own child under 18 years	1,100
Other relatives	225
Under 18 years	111
65 years and over	21
Nonrelatives	253
Under 18 years	27
65 years and over	6
Unmarried partner	131
<b>In group quarters</b>	<b>11</b>
Institutionalized population	8
Male institutionalized population	3
Female institutionalized population	5
Noninstitutionalized population	3
Male noninstitutionalized population	3
Female noninstitutionalized population	0

## Households

<b>Total</b>	<b>1,689</b>
<b>Family households (families)</b>	<b>1,161</b>
With own children under 18 years	512
Husband-wife family	927
With own children under 18 years	375
Male householder, no wife present	102
With own children under 18 years	59
Female householder, no husband present	132
With own children under 18 years	78
<b>Nonfamily households</b>	<b>528</b>
Householder living alone	415
Male householder living alone	267
65 years and over	50
Female householder living alone	148
65 years and over	65

### Households with children/elders

Households with individuals under 18 years	581
Households with individuals 65 years and over	331

### Averages

Average household size	2.7
Average family size	3.2

## Housing Occupancy

<b>Total</b>	<b>1,998</b>
<b>Occupied housing units</b>	<b>1,689</b>
<b>Vacant housing units</b>	<b>309</b>
<b>For rent</b>	<b>35</b>
<b>Rented, not occupied</b>	<b>2</b>
<b>For sale only</b>	<b>20</b>
<b>Sold, not occupied</b>	<b>7</b>
<b>For seasonal, recreational, or occasional use</b>	<b>129</b>
<b>All other vacants</b>	<b>116</b>
<b>Vacancy rates</b>	
<b>Homeowner vacancy rate (percent)</b>	<b>1.4</b>
<b>Rental vacancy rate (percent)</b>	<b>9.7</b>
<b>Housing tenure</b>	
<b>Owner-occupied housing units</b>	<b>1,367</b>
<b>Renter-occupied housing units</b>	<b>322</b>
<b>Population in owner-occupied housing units</b>	<b>3,721</b>
<b>Population in renter-occupied housing units</b>	<b>761</b>
<b>Average household size in owner-occupied housing units</b>	<b>2.7</b>
<b>Average household size in renter-occupied housing units</b>	<b>2.4</b>

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 May 17, 2011

# 2010 Census Demographic Profile for Sterling CDP

## Population by Age and Sex

	Total	Male	Female
Total	5,617	2,965	2,652
Under 5 years	302	151	151
5 to 9 years	295	166	129
10 to 14 years	381	203	178
15 to 19 years	414	211	203
20 to 24 years	264	153	111
25 to 29 years	265	139	126
30 to 34 years	283	137	146
35 to 39 years	322	170	152
40 to 44 years	350	184	166
45 to 49 years	516	253	263
50 to 54 years	554	289	265
55 to 59 years	541	285	256
60 to 64 years	428	244	184
65 to 69 years	289	170	119
70 to 74 years	169	95	74
75 to 79 years	117	61	56
80 to 84 years	57	27	30
85 years and over	70	27	43

## Median age and population of selected age groups

Median age	44.1	44.3	43.9
Population 16 years and over	4,550	2,400	2,150
Population 18 years and over	4,373	2,305	2,068
Population 21 years and over	4,155	2,196	1,959
Population 62 years and over	941	521	420
Population 65 years and over	702	380	322

# Race

Population of one race: 5,373

Population of two or more races: 244

	Race alone	Race alone or in combination with one or more other races
White	5,044	5,278
Black or African American	8	34
American Indian and Alaska Native	246	405
Asian	44	100
Pacific Islander	6	11
Other	25	48

## Hispanic or Latino and Race

Total	150
White alone	92
Black or African American alone	0
American Indian and Alaska Native alone	8
Asian alone	0
Pacific Islander alone	0
Other race alone	16
Two or more races	34

## Hispanic or Latino by Origin

Total	150
Mexican	102
Puerto Rican	8
Cuban	4
Other	36

# Relationship

<b>Total</b>	<b>5,617</b>
<b>In households</b>	<b>5,598</b>
Householder	2,254
Spouse	1,392
Child	1,488
Own child under 18 years	1,135
Other relatives	198
Under 18 years	87
65 years and over	29
Nonrelatives	266
Under 18 years	22
65 years and over	17
Unmarried partner	131
<b>In group quarters</b>	<b>19</b>
<b>Institutionalized population</b>	<b>12</b>
Male institutionalized population	3
Female institutionalized population	9
<b>Noninstitutionalized population</b>	<b>7</b>
Male noninstitutionalized population	3
Female noninstitutionalized population	4

## Households

<b>Total</b>	<b>2,254</b>
<b>Family households (families)</b>	<b>1,611</b>
With own children under 18 years	597
Husband-wife family	1,392
With own children under 18 years	474
Male householder, no wife present	102
With own children under 18 years	55
Female householder, no husband present	117
With own children under 18 years	68
<b>Nonfamily households</b>	<b>643</b>
Householder living alone	515
Male householder living alone	343
65 years and over	71
Female householder living alone	172
65 years and over	63

### Households with children/elders

Households with individuals under 18 years	651
Households with individuals 65 years and over	491

### Averages

Average household size	2.5
Average family size	2.9



## Housing Occupancy

<b>Total</b>	<b>3,347</b>
<b>Occupied housing units</b>	<b>2,254</b>
<b>Vacant housing units</b>	<b>1,093</b>
For rent	66
Rented, not occupied	2
For sale only	38
Sold, not occupied	8
For seasonal, recreational, or occasional use	858
All other vacants	121
<b>Vacancy rates</b>	
Homeowner vacancy rate (percent)	2.0
Rental vacancy rate (percent)	14.4
<b>Housing tenure</b>	
Owner-occupied housing units	1,865
Renter-occupied housing units	389
Population in owner-occupied housing units	4,742
Population in renter-occupied housing units	856
Average household size in owner-occupied housing units	2.5
Average household size in renter-occupied housing units	2.2

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# 2010 Census Demographic Profile for Salamatof CDP

## Population by Age and Sex

	Total	Male	Female
Total	980	683	297
Under 5 years	41	22	19
5 to 9 years	29	17	12
10 to 14 years	40	16	24
15 to 19 years	63	45	18
20 to 24 years	97	79	18
25 to 29 years	92	76	16
30 to 34 years	73	61	12
35 to 39 years	89	70	19
40 to 44 years	77	60	17
45 to 49 years	95	71	24
50 to 54 years	73	46	27
55 to 59 years	85	50	35
60 to 64 years	46	28	18
65 to 69 years	24	18	6
70 to 74 years	20	9	11
75 to 79 years	17	7	10
80 to 84 years	13	6	7
85 years and over	6	2	4

## Median age and population of selected age groups

Median age	38.2	37.1	42.4
Population 16 years and over	864	624	240
Population 18 years and over	852	616	236
Population 21 years and over	792	572	220
Population 62 years and over	103	56	47
Population 65 years and over	80	42	38

## Race

Population of one race: 910

Population of two or more races: 70

	Race alone	Race alone or in combination with one or more other races
White	693	751
Black or African American	9	19
American Indian and Alaska Native	175	236
Asian	21	29
Pacific Islander	6	8
Other	6	10

## Hispanic or Latino and Race

Total	31
White alone	15
Black or African American alone	1
American Indian and Alaska Native alone	4
Asian alone	3
Pacific Islander alone	1
Other race alone	6
Two or more races	1

## Hispanic or Latino by Origin

Total	31
Mexican	17
Puerto Rican	4
Cuban	1
Other	9

## Relationship

<b>Total</b>	<b>980</b>
<b>In households</b>	<b>582</b>
Householder	246
Spouse	120
Child	155
Own child under 18 years	118
Other relatives	25
Under 18 years	5
65 years and over	6
Nonrelatives	36
Under 18 years	5
65 years and over	0
Unmarried partner	13
<b>In group quarters</b>	<b>398</b>
Institutionalized population	398
Male institutionalized population	380
Female institutionalized population	18
Noninstitutionalized population	0
Male noninstitutionalized population	0
Female noninstitutionalized population	0

## Households

<b>Total</b>	<b>246</b>
<b>Family households (families)</b>	<b>155</b>
<b>With own children under 18 years</b>	<b>63</b>
<b>Husband-wife family</b>	<b>120</b>
<b>With own children under 18 years</b>	<b>43</b>
<b>Male householder, no wife present</b>	<b>21</b>
<b>With own children under 18 years</b>	<b>9</b>
<b>Female householder, no husband present</b>	<b>14</b>
<b>With own children under 18 years</b>	<b>11</b>
<b>Nonfamily households</b>	<b>91</b>
<b>Householder living alone</b>	<b>72</b>
<b>Male householder living alone</b>	<b>38</b>
<b>65 years and over</b>	<b>10</b>
<b>Female householder living alone</b>	<b>34</b>
<b>65 years and over</b>	<b>15</b>

### Households with children/elders

Households with individuals under 18 years	69
Households with individuals 65 years and over	61

### Averages

Average household size	2.4
Average family size	2.9

## Housing Occupancy

<b>Total</b>	<b>300</b>
<b>Occupied housing units</b>	<b>246</b>
<b>Vacant housing units</b>	<b>54</b>
<b>For rent</b>	<b>4</b>
<b>Rented, not occupied</b>	<b>1</b>
<b>For sale only</b>	<b>8</b>
<b>Sold, not occupied</b>	<b>4</b>
<b>For seasonal, recreational, or occasional use</b>	<b>25</b>
<b>All other vacants</b>	<b>12</b>
<b>Vacancy rates</b>	
<b>Homeowner vacancy rate (percent)</b>	<b>4.1</b>
<b>Rental vacancy rate (percent)</b>	<b>5.7</b>
<b>Housing tenure</b>	
<b>Owner-occupied housing units</b>	<b>181</b>
<b>Renter-occupied housing units</b>	<b>65</b>
<b>Population in owner-occupied housing units</b>	<b>454</b>
<b>Population in renter-occupied housing units</b>	<b>128</b>
<b>Average household size in owner-occupied housing units</b>	<b>2.5</b>
<b>Average household size in renter-occupied housing units</b>	<b>2.0</b>

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 May 17, 2011

# PL 94-171 Redistricting Data for Boroughs and Census Areas

## Population – All Ages

Area	Total	White	Race Alone						Hispanic/Latino	
			American Indian/ AK Native	Black	Asian	Pacific Islander	Other	Two or More Races	Hispanic	Not Hispanic
Kenai Peninsula Borough	55,400	46,857	4,081	269	631	119	336	3,107	1,641	53,759

## Population – Age 18 and Over

Area	Total	White	Race Alone						Hispanic	
			American Indian/ AK Native	Black	Asian	Pacific Islander	Other	Two or More Races	Hispanic	Not Hispanic
Kenai Peninsula Borough	42,289	36,578	2,966	217	507	94	238	1,689	1,045	41,244

## Housing Units

Area	Total	Occupied	Vacant
Kenai Peninsula Borough	30,578	22,161	8,417

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**Table DP-1. Profile of General Demographic Characteristics: 2000**

Geographic Area: Kenai Peninsula Borough, Alaska

[For information on confidentiality protection, nonsampling error, and definitions, see text]

Subject	Number	Percent	Subject	Number	Percent
<b>Total population.....</b>	<b>49,691</b>	<b>100.0</b>	<b>HISPANIC OR LATINO AND RACE</b>		
<b>SEX AND AGE</b>			<b>Total population.....</b>	<b>49,691</b>	<b>100.0</b>
Male.....	25,553	52.0	Hispanic or Latino (of any race).....	1,087	2.2
Female.....	23,838	48.0	Mexican.....	610	1.2
Under 5 years.....	3,238	6.6	Puerto Rican.....	49	0.1
5 to 9 years.....	4,024	8.1	Cuban.....	9	-
10 to 14 years.....	4,698	9.5	Other Hispanic or Latino.....	419	0.8
15 to 19 years.....	4,140	8.3	Not Hispanic or Latino.....	48,604	97.8
20 to 24 years.....	2,132	4.3	White alone.....	42,263	85.1
25 to 34 years.....	5,648	11.4	<b>RELATIONSHIP</b>		
35 to 44 years.....	9,074	18.3	<b>Total population.....</b>	<b>49,691</b>	<b>100.0</b>
45 to 54 years.....	8,739	17.6	In households.....	48,363	97.3
55 to 59 years.....	2,632	5.3	Householder.....	18,438	37.1
60 to 64 years.....	1,667	3.4	Spouse.....	10,218	20.6
65 to 74 years.....	2,361	4.8	Child.....	15,980	32.2
75 to 84 years.....	1,077	2.2	Own child under 18 years.....	13,897	28.0
85 years and over.....	211	0.4	Other relatives.....	1,194	2.4
Median age (years).....	36.3	(X)	Under 18 years.....	540	1.1
18 years and over.....	34,832	70.1	Nonrelatives.....	2,533	5.1
Male.....	18,239	36.7	Unmarried partner.....	1,242	2.5
Female.....	16,593	33.4	In group quarters.....	1,328	2.7
21 years and over.....	33,091	66.6	Institutionalized population.....	935	1.9
62 years and over.....	4,549	9.2	Noninstitutionalized population.....	393	0.8
65 years and over.....	3,649	7.3	<b>HOUSEHOLD BY TYPE</b>		
Male.....	1,765	3.6	<b>Total households.....</b>	<b>18,438</b>	<b>100.0</b>
Female.....	1,884	3.3	Family households (families).....	12,716	69.0
<b>RACE</b>			With own children under 18 years.....	7,003	38.0
One race.....	47,764	96.1	Married-couple family.....	10,218	55.4
White.....	42,841	86.2	With own children under 18 years.....	5,133	27.8
Black or African American.....	229	0.5	Female householder, no husband present.....	1,654	9.0
American Indian and Alaska Native.....	3,713	7.5	With own children under 18 years.....	1,276	6.9
Asian.....	480	1.0	Nonfamily households.....	5,722	31.0
Asian Indian.....	13	-	Householder living alone.....	4,561	24.7
Chinese.....	55	0.1	Householder 65 years and over.....	932	5.1
Filipino.....	174	0.4	Households with individuals under 18 years.....	7,445	40.4
Japanese.....	73	0.1	Households with individuals 65 years and over ..	2,605	14.1
Korean.....	120	0.2	Average household size.....	2.62	(X)
Vietnamese.....	7	-	Average family size.....	3.15	(X)
Other Asian <sup>1</sup> .....	38	0.1	<b>HOUSING OCCUPANCY</b>		
Native Hawaiian and Other Pacific Islander.....	86	0.2	<b>Total housing units.....</b>	<b>24,871</b>	<b>100.0</b>
Native Hawaiian.....	48	0.1	Occupied housing units.....	18,438	74.1
Guamanian or Chamorro.....	9	-	Vacant housing units.....	6,433	25.9
Samoan.....	14	-	For seasonal, recreational, or		
Other Pacific Islander <sup>2</sup> .....	15	-	occasional use.....	4,560	18.3
Some other race.....	415	0.3	Homeowner vacancy rate (percent).....	2.9	(X)
Two or more races.....	1,927	3.9	Rental vacancy rate (percent).....	14.4	(X)
<b>Race alone or in combination with one</b>			<b>HOUSING TENURE</b>		
<b>or more other races:<sup>3</sup></b>			<b>Occupied housing units.....</b>	<b>18,438</b>	<b>100.0</b>
White.....	44,630	89.8	Owner-occupied housing units.....	13,585	73.7
Black or African American.....	375	0.8	Renter-occupied housing units.....	4,853	26.3
American Indian and Alaska Native.....	5,065	10.2	Average household size of owner-occu units.....	2.74	(X)
Asian.....	807	1.6	Average household size of renter-occu units.....	2.30	(X)
Native Hawaiian and Other Pacific Islander.....	215	0.4			
Some other race.....	700	1.4			

- Represents zero or rounds to zero. (X) Not applicable.

<sup>1</sup> Other Asian alone, or two or more Asian categories.<sup>2</sup> Other Pacific Islander alone, or two or more Native Hawaiian and Other Pacific Islander categories.<sup>3</sup> In combination with one or more of the other races listed. The six numbers may add to more than the total population and the six percentages may add to more than 100 percent because individuals may report more than one race.

Source: U.S. Census Bureau, Census 2000.



5. Describe the projected utilization of the proposed services and the method by which this projection was derived. Do not annualize utilization data. It must include the last complete year of operation (indicate if it is a calendar year or fiscal year) and as many prior years as is feasible to show trends. If graphs are used to depict this information, and they do not include the actual utilization numbers, numerical charts must be included. In providing this information:

- a. Include evidence of the number of persons from the target population who are currently using these services and who are expected to continue to use the service, including individuals served out of the service area or out of state;

The methodology adopted by The State of Alaska for projecting general surgery operating room need is taken from ALASKA CERTIFICATE OF NEED REVIEW STANDARDS AND METHODOLOGIES, p 30-31, effective January 11, 2006 (available at <http://www.hss.state.ak.us/publicnotice/PDF/133.pdf>) instructs the applicant to project five years from the date of completion of the project. Since this project would be on line in 2013, we have used the State of Alaska Department of Labor published figures from the year 2019 (as 2018 is not published).

Kenai Peninsula Borough	58,562 MIDDLE
	64,077 HIGH

- b. Include evidence of the number of persons who will begin to use any new services that are not now available, accessible, or acceptable to the target population.

Some Kenai Peninsula Borough residents leave the community for both inpatient and outpatient surgery. There are no figures available to document the outpatient surgery out migration.

- c. Provide annual utilization data and demand trends for the five most recent years and monthly utilization data for the most recent incomplete year prior to the application for each existing facility offering a similar service in the service area. Provide projections for utilization for three years (or the appropriate planning horizon set out in the review standards related to this project) after construction, and show methodology used to determine use, including the math

Volume figures document the following utilization at the only facility, Central Peninsula Hospital, performing surgeries in the market area this project proposes to serve.

2008	2805 cases
2009	3148 cases
2010	3527 cases

- d. If the project is an acquisition of a new piece of major equipment or a new service, provide utilization data for similar services, existing equipment, or older technology. Indicate whether similar existing equipment will continue to be used and the project's effect on utilization of similar services. If this service or equipment was not in place in the service area, compare the expected utilization with other similar communities in Alaska or in other states.

N/A

- e. If an increase in utilization is projected, list the factors that will affect the increase. Provide annual utilization projections for three to five years in the future, as applicable, for each specific service in the proposal (in general, equipment projections are for three years, and new beds and facility construction are for five years). Include each of the following data when applicable:

- (1) number of admissions/discharges
- (2) number of patient days
- (3) average length of stay
- (4) percent occupancy
- (5) average daily census
- (6) number of licensed beds
- (7) number of beds set up
- (8) number of inpatient and outpatient surgeries and surgery minutes
- (9) number of existing surgery suites in the service area
- (10) number of procedures
- (11) number of treatment rooms
- (12) number of patients served
- (13) number of outpatient visits
- (14) number of laboratory tests
- (15) number of x-rays
- (16) number of ER visits
- (17) number of CT, MRI, PET or PET/CT scanners

N/A

- f. If any services will be reduced, indicate how the proposed reduction will affect the service area needs and patient access.

N/A

- g. Provide any other information that may be pertinent to establish the need for this project.

N/A

g. Provide any other information that may be pertinent to establishing the need for this project.

h. Attach letters of support from local and regional agencies, other health care facilities, individuals, governmental bodies, etc.

Letters of support will be submitted during the public hearing process.

6. Include your calculations of numerical need for each proposed activity for your service area.

	<u>Total # Cases</u>
	Central Peninsula Hospital *
Year	
2008	2805
2009	3148
2010	<u>3527</u>
Total	9480
average past 3 years	3160

average cases	3160
2009 population**	53578
GSUR= cases per 1000 population	58.97

**Step One**

Projected case load	$C = P \times \text{GSUR}$	
Population 5 years from completion of project***2019		58562 (middle) 64077 (high)
Cases = $P \times \text{GSUR}$		3453 (middle) 3778 (high)

**Step Two GORR required**

Determine projected # of ORs required	
Current rooms	3
Current rooms x 900 cases= target use (CPH) serves inpts & outpts)	2700

Projected cases (from Step One, above)		3453 THIS METHODOLOGY IS FLAWED AS THE PROJECTED IS LESS THAN THE FY 2010 TOTAL
RR required	cases/900	3.83 (middle) 4.19 (high)
Current Ors 3		
Unmet need for general purpose Ors (900cases/room)		.83 ORS – 1.19 ORs

THE EXISTING 3527 CASES / 900 CASES PER ROOM =  
need today of 3.92 rooms. Or 827 above target.

Cases / Target use of 1200	Minimum of one room	
Unmet need with target use dedicated to outpatient sg		1 Ors – 1.19

(1200 cases / room)

6. (continued) A waiver of this standard and methodology is presented in the analysis of the standards and need, Section VI.

If the proposed project is expected to have a larger capacity than that projected by (and available from) the department, explain the rationale and provide documentation to support the larger capacity.

Rationale for the project to construct 2 operating rooms

Number of ORs required

One operating room is needed TODAY to meet demand. This project is for a one room operating room and a procedure room.

- It is not possible to build .83 operating rooms.
- Two rooms (one procedure room for pre-anesthesia regional blocks)
- This procedure room is necessary to promote the efficiency, safety and quality of the surgical services offered. For example, if complications developed in the recovery room and the patient required services, the anesthesia procedure room provides greater flexibility to meet patient needs.
- The operating rooms at Central Peninsula Hospital are at target use and as such, there has not been room for growth in the number of surgeries. Additional detail is provided in Section VI relative to this use rate flaw.
- The general surgery use rate (GSUR) of 58.97 is significantly lower than the Anchorage GSUR and Fairbanks GSUR. This may be due to the lack of operating room time available to surgeons since the hospital's operating rooms are at target use, lack of specialties that have been recently recruited to the Kenai Peninsula Borough. Or, it could indicate that some patients leave the area for surgery.
- Requests for additional operating room block time cannot be approved.
- The hospital does not have operating room time that can be dedicated to surge capacity and inpatients and emergencies bump outpatient surgery cases.

### **C. AVAILABILITY OF LESS COSTLY OR MORE EFFECTIVE ALTERNATIVES**

1. Describe the different alternatives considered in developing this project. Explain why the particular alternative for providing the services proposed by this application was selected. Include as an alternative a discussion of the effect of doing nothing.

➤ Do nothing

Surgical suites are above the 100% utilization standard. Today there is not the capacity to meet demand.

There are many who assert the certificate of need process has been used in the past to forestall competitors from entering the market. The new standards for target use indicate the need today for additional operating room capacity.

**THIS ALTERNATIVE IS REJECTED**

➤ Let the hospital expand

The physicians proposing this project are ready to start construction; community need is established; the financing is available. It is good public policy to allow a new entrant into the market. Medicaid costs are lower in an ASC than in the hospital outpatient setting. The hospital has a monopoly on the surgical market. Patients would have no choice.  
THIS ALTERNATIVE IS REJECTED

➤ Build a freestanding ASC

This option takes the pressure off the hospital operating rooms so that they can maintain quality of care delivery.

The ASC reimbursement for Medicare and Medicaid is lower than in the hospital outpatient department (HOPD).

The project gives surgeons flexibility of time for scheduling which allows them to live normal lifestyles and provides them time to contribute to the community in non medical activities.

The project will allow surgeons to recruit additional specialists and sub specialists, which will also benefit the hospital and the community at large.

This option provides a less costly alternative to the State and Federal government. The capital investment required to bring this ASC on line will not affect the reimbursement from the federal or state government. ASCs are paid a fixed amount by CPT code for services to Medicare and Medicaid. Medicare pays ASCs a composite rate, or fixed facility payment, as payment in full for all items and services furnished to a patient in connection with a surgical procedure. For example, the Medicare ASC facility fee includes payment for all lab work that might be furnished in connection with a surgical procedure. As such, the physician who furnishes a surgical procedure in an ASC in which he or she has an ownership interest has no incentive to unnecessarily order lab services. CMS cited this as the primary basis for expressly protecting ASC services, and items and services that otherwise would constitute designated health services when furnished in the ASC setting. Specifically, CMS explained, "[t]he Secretary found no risk of abuse when payments for these [designated health] services are included in the ambulatory surgical center payment rate." **[Link to: 63 Fed. Reg. 1,659 1,666 ( Jan. 9, 1998 )]**

Some critics of freestanding ASC owned by physicians infer there is a conflict with physicians having an ownership interest in ASCs.

This is not the case. In fact, the US Congress and CMS have exempted ASCs from the Stark Law because there is no perceived risk of abuse. Congress enacted the original physician "self-referral" proscriptions in large part because several studies suggested that physicians who have financial arrangements with entities to which they refer patients may act on a financial incentive to refer patients to those entities, and thereby improperly increase utilization. However, for several reasons, that concern is not present with ASCs. The studies on which the original self-referral proscription was based found no evidence that physician ownership increased utilization of ASC services.

Physician investments in ASCs are authorized under the Anti-Kickback Statute. The Inspector General for the U.S. Department of Health and Human Services (IG) has long believed that under certain circumstances there is no risk of over-utilization or abuse posed by physicians owning ASCs. As far back as 1993, the IG has been on record as allowing physician ownership of ASCs. [Link to: 58 Fed. Reg. 49,008 et seq. (September 21, 1993)] The Inspector General finalized the ASC safe harbor on November 19, 1999, the Inspector General published a final rule establishing a safe harbors under the anti-kickback statute for investments in ASCs. [Link to: 64 Fed. Reg. 63,518 et seq. (Nov. 19, 1999)] The ASC safe harbor requires that the physician investment arrangement meet certain criteria, including that at least one-third of each surgeon investor's medical practice income from all sources (for the previous fiscal year or 12-month period) is derived from his or her own performance of procedures that require an ASC or hospital surgical setting. [Link to 42 C.F.R. 1001.952(r).]

The Inspector General premised this safe harbor on several considerations. First, the relationship between the facility and professional fees. According to the IG, the facility fee is too low relative to the professional fee for a surgical procedure to constitute a significant improper inducement to make referrals. [Link to: 64 Fed. Reg. 63,518, 63,534 (Nov. 19, 1999)]

Second, to surgeons, the ASC functions as an extension of the office, much like an internist might offer in-office ancillary laboratory or radiology services. The surgeon is not a passive investor, and a "referral" is not really taking place.

Finally, ASCs represent a lower-cost, high quality alternative to traditional hospital care. In most instances where a Medicare beneficiary undergoes surgery in an ASC instead of a hospital, the Medicare program saves money. In fact, ASCs save the Medicare program hundreds of millions of dollars each year, because Medicare payments to ASCs for outpatient surgical procedures are usually substantially lower than payments to hospitals (both on an inpatient and outpatient basis). According to the IG, ASCs "have operated under the Medicare and Medicaid programs largely without abuse and have saved these programs money when compared with other treatment settings . . . ." [Link to: 56 Fed. Reg. 35,971 (July 29, 1991)]

Moreover, surgical services performed in an ASC are subject to a utilization review by peer review organizations. [Link to 42 C.F.R. 416.43] As such, there is a check on inappropriate utilization. ASC services differ in this regard from services provided by clinical laboratories and diagnostic imaging centers, for which there is not the same utilization review. Physicians do provide uncompensated care to patients in their private practice and will continue with this pattern in the ASC.

Opponents of ASCs also assert that these facilities "cherry pick" profitable cases, and leave the general hospital to care for higher-cost patients. This is not true. ASCs are paid differently, and most often less than general hospitals for comparable services. The Medicare program recognizes that ASCs may treat healthier patients who are less likely to require an overnight stay or emergency intervention following surgery, and pays these facilities accordingly.

Physicians have led the development of ASCs because they were able to tailor surgical suites to their specialty and operating style, they were able to schedule procedures more conveniently for patients and themselves, they were able to assemble a team of specially-trained

and highly-skilled nurses and assistants, and they were able to increase productivity and decrease costs.

THIS OPTION HAS BEEN SELECTED TO BUILD A FREESTANDING ASC

2. Describe any special needs and circumstances. Special needs may include special training, research, Health Maintenance Organizations (HMOs), managed care, access issues, or other needs.

There is no HMO in Alaska

**D. THE RELATIONSHIP OF THE PROPOSED PROJECT TO EXISTING HEALTH CARE SYSTEM AND TO ANCILLARY OR SUPPORT SERVICES**

1. Identify any existing comparable services within the service area and describe any significant differences in population served or service delivery. If there are no existing comparable services in the area, describe the unmet need and how the target population currently accesses the services. Describe significant factors affecting utilization, including cost, accessibility, and acceptability.

2. Describe the probable effect on other community resources, including any anticipated impact on existing facilities offering the same/similar services or alternatives locally or statewide if applicable. Describe how each proposed new or expanded service will:

- a. complement existing services
- b. provide an alternative or unique service
- c. provide a service for a specific target population
- d. provide needed competition

These two questions are responded to in the same format due to the overlap of the responses.

Central Peninsula Hospital is the only facility that offers general surgery in the proposed market area. Their operating rooms are run for both inpatient and outpatient surgeries being performed within the same rooms. Outpatient cases can be bumped to allow for emergent surgical cases to be performed.

The hospital operating rooms are at target use. There are three operating rooms at the hospital that are used for combined use. Three rooms times the 900 surgical cases per operating room for operating rooms serving both inpatients and outpatients equals 2700 cases (target use). In the past 12 months, 3,527 were performed. This is 827 cases above target use.

This project will not negatively impact the ability of the hospital to fund \_\_\_\_\_ or will impact the ability of the hospital to recruit staff.



Patients will continue to be referred to existing community laboratory and diagnostic imaging services.

Patients and physicians are requesting a choice in surgical services.

3. Identify existing working relationships the applicant has with hospitals, nursing homes, and other resources serving the target population in the service area. Include a discussion of cooperative planning activities, shared services (i.e. agreements assigning services such as emergency or obstetrics), and patient transfer agreements. If other organizations provide ancillary or support services to your facility, describe the relationship. Attach copies of relevant agreements in an appendix in the application. If a service requires support from another agency but does not have an agreement, explain why.

CMS conditions of participation 416.42 state that the ASC must have an effective procedure for the immediate transfer to a hospital, of patients requiring emergency medical care beyond the capabilities of the ASC. The ASC must have a written transfer agreement with the hospital, or all physicians performing surgery in the ASC must have admitting privileges at such hospital.

The Emergency Medical Treatment and Active Labor Act is a statute which governs when and how a patient may be (1) refused treatment or (2) transferred from one hospital to another when he is in an unstable medical condition.

EMTALA was passed as part of the Consolidated Omnibus Budget Reconciliation Act of 1986, and it is sometimes referred to as "the COBRA law". In fact, a number of different laws come under that general name. Another very familiar provision, also referred to under the COBRA name, is the statute governing continuation of medical insurance benefits after termination of employment.

Reportedly, a 1989 amendment to the statute removed the word "active" from the official name of the statute. The amendment, however, cannot be found in the report of the official public law.

EMTALA is also known as Section 1867(a) of the Social Security Act. It is included as part of the section of the U.S. Code which governs Medicare.

EMTALA applies only to "participating hospitals" -- i.e., to hospitals which have entered into "provider agreements" under which they will accept payment from the Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS) under the Medicare program for services provided to beneficiaries of that program. In practical terms, this means that it applies to virtually all hospitals in the U.S., with the exception of the Shriners' Hospital for Crippled Children and many military hospitals.

The essential provisions of the statute are as follows:

Any patient who "comes to the emergency department" requesting "examination or treatment for a medical condition" must be provided with "an appropriate medical screening examination" to determine if he is suffering from an "emergency medical condition". If he is, then the hospital is obligated to either provide him with treatment until he is stable or to transfer him to another hospital in conformance with the statute's directives.

The ASC will seek a transfer agreement with the hospital, although patients falling under EMTALA are required to be seen by the hospital. Physicians will have medical staff admitting privileges at the hospital

## E. FINANCIAL FEASIBILITY

1. Demonstrate how the project will ensure financial feasibility, including long-term viability, and what the financial effect will be on consumers and the state, region, or community served.

The project has a positive cash flow to meet operating expenses, and repayment of loans to construct the facility.

2. Discuss how the project construction and operation is expected to be financed. Demonstrate access to sufficient financial resources and the financial stability to build and operate this project.

The project will be financed through an Alaska lending institution.

The financial effect on consumers, including the State of Alaska is described in the following question #3.

3. Provide a description and estimate of:

- a. the probable impact of the proposal on the annual increase on the overall costs of the health services to the target population to be served;

Health care costs will not increase with this project.

- Payments made by the State of Alaska Medicaid division may be lowered.

Alaska Medicaid rates for Ambulatory Surgical Centers (ASC) are set annually and are based on the Medicare ASC nine payment groups established (defined by CPT codes). Under the Alaska Medicaid reimbursement system, as well as the CMS Medicare payment system for ASCs, all of the charges associated with Ambulatory Surgical Center patients are combined ("bundled") into the single rate established (i.e. Operating room time, recovery, drugs, medical supply, lab and other charges). The Medicaid Rate for an ambulatory surgical center is established in 7 AAC 43.685(i). The payment rates for each year are calculated in accordance with the methodology established in 7 AAC 43.685 (i)

i) The department will determine a rate of payment for outpatient surgical clinics based on the Medicare ambulatory surgical center payment rates for federal fiscal year 2000 as set out in 65 Fed. Reg. 6380-6383 (February 9, 2000) and adopted by reference, and as adjusted annually by the adjustment factors in 7 AAC 43.683.

Medicaid payment rates are established by the Group number set by CMS. CPT procedural codes are placed into the groups.

Rates are all inclusive for an ASC and include the associated services such as recovery room, drugs, medical supply, and other charges.

Medicaid rates commencing January 1, 2011 are established by groupings.

The ASC payment formula does not include capital costs. There will not be an adjustment to the payment groups based on the capital cost for this project.

The payment methodology is different for a hospital outpatient surgery department. Medicaid reimburses hospital outpatient surgeries as a percent of charges. Hospital outpatient surgery charges are not bundled into the CPT code, and the facility can charge for the associated services, such as recovery room, drugs, medical supply, lab and other charges.

- Payments by Medicare will not increase and are typically lower for ASCs than for hospital Outpatient departments.

Medicare payments, under the payment groups, made to freestanding ASCs are typically lower than payments made to hospital outpatient departments for the same procedures. There are 2267 procedures paid more in the Hospital Outpatient Department (HOPD). There are currently only 280 procedures paid more in the ASC than in the HOPD in 2006.

CMS publishes a list of procedures by CPT code that are approved for use in an ASC. That listing has been growing in recent years. Payments to ASCs are less than hospital outpatient department rates (HOPD).

- The list of procedures approved by Medicare for reimbursement in an ASC continues to expand.
  - Private paying consumers will have a choice.
  - The facility will pay property taxes to the Borough which can be used to fund needed Borough services.
  - Medicare patients will have lower deductibles.
- b. If applying to build a residential psychiatric treatment centers, nursing homes, or additional nursing home beds the annual increase to Medicaid required to support the new project, and the projected cost of and charges for providing the health care services in the first year of operation (per diem rate, scan, surgery etc):  
N/A
- c. the immediate and long-term financial feasibility of continuing operations of the proposal.

Funding will be provided by an Alaska lending institution. The project has a cash flow to assure long term financial feasibility. Unrestricted funds are available to fund the loans and operations.

## **F. ACCESS TO SERVICE BY THE GENERAL POPULATION AND UNDER-SERVED GROUPS**

1. Provide information on service needs and access of under-served groups of people such as low-income persons, racial and ethnic minorities, women, and persons with a disability. Discuss any plans to overcome language and cultural barriers of groups to be served.

The mission statement for this facility speaks to the need to provide health care services to all those it serves:

"To function according to the highest standards of professional behavior. To provide exemplary health care to all people by improving the health status of the families and individuals whom we serve, regardless of race, creed, nationality, sex, or disability. To provide charitable community service by our members, and strive to make health care more affordable for more individuals in the Kenai Peninsula Borough and surrounding areas. To treat all with dignity and professionalism."

The ASC will be certified by Medicare and will treat Medicare patients. Medicare conditions of participation address patient rights, including non-discrimination by the health care provider. ASCs are more affordable for patients. According to the Medicare Payment Advisory Commission, Medicare payments to ASCs are lower than payments to hospitals for comparable services for 87 percent of procedures.

Additionally, patients pay less coinsurance for procedures furnished in the ASC environment than for comparable procedures in the hospital setting.

The office practice of the physicians provide care to the needs of the medically indigent through such mechanisms as fee waivers, structured payments and the provision of charity care.

2. Indicate the annual amount of charity care provided in each of the last five years with projections for the next three years. Include columns for revenue deductions, contractual allowances, and charity care.

This is a new facility and there is no historical data. However, in the private practices of the physician LLC members, they each serve approximately 35 - 40 percent Medicare, Medicaid or other government patients. Approximately 3 - 10% of their patients are uncompensated or charity care.

3. Address the following access issues:

- a. transportation and travel time to the facility:

The location of the Surgery Center in Kenai Alaska will be more readily accessible to the majority of the population within the service area reside.

- b. special architectural provisions for the aged and person with disability:

The project will be constructed and will comply with standards set forth in the Americans with Disabilities Act.

c. hours of operation;

The facility will be open Monday through Friday 7am to 5pm. Some cases may be scheduled on Saturday depending on patient requests.

d. the institution's policies for nondiscrimination in patient services.

The facility will not discriminate against a patient because of race, creed, color, national origin, or because a patient is covered by Medicaid or Medicare. The facility will not discriminate based on a patient's lack of insurance or ability to pay.

The owners of the facility, in their private practice, serve Medicare, Medicaid or other government patients and provide charity care.

## Section V. Consideration of Quality, Effectiveness, Efficiency, and Benefits of the Applicant's Services

Please discuss the following in narrative form:

**1. ACCREDITATION AND LICENSURE:** The current status, source, date, length, etc., of the applicant's license and certification. Include information on Medicaid and Medicare Certification.

This will be a new facility and will be certified by the Centers for Medicare and Medicaid Services (CMS) for conditions of participation. There are standards in the CMS Conditions of coverage 42 CFR Public Health Chapter IV, subchapter B - Medicare Program, part 416 – Ambulatory Surgical Services that address Evaluation of quality: 416.40 Conditions for Coverage- Compliance with State licensure law. The ASC must comply with State licensure requirements; and 416.43 Evaluation of Quality. The ASC, with the active participation of the medical staff, must conduct an ongoing, comprehensive self-assessment of the quality of care provided, including medical necessity of procedures performed and appropriateness of care and use findings, when appropriate, in the revision of center policies and consideration of clinical privileges.

In addition to the requirements listed in the CMS guidelines, AK State licensure standards address quality of care and risk management standards. The manager of the facility has Alaska experience in the development, Medicare certification and Alaska State licensure of two Ambulatory Surgical Facilities in Anchorage, AK and one Ambulatory Surgical Facility in Fairbanks, AK. The Anchorage facilities received certification and licensure with no deficiencies noted. The Fairbanks, AK facility received AK licensure with no deficiencies noted in 2010 and attained Joint Commission Accreditation and CMS certification in 2011.

**2. QUALITY CONTROL:** How the applicant plans to ensure high quality service.

All ASCs that opt to furnish services to Medicare beneficiaries must be certified by Medicare, which means that the ASC must comply with specified physical plant, staffing, safety and governance standards, among other things, and must initially and on an ongoing basis demonstrate continued compliance with these standards. Medicare certification is required to obtain Alaska State licensure.

There are several components to the planned Continuous Quality Improvement Program, which include Department / service reports, Process Improvement reports, Performance Improvement opportunities, and medical staff peer review.

The medical Executive Committee will make recommendations to the Governing Board regarding:

- Physician Credentialing and Privileges – membership on the medical staff of the facility shall be a privilege restricted only to those professionally competent practitioners whose training and skills are evaluated through the credentialing process.

- Risk Management Program – includes a provision for monitoring, evaluating, identifying, correcting, and reassessing care practices that negatively affect quality of care and services provided. Also included in the program”
  - Safety, fire and disaster plans, and principles and techniques of infection control.

**3. PERSONNEL:** Plans for optimum utilization and appropriate ratios of professional, sub-professional and ancillary personnel.

There will be job specific orientation and an in service training program for each employee that provides annual instruction in the facility policies and procedures, the employee's job responsibilities and the skills necessary to meet those responsibilities.

Staffing patterns: Year one will have 8.5 Full time equivalent positions.

Administrator/DON, two operating room nurses, 2 preop/recovery room nurses; 1 scrub tech, and 1.5 business office personnel. This will increase in year 2 to a total of 10.25 FTE's with the addition of .5 OR nurse and an additional pre-op, recovery room nurse, and .25 office staff. Staffing will be adjusted to fit volume demands, and the facility will be able to assemble a team of specially-trained and highly-skilled nurses and assistants

**4. APPROPRIATE UTILIZATION:** Development of programs such as ambulatory care, assisted living, home health services; and preventive health care that will eliminate or reduce inappropriate use of inpatient services

Providing the freestanding ambulatory surgical center will handle the procedures that are above the target use for the hospital and community. The federal government is expected to expand the list of procedures that are covered for reimbursement in the ASC setting.

**5. NEW TECHNOLOGY AND TREATMENT MODES:** Plans to use modern diagnostic and treatment devices to enhance the accuracy and reliability of diagnostic and treatment procedures.

Technological advancement makes it more practical to perform a growing range of procedures in ASCs. Faster acting and more effective anesthetics and less invasive techniques, such as arthroscopy have driven this migration. ASC growth has coincided with the pace of technological advancement. Procedures that only a few years ago required major incisions, deep sedation and extended convalescence now can be done through closed techniques, with conscious sedation, and with minimal recovery time. As medical innovation continues to advance, more and more procedures will be suitable for the ASC setting

**6. LABOR SAVING DEVICES AND EFFICIENCY:** The employment of labor-saving equipment and programs to provide operating economies.

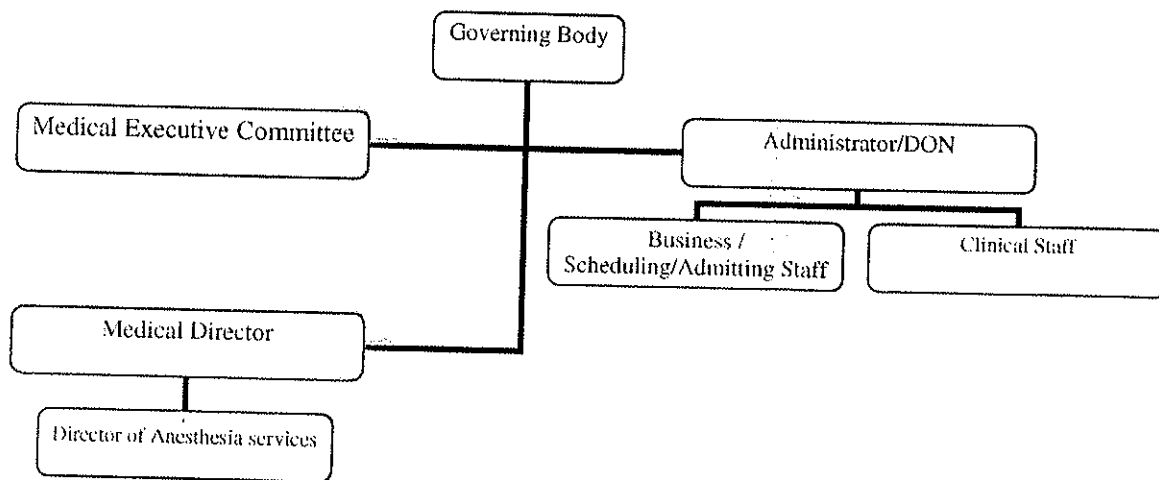
The concept of a freestanding ASC is based on the use of labor saving equipment and processes to achieve the best patient outcome, using operating economies. The specialized trained team is the key component of this process.



**7. PROGRAM EVALUATION:** Future plans for evaluation of the proposed activity to ensure that it fulfills present expectations and benefits.

The governing body will review all of the components of the quality improvement program. The organized medical staff will report findings pertinent to quality patient care, while the administrative staff will provide reporting for operating benchmarks, including staffing and budgetary issues. The governing body will meet quarterly.

**8. ORGANIZATIONAL STRUCTURE:** Include an organizational chart, descriptions of major position requirements and board representation; show representation from community economic and ethnic groups.



**9. STAFF SKILLS:** Provide descriptions of major position requirements, appropriate staff-to-patient ratios to maintain quality, and the minimal level of utilization that must be maintained to ensure that staff skills are maintained. Provide a source for the staffing standards.

See Appendix

**10. ECONOMIES OF SCALE:** The minimum and maximum size of facility or unit required to ensure optimum efficiency. If the planned project is significantly smaller or larger, explain the effect and why the size was chosen.

Number of ORs required

One operating room is needed TODAY to meet demand. This project is for a one room operating room and a procedure room.

- It is not possible to build 0.83 operating rooms.
- The project will have one operating room and one procedure room (primarily for pre-anesthesia regional blocks)

- This procedure room is necessary to promote the efficiency, safety and quality of the surgical services offered. For example, if complications developed in the recovery room and the patient required services, the anesthesia procedure room provides greater flexibility to meet patient needs.
- The operating rooms at Central Peninsula Hospital are at target use and as such, there has not been room for growth in the number of surgeries. Additional detail is provided in Section VI relative to this use rate flaw.
- The general surgery use rate (GSUR) of 58.97 is significantly lower than the Anchorage GSUR and Fairbanks GSUR. This may be due to the lack of operating room time available to surgeons since the hospital's operating rooms are at target use, lack of specialities that have been recently recruited to the Kenai Peninsula Borough. Or, it could indicate that some patients leave the area for surgery.
- Requests for additional operating room block time cannot be approved.
- The hospital does not have operating room time that can be dedicated to surge capacity and inpatients and emergencies bump outpatient surgery cases.

## Section VI. Narrative Description of How Project Meets Applicable Review Standards

Describe in this section of the application how the proposed project meets each review standard applicable to all activities, and each specific review standard applicable to the proposed activity. *Some of this information will duplicate information required elsewhere in the application packet; that duplication is intentional.*

<b>Kahtnu Ventures, LLC Ambulatory Surgical Center Ambulatory Surgical Center CON Summary Of Standards Met September 5, 2011</b>		
<b>GENERAL CON REVIEW STANDARDS</b>		<b>COMMENTS</b>
<u><b>General Review Standard #1- Documented Need:</b> 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. In applying this standard, the department will also consider, when appropriate, whether the service is in an area of the state that is unserved or under-served in the type of proposed service.</u>	<b>YES</b>	<p>Project addresses an unmet community need. Existing 3 community operating rooms above target volume;; Population growth to the year 2019 will require a range of a minimum of 0.83 room (at least one) to meet community demand using the formula adopted by the State of AK. The applicant requests a waiver to this standard and the rationale is detailed at the end of this table. The Project follows a national trend in providing service. Federal government recognizes cost effectiveness; CMS plans to expand the list of procedures to be reimbursed in an ASC. Project will allow for increased efficiency for patients and surgeons. Methodology adopted by state of AK demonstrates need although is flawed and understated. Regarding the patients that are unserved or under-served in the area, the owners of the facility have a commitment to provide care to the Medicare and Medicaid population.</p>
<u><b>General Review Standard #2 – Relationship to Applicable Plans:</b> 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.</u>	<b>YES</b>	<p>The applicant will meet the additional surgical need for the community as adopted by the State of AK standards. Evidence of the success of ASCs is included in the application. Aside from the standards adopted by the State of AK, the State Health Plan was adopted in 1984.</p>
<u><b>General Review Standard #3 – Stakeholder Participation:</b> The applicant demonstrates effective formal mechanisms for stakeholder participation in planning for the project and in the design and execution of service.</u>	<b>YES</b>	<p>With the publishing and distribution of the application for Certificate of need, public review and support of this project will be requested, and comments will be forwarded to the CON coordinator. Physicians participate in the planning of the design of the facility.</p>
<u><b>General Review Standard #4 – Alternatives Considered:</b> 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.</u>	<b>YES</b>	<p>Several alternatives were discussed. Evaluated were to 1) do nothing; 2) let the hospital apply for a CON to build and the option selected: 3) build freestanding ASC. This freestanding ASC meets community need; will be less expensive for the State of AK Medicaid program. Medicare patients will pay a lower co-pay for services rendered in the ASC. The project will not negatively impact the highly successful and profitable community hospital. Project give patients and surgeons flexibility in scheduling and meeting quality patient outcomes in a timely manner. Project offers an alternative location choice to the patients; this option also takes pressure off the hospital operating</p>

		rooms that are above target volume. Project can come on line in spring 2013. Quality of care ensured in ASC; Medicare pays less for procedures in ASC; Medicaid will pay less; this facility will take all patients regardless of their ability to pay.
<p><b><u>General Review Standard #5 – Impact on the Existing System:</u></b> The applicant briefly describes the 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.</p>	YES	<p>The project will not negatively impact the highly successful and profitable community hospital. Ancillary services required will be ordered through the community (e.g. diagnostic x-ray and imaging; laboratory services can be provided from the community hospital.</p> <p>The amount of nursing staff to be hired is so small in number that it will not negatively impact the hospital operations. This project will hire 5 nurses, the hospital has over 500 employees.</p> <p>Hospital operating rooms are at target use. By the time the project is operational, the community need will expand. Some patients have, or know patients who have left the area to have their surgery performed due to non availability of time. Patients are requesting a choice. This project will free up time in the hospital's operating room, and should reduce the amount of ambulatory surgical cases that are bumped for inpatient cases.</p>
<p><b><u>Additional considerations:</u></b></p> <ol style="list-style-type: none"> <li>1. Demonstrates a commitment to quality that is consistent with, or better than, that of existing services, if any;</li> <li>2. demonstrates a pattern of licensure and accreditation surveys with few deficiencies and a consistent history of few verified complaints; and</li> <li>3. demonstrates that the applicant has consistently provided, or has a policy to provide, high levels of care to low-income and uninsured persons.</li> </ol>	YES	<p>The management firm has a strong track record developing ASCs in Alaska that possess a strong commitment to quality. This is evidenced by the successful licensure and certification of three ambulatory surgical centers in Alaska by meeting all Medicare certification and State of AK licensure standards and one attaining Joint Commission accreditation.</p> <p>All of the physicians involved have a policy to care for the medically indigent and to accept patient regardless of their ability to pay. Physicians are the prime driving force in the delivery of quality care.</p>

SURGICAL DEPARTMENT SPECIFIC STANDARDS	Standard Met?	COMMENTS
<u>General Surgery Services Review Standard and Methodology</u> <i>Step One : Determine the projected general surgery caseload using the formula <math>C=P \times G \times SUR</math></i>	YES	One room is justified today, with the waiver of the limitations of the average use rate detailed below, the center will have one operating room and one procedure room.
<i>Step Two: Determine the projected number of operating rooms required to meet projected demand using the formula: <math>GOPP=C/TU</math></i>	YES	As noted above, and detailed below.

**Kahtnu Ventures, LLC** is also requesting a waiver of the standards and methodology because the historical three year average underestimates the likely future rate of usage for surgery. Initially this is CLEAR as the future demand using this format predicts LESS USE than that which occurred in the past 12 months. The need for one room is justified, however the applicant proposes to have a procedure room that can also serve to provide anesthesia pre-procedure procedures for pain management techniques to make surgeries less intrusive. The reasons for the waiver include the following:

1. There has been an upward trend in the number of surgeries at Central Peninsula hospital in 2010 to date. The three year historical past average can not predict a future number greater than the highest number that went into creating the past average. The past average would not recognize the continuance of this upward trend.
2. There are an increased number of surgeons who have been recruited by the hospital. The hospital has determined there is a 'shortage' of surgeons and therefore has initiated the recruitment, providing additional justification that the historical three year average underestimates the future rate of usage for surgery services.
3. As a result of the recruitment efforts, a new spine surgeon recently relocated to the area. The volumes for this specialty are not included in the three year historical volume. A majority of spine cases are inpatient cases. Cases of this specialty have not been performed in the Kenai Peninsula Borough until this surgeon relocated to the area.
4. Newly recruited surgeons must fit into the available time for the three operating rooms at the hospital. This results in scheduling for routine procedures to face increased difficulty.

5. Exposure to unnecessarily-high levels of general anesthesia occurs more often in the hospital setting than in ASCs, where specialists can rely more heavily on regional blocks.
6. The hospital does not have a surgical suite to accommodate emergencies thus the likelihood of routine procedures being postponed for emergencies is present.
7. Procedures that do not require a hospital must still be performed there.
8. The hospital is at 100% of capacity in the surgical suites and this is taxing and operating above capacity can be a problems.
9. Some patients' medical care is being adversely affected by current limitations on surgery suites available for non-hospital outpatient procedures. Some residents are having their outpatient surgery performed in Anchorage Alaska. One Kenai physician / surgeon has medical staff privileges in Anchorage Alaska and does perform surgeries in Anchorage if the patient requests to do so.
10. The standard methodology using the three year average does not take into account the upward trend in the number and types of procedures that can be performed in an ambulatory surgical facility (as approved by the Centers for Medicare and Medicaid).
11. The prediction of future need needs to reflect this trend and the recruitment of surgeons to meet the needs of the citizens of the Kenai Peninsula Borough. The recruitment of surgeons will increase the number of surgeries that can remain in the area.
12. The majority of the service are resides closer to Kenai Alaska and there is no surgery suites available for non-hospital outpatient procedures in Kenai.
13. Growth for demand in surgical procedures is expected to continue. MacQuest Consulting produced a report for the Department of Health and Social Services, "Certificate of Need in Alaska Review Standards: Supporting Appendices", dated May 10, 2005 which cited the growth is expected to come from four basic sources; Population growth; Aging of the population; increased demand for discretionary procedures; and the growing utility of surgical treatment for a broader array of diseases and clinical conditions. Also, increased technology and pain management techniques to make surgeries less intrusive. The aging of the population brings medical problems and approaches to medical solutions that can be done in an ambulatory surgical center.
14. Using historical volume that does not take all of these into consideration fails to take into account this increasing rate of surgical procedures, but relies on a static place in time and projects only the current use to future population. This results in a flaw. AS 18.07.041 provides that a CON shall be granted "if the availability or quality of existing resources is less than the current or projected requirement...to maintain the good health of Alaskans.

15. The historical average use rate is significantly lower than other areas of the State of Alaska suggesting the availability of health care surgical services is not in line with the remainder of the population. The average use rate in Anchorage is over 113 surgeries per 1000 population, over 74 surgeries per 1000 in Fairbanks, yet is lower than 60 surgeries per 1000 population in the Kenai Peninsula Borough. Kenai Peninsula residents should have adequate access to medical care.
16. Ambulatory surgical centers provide more convenient access for patients and physicians. Scheduling can have reasonable certainty without being bumped by inpatient or trauma cases. There is faster turnover in an Ambulatory Surgery Center because of the same specialty scheduling with equipment and instruments. Surgeons and teams in ASCs do many of the same types of procedures minimizing variations resulting in fewer complications and higher quality overall because of this consistency.
17. Having an ASC for the service area will ease the hospital burden. Using the 900 surgeries per year factor for combination suites, Central Peninsula Hospital's general surgery suites already operate above 100% of capacity. Today at 824 cases over the capacity standard, justifying an additional room today. The project is requesting one operating room and one procedure room.
18. Many days the outpatient cases are not a priority and physicians shift schedules and patients face a delay as they wait for the next room to become available.
19. Thus, medical care is being adversely affected by the current limitations on surgery suites available for non-hospital outpatient procedures there is an unreasonable barrier.

1.

## Section VII. Construction Data

### A. Please check appropriate boxes:

- |                      |                                         |                                    |                                          |
|----------------------|-----------------------------------------|------------------------------------|------------------------------------------|
| 1. Construction type | <input checked="" type="checkbox"/> New | <input type="checkbox"/> Expansion | <input type="checkbox"/> Renovation      |
| 2. Basement          | <input type="checkbox"/> Full           | <input type="checkbox"/> Partial   | <input checked="" type="checkbox"/> None |

### B. Project Development Schedule

- |                                                              | Date         |
|--------------------------------------------------------------|--------------|
| 1. Estimated completion of final drawings and specifications | January 2012 |
| 2. Estimated construction begun by                           | April 2012   |
| 3. Estimated construction complete by                        | January 2013 |
| 4. Estimated opening of proposed services                    | April 2013   |

### C. Facility site data: Provide the following as attachments (referenced by the subsection and item number):

1. A legal description and area of the proposed site. Is the site now owned by the facility? If not, how secure are the arrangements to acquire the site?

The party is in contract to purchase the property from one member of the Kahtnu Ventures, LLC.

2. Diagrammatic plan showing:

- dimensions and location of structures, easements, rights-of-way or encroachments;
- location of all utility services available to the site; and
- Location of service roads, parking facilities, and walkways within site boundaries.

Attached

3. Document clearances regarding zone restrictions, fire protection, sewage, and other waste disposal arrangements (under special circumstances, it is acceptable to present evidence of conditional approvals from local government and regulatory agencies).

4. An architectural master plan including long-range concept and development of total facility.

The property selected for the project is to be used for the ASC facility. There is no plan to develop the property beyond the use for the ASC.

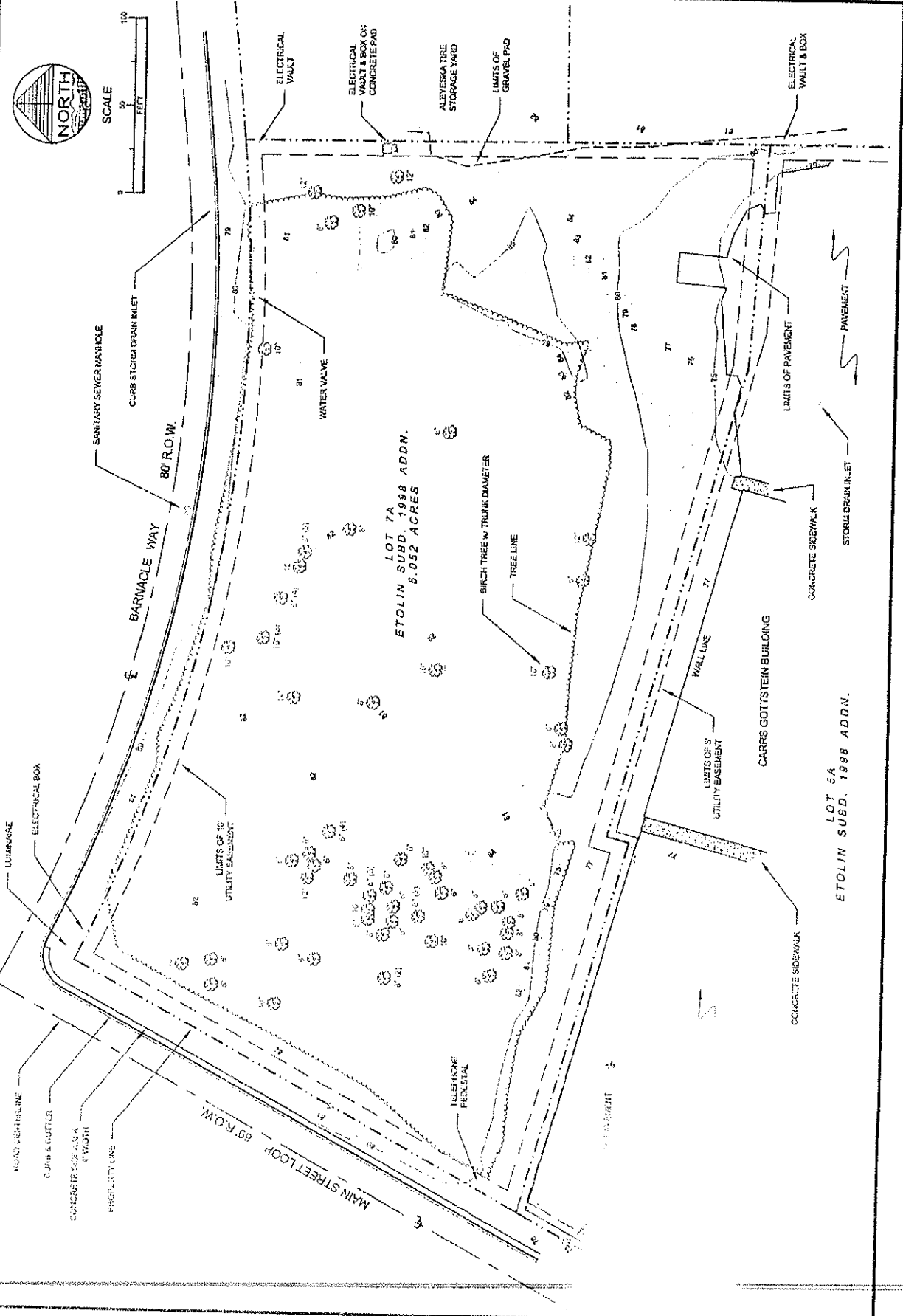
5. Schematic floor plan drawings (or conceptual drawings) of proposed functional use of various rooms. including

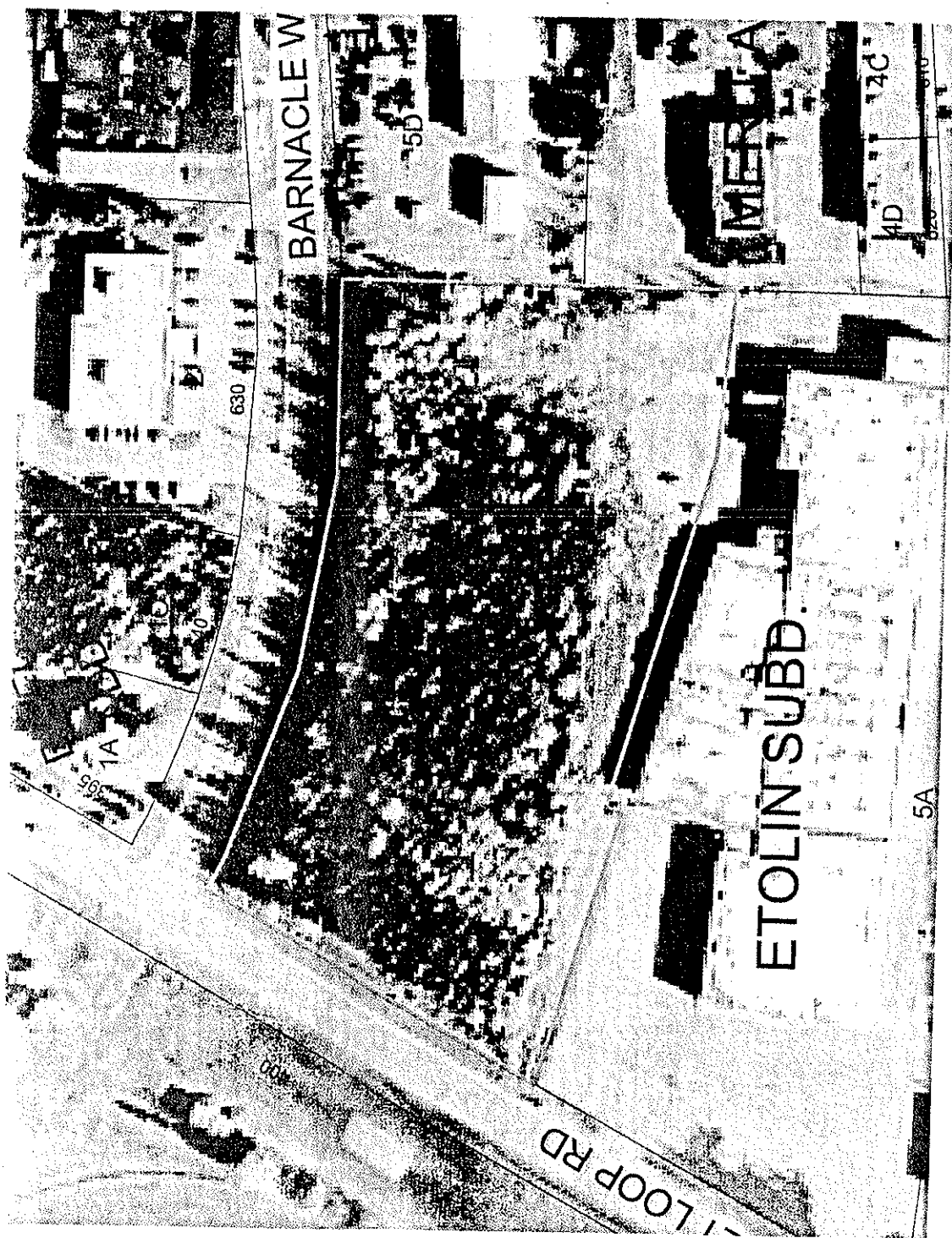
Attached

- D. Describe the plan for completing construction and the effect of construction activities will have on existing services.

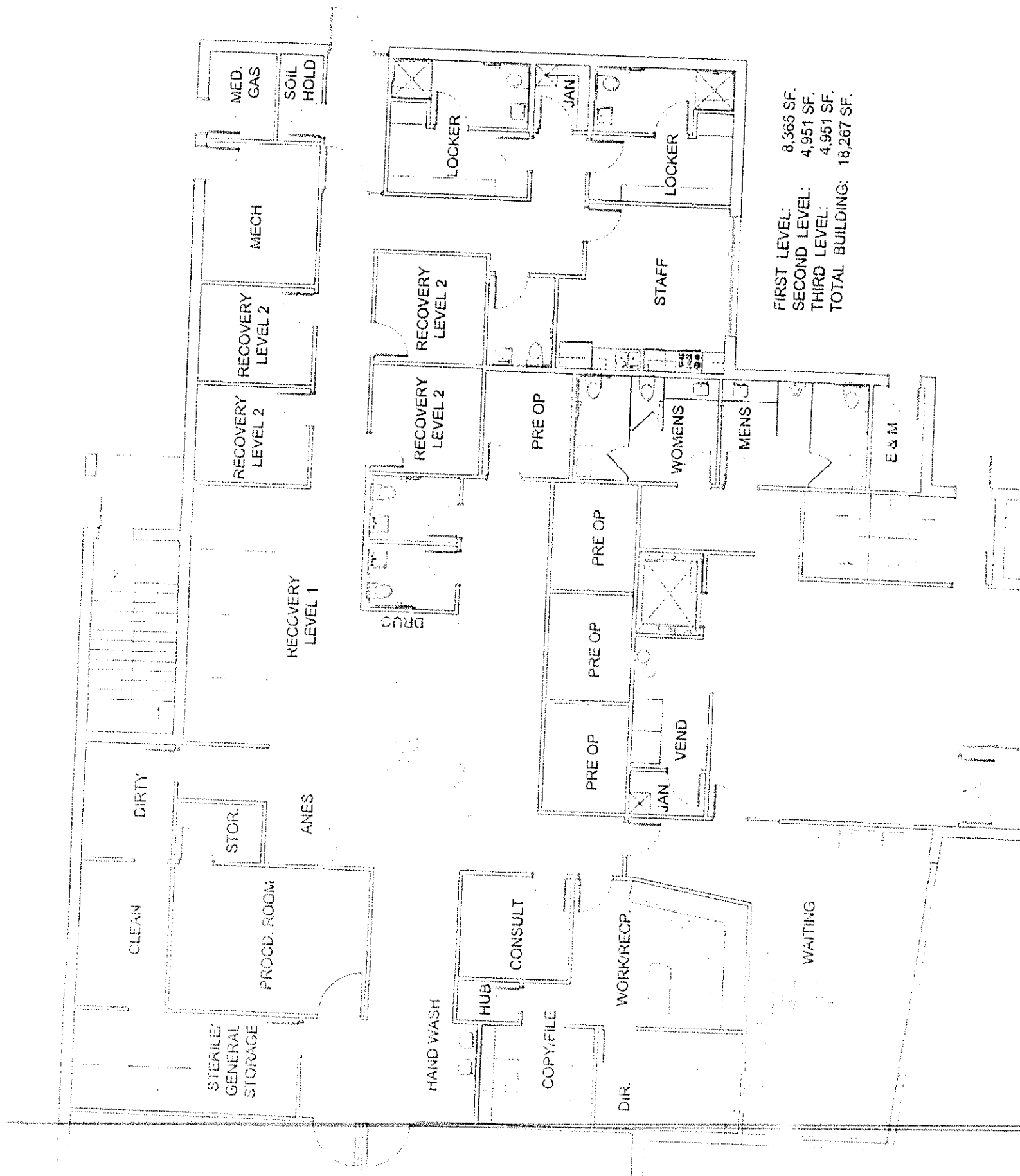


This is no construction and therefore will not cause any disruption.





[illegible]



FIRST LEVEL: 8,365 SF.  
SECOND LEVEL: 4,951 SF.  
THIRD LEVEL: 4,951 SF.  
TOTAL BUILDING: 18,267 SF.

**Section VIIIA. Financial Data – Acquisitions**      **n/a THIS IS NEW CONSTRUCTION**

**1. Acquisition type:** (Please check applicable boxes)

☐ Lease      ☐ Rent      ☐ Donation      ☐ Purchase      ☐ Stock Transaction

**2. Cost data**

(Omit cents)

- |                                                                                                                               |    |
|-------------------------------------------------------------------------------------------------------------------------------|----|
| a. Total acquisition cost*                                                                                                    | \$ |
| b. Amount to be financed                                                                                                      | \$ |
| c. Difference between items (a) and (b) (list available resources to be used, e.g. available cash, investments, grants, etc.) | \$ |
| d. Anticipated interest rate ____% , term ____ years.                                                                         |    |
| e. Total anticipated interest amount                                                                                          | \$ |
| f. Total of (a) and (e)                                                                                                       | \$ |
| g. Estimated annual debt service requirements                                                                                 | \$ |

**3. Describe how you expect to finance the project.**

**Note:** Acquisition costs must include (as appropriate):

- Total purchase price of land and improvements (if donated, the fair market value\*\*)
- "Goodwill" or "purchase of business" costs
- The net present value of the lease calculated on the total lease payments over the useful life of the asset as set out in the 2004 version of *Estimated Useful Lives of Depreciable Hospital Assets*, published by the American Hospital Association.
- Consultant or brokers fees paid by person acquiring the facility
- Other pre-development costs to date.

\*Site acquisition should be stated as "book" value, i.e. actual purchase price less costs of development. If desired, the applicant may elect to state the acquisition at fair market value\*\*\* (in which case, give reason and basis).

\*\* A form for use in calculating fair market value is included on page 11 of the application packet. Include your calculations as part of this section of your application.

## Section VIIIB. Financial Data – Construction Only

### 1. Construction Method (Please check)

- a. ☐ Conventional bid      ☐ Contract management      ☒ Design and build  
b. ☐ Phased      ☐ Single project      ☐ Fast Track

### 2. Construction Cost (New Activity)

(Omit cents)

- |                                                                                                                                                                         |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| a. Site acquisition (Section VIIIA.2.f)                                                                                                                                 | \$ 339,500   |
| b. Estimated general construction**                                                                                                                                     | \$ 6,576,834 |
| c. Fixed equipment, not included in a**                                                                                                                                 | \$           |
| d. Total construction costs (sum of items a, b, and c)**                                                                                                                | \$6,916,334  |
| e. Major movable equipment**                                                                                                                                            | \$1,900,000  |
| f. Other cost:**                                                                                                                                                        |              |
| (1) Administration expense                                                                                                                                              | \$           |
| (2) Site survey, soils investigation, and materials testing                                                                                                             | \$           |
| (3) Architects and engineering fees                                                                                                                                     | \$           |
| (4) Other consultation fees (preparation of application included)                                                                                                       | \$           |
| (5) Legal fees                                                                                                                                                          | \$           |
| (6) Land development and landscaping                                                                                                                                    | \$ 260,500   |
| (7) Building permits and utility assessments (including water, sewer, electrical, phones, etc.)                                                                         | \$           |
| (8) Additional inspection fees (clerk of the works)                                                                                                                     | \$           |
| (9) Insurance (required during construction period)                                                                                                                     | \$           |
| g. Total project cost (sum of items d, e, f)                                                                                                                            | \$9,076,834  |
| h. Amount to be financed                                                                                                                                                | \$9,076,834  |
| i. Difference between 2.g and 2.h (list, as Schedule 1, available resources to be used, e.g., available cash, investments, grants funds, community contributions, etc.) | \$           |
| j. Anticipated long-term interest rate _____%                                                                                                                           |              |
| k. Anticipated interim (construction) interest rate _____%                                                                                                              |              |
| l. Anticipated long-term interest amount                                                                                                                                | \$           |
| m. Anticipated interim interest amount                                                                                                                                  | \$           |
| n. Total items g, l, and m                                                                                                                                              | \$           |
| o. Estimated annual debt service requirement                                                                                                                            | \$           |
| p. Construction cost per sq. ft.                                                                                                                                        | \$           |
| q. Construction cost per bed                                                                                                                                            | \$           |
| r. Project cost per sq. ft.                                                                                                                                             | \$           |
| s. Project cost per bed (if applicable)                                                                                                                                 | \$           |

\*Site acquisition should be stated as "book" value, i.e., actual purchase price (or estimate of value if donated) plus costs of development. If desired, the applicant may elect to state as "fair market value" (in which case, so indicate). A form for use in calculating fair market value is included on page 31 of this packet. Include your calculations as part of this section of your application.

\*\* Items must be certified estimates from an architect or other professional. Major medical equipment may be documented by bid quotes from suppliers.

## **Section IX. Financial Data – All Proposed Activities**

Provide an accompanying narrative explanation for each of the schedules below if there are any significant trends or significant changes in any item or group of items from year to year.

**Note:** Indicate whether you are using a calendar year or other fiscal year period.

### **A. Attach Schedule I - Facility Income Statement**

1. For the most recent five prior full fiscal or calendar years N/A
2. Projections during construction or implementation period (if applicable) N/A
3. **Projection for three years following completion of construction, or implementation of the proposed activity. ATTACHED**

### **B. Attach Schedule II - Facility Balance Sheet N/A**

1. For the most recent five prior fiscal or calendar years.
2. Current fiscal or calendar year to date

### **C. Attach Schedule III - Average Patient Cost Per Day (Per Diem Rate if applicable) and Revenue Amounts**

Provide revenue and expense data FOR EACH SERVICE THAT IS IDENTIFIED AS CHANGING.

1. For the most recent five prior full fiscal or calendar years (information may be obtained on total patient load, directly from your respective years' Medicare Cost Reports) N/A
2. Current fiscal or calendar year to date N/A
3. Projection for five years following completion of construction or implementation.

### **D. Attach Schedule IV – Operating Budget**

Current and projected line item capital and operating budgets for the proposed activity. Describe what alternative plans have been made if deficits occur.

### **E. Attach Schedule V – A. Debt Service Summary, and B. New Project Debt Service Summary**

A debt service cash flow schedule over the life of the debt, if applicable, for all long-term debt of the facility. Identify each debt, including the proposed activity, and break out interest, principal, and other costs.

### **F. Attach Schedule VI - Reimbursement Sources**

Showing reimbursement sources for the facility for the previous five full years and projected for three years after implementation.

### **G. Attach Schedule VII – Depreciation Schedule**

Showing a depreciation schedule for all items acquired through the proposed project. Note that the straight-line method must be used. Indicate on the depreciation schedule or separately which major movable equipment is being purchased for the project (see Section VIIIB, Item 2e). Also, on a separate page, include a list of all equipment to be purchased through this project and the costs.



Schedule I. Facility Income Statement

This is a new facility

**Projections For Three Years Beyond Project Completion**

Gross Patient Revenue:	Year 1	Year 2	Year 3		
Inpatient Routine					
Inpatient Ancillary					
Outpatient	4,800,000	5,535,000	7,560,000		
Long-Term Care					
Swing Beds					
Other					
Total Patient Revenue	4,800,000	5,535,000	7,560,000		
Less Deductions					
Charity Care	86,400	99,630	136,080		
Contractual Allowances	1,584,000	1,826,550	2,494,800		
Bad Debts	201,600	232,470	317,520		
Total Deductions	1,872,000	2,158,650	2,948,400		
Net Operating Revenues	2,928,000	3,376,350	4,611,600		
All Other Revenues					
EXPENSES:					
Salaries & Benefits	665,860	814,404	834,764		
Supplies	300,000	337,500	450,000		
Utilities	50,000	51,250	52,531		
Property Tax	131,551	134,839	138,128		
Rent	0	0	0		
Lease	0	0	0		
Other Expenses	757,880	866,417	1,162,457		
Depreciation	398,847	398,847	398,847		
Interest	499,555	474,179	446,697		
Total Expenses	2,803,693	3,077,436	3,483,424		
Excess (Shortage) of Revenue	124,307	298,914	1,128,176		
Over Expenditures					

**Note:** Use one copy of this form for the previous five years, another for the construction or development period, and five years after the project opens

# Schedule II. Facility Balance Sheet

## Projections For Three Years Beyond Project Completion

CURRENT ASSETS	Year 1	Year 2	Year 3		
Cash & Cash Equivalent	217,415	584,064	1,752,492		
Net Patient Accounts Receivable	800,000	922,500	1,260,00		
Other Accounts Receivable					
Inventories					
Prepaid Expenses					
Other					
Total Current Assets					
Property and Equipment					
Land & Improvements	660,000	660,000	660,000		
Building/Fixed Equipment	3,822,550	3,822,550	3,822,550		
Major Movable Equipment	1,900,000	1,900,000	1,900,000		
Accumulated Depreciation	398,847	797,694	1,196,541		
Net Property & Equipment	5,983,703	5,584,856	5,186,009		
Other Assets	7,001,120	7,091,422	8,198,503		
TOTAL ASSETS					
LIABILITIES/FUND BALANCE					
Current Liabilities					
Accounts Payable					
Accrued Expenses					
Accrued Compensation					
Other Accruals					
Total Current Liabilities					
Long Term Liabilities					
Long Term Debt	6,076,813	5,745,701	5,387,106		
Other					
Total Long Term Liabilities	6,076,813	5,745,701	5,387,106		
Fund Balance	924,307	1,345,721	2,811,397		
Total Liabilities & Fund Balance	7,001,120	7,091,422	8,198,503		

Note: Use one copy of this form for the previous five years, another for the construction or development period, and five years after the project opens

Schedule III. Average Patient Cost Per Day (Per Diem Rate if applicable) and Revenue Amounts

**Projections For Three Years Beyond Project Completion**

	Year 1	Year 2	Year 3		
Revenues Net	2928000	3376350	4611600		
Expenses	2790919	3069575	3480885		
Cases	1200	1350	1800		
Revenue Per Case	4000	4100	4200		
Operating & Capital Budget Summary:					
Gross Revenues	4800000	5535000	7560000		
Deductions from Revenue	1872000	2158650	2948400		
Net Revenue per case	2440	2501	2562		
Expense per case	2326.77	2273.76	1933.83		
Direct Expense					
Indirect Expense					
Net Income Projected	137081	306774	1130714		
Rate Computation	n/a*	n/a*	n/a*		
Annual Medicaid Rate					
Base Year Cost					
Less Ancillary					
Plus Admin. Overhead					
Cost Basis for Rate					
Base Year Patient Days					
Cost per Patient Day					

Years 1 and 2 are equivalent to State of Alaska swing-bed rate.  
Facility Medicaid Rate is figured from Year 3 onward.

\*N/A as Medicaid does not have a per diem rate, nor is there a rate computation.

Alaska Medicaid rates for Ambulatory Surgical Centers (ASC) are set annually and are based on the Medicare ASC nine payment groups established (defined by CPT codes). Under the Alaska Medicaid reimbursement system, as well as the CMS Medicare payment system for ASCs, all of the charges associated with Ambulatory Surgical Center patients are combined ("bundled") into the single rate established (i.e. Operating room time, recovery, drugs, medical supply, lab and other charges). The Medicaid Rate for an ambulatory surgical center is established in 7 AAC 43.685(i). The payment rates for each year are calculated in accordance with the methodology established in 7 AAC 43.685 (i)

i) The department will determine a rate of payment for outpatient surgical clinics based on the Medicare ambulatory surgical center payment rates for federal fiscal year 2000 as set out in 65 Fed. Reg. 6380-6383 (February 9, 2000) and adopted by reference, and as adjusted annually by the adjustment factors in 7 AAC 43.683.

Schedule IV. Operating Budget					
Provide Last Five Years Actual and Projections For Three Years Beyond Project Completion					
Description:	Year 1	Year 2	Year 3		
Patient cases	1200	1350	1800		
Days in a year	365	365	365		
Available bed days					
Resident bed days					
Percent growth		12.5%	33.3		
Occupancy					
Average length of stay					
Patient Bed Days					
Number of Residents					
Net Revenue per case	2440	2501	2562		
Nursing Revenue					
Nursing Services					
Payer Mix:					
Medicaid	11%	11%	11%		
Medicare	7%	7%	7%		
Other	82%	82%	82%		
Ancillary Revenue					
Total Revenue	2,928,000	3,376,350	4,611,600		
Rate Computation					
Annual Medicaid Rate <sup>a</sup>					
Base Year Cost					
Less Ancillary					
Plus Admin. Overhead					
Cost Basis for Rate					
Base Year Patient Days					
Cost per Case	2327.77	2273.76	1933.83		
<b>Years 1 and 2 are equivalent to State of Alaska swing-bed rate. Facility Medicaid Rate is figured from Year 3 onward.</b>					

Facility costs are not part of the Alaska Medicaid rate setting process for Ambulatory Surgical Centers. The Net Revenue per case

\* The Medicaid Rate for an ambulatory surgical center is established in 7 AAC 43.685(i). The payment rates for each year are calculated in accordance with the methodology established in 7 AAC 43.685 (i)  
i) The department will determine a rate of payment for outpatient surgical clinics based on the Medicare ambulatory surgical center payment rates for federal fiscal year 2000 as set out in 65 Fed. Reg. 6380-6383 (February 9, 2000) and adopted by reference, and as adjusted annually by the adjustment factors in 7 AAC 43.683.

The payment rates are established by the Group number set by CMS.

Schedule V-A. Debt Service Summary N/A new project

Provide Current Debt Data and Projections For the Next Three Years					
Existing Debt:	FY	FY	FY	FY	FY
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
<b>Total Existing Debt</b>					
Principal					
Interest					
<b>Estimated Debt – New Project</b>					
Principal					
Interest					

**SEE ATTACHED SHEETS**

Break out principal, interest, and other.	
-------------------------------------------	--

[illegible]

## Schedule VI. Reimbursement Sources

Show reimbursement sources for the previous five years and projections for three years after the new project opens.

Year 1				
Reimbursement Source	Number of Patients	Gross Patient Charges	Deductions	Net Patient Revenues
Medicaid	132	501600	260832	240768
Medicare	84	326424	182797	143627
Private Insurance	690	2804850	757310	2047540
Self Pay	32	120966	85500	35466
Charity	22	86400	86400	0
Other	240	959760	499161	460599
Total	1200	4800000	1872000	2928000

Year 2				
Reimbursement Source	Number of Patients	Gross Patient Charges	Deductions	Net Patient Revenues
Medicaid	149	590040	324522	265518
Medicare	95	370500	211185	159315
Private Insurance	775	3216250	900550	2315700
Self Pay	36	162380	98270	64110
Charity	25	99630	99630	0
Other	270	1096200	524493	571707
Total	1350	5535000	2158650	3376350

Year 3				
Reimbursement Source	Number of Patients	Gross Patient Charges	Deductions	Net Patient Revenues
Medicaid	199	828835	455859	372976
Medicare	126	492660	280816	211844
Private Insurance	1034	4388825	1316647	3072178
Self Pay	48	201600	98270	103330
Charity	33	136080	136080	0
Other	360	1512000	660728	851272
Total	1800	7560000	2948400	4611600

Schedule VII. Depreciation Schedule **SEE ATTACHED SHEETS**

Provide a separate schedule for any pieces of major moveable equipment.

Equipment Description	Cost	AHA Life	Depreciation Per Yr
-----------------------	------	----------	------------------------

[illegible]

Equipment listing	#	Price each	Total price	Depreciation
Anesthesia machines		\$	\$	
	2	27,000.00	54,000.00	7
		\$	\$	
Anesthesia cart	2	875.00	1,750.00	5





October 20, 2011

Ms. Sharon Anderson  
Anderson and Lohr  
341 W Tudor Rd # 102  
Anchorage, Alaska 99503-6639

RE: Kenai Area Out Patient Surgery Center – Certified Cost Statement

Dear Ms. Anderson:

We have evaluated the concept plan for the above project and compared the structure, layout and expected construction against other similar projects we've developed including the recently completed Surgery Center of Fairbanks. It is our opinion the following budget will be adequate to complete the improvements.

Land Cost: \$600,000  
Design and Construction: \$5,000,000  
Furniture, Fixtures and Equipment: \$2,000,000  
Soft Costs: \$1,576,834

Total: \$9,176,834

We certify that to the best of our knowledge and experience the above estimate of cost is accurate and applicable for the proposed project.

Please do not hesitate to contact us if you have further questions.

Sincerely,

Robert O'Neill, PE  
Director of Project Management  
Pfeffer Development, LLC

## Kenai Peninsula Borough

generated on 10/21/2011 5:54:15 PM EDT

## Parcel

Parcel Number	Tax Account	Parcel Address	2011 Total Value	Data as of	Assess Year
04327040		405 MAIN STREET LOOP RD, KENAI	\$339,500	10/2/2011	2010

## Owner Information

Owner Name	ALLOR LLC
Owner Address	220 SPUR VIEW DR KENAI AK 99611-6880
Transfer Date	07/02/2008
Document #	2008006962
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## Location / Description

Taxing Unit	30	Base MAP	KR05
Deeded Acreage	5.0500	Legal Desc.	T 5N R 11W SEC 5 Seward Meridian KN 0980069 ETOLIN SUB 1998 ADDN LOT 7A

## Parcel Type

Property Class Code	300 Commercial Vacant
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## Assessment Information

2011 Land Value	\$339,500
2011 Imp. Value	\$0
2011 Total Value	\$339,500
Prior Land Value	\$339,500
Prior Imp. Value	\$0

## Certification

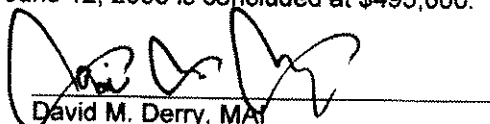
We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- No one provided significant real property appraisal assistance to the persons signing this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report David M. Derry, MAI has completed the requirements of the Continuing Education programs of the Appraisal Institute.

We personally inspected the subject property legally described as Lot 7A, Etolin S/D, 1998 Addition, Kenai, Alaska.

After consideration of the available data and factors, subject to the Assumptions and Limiting Conditions and Extraordinary Assumption contained in this report, it is our conclusion that the estimated Market Value of the fee simple estate as of June 12, 2008 is concluded at \$495,000.

  
Julie A. Derry

  
David M. Derry, MAI





**Customer #: 11098440**  
**KAHTNU**  
**341 W TUDOR SUITE 102**  
**ANCHORAGE AK 99503**

Proposal Id: 239791  
Proposal Date: 10/31/2011

**Attention: RUDY MARTINEZ**

This quotation is subject to the following terms and conditions.

1. All orders shall be subject to the terms of the applicable agreement between the parties. If no such agreement exists, then Cardinal Health 200 Inc.'s ("Cardinal Health") standard terms and conditions shall apply. All orders are subject to credit approval by Cardinal Health.
2. Price, payment terms and product delivery are subject to change based upon manufacturer price modifications, market conditions, product availability and/or confirmation of Customer GPO contract eligibility.
3. Cardinal Health warrants that any product it manufactures is, as of the date of shipment, fit for the purposes and indications described in the labeling. Unless the product is used in accordance with its instructions, these warranties are void and of no effect. Other products distributed by cardinal Health carry only those warranties made for them by their manufacturer. There are no other expressed or implied warranties, including any warranty of merchantability or fitness for a particular purpose. Cardinal Health's sole obligation and customer's exclusive remedy for breach of any warranty shall be, at cardinal Health's option, to repair or replace the product. Cardinal Health shall not be liable for proximate, punitive, incidental or consequential damages. More specific warranties may accompany individual products.
4. Customer represents and warrants that it has all required local, state and federal licenses, permits and approvals required to purchase, use and/or store the products it elects to purchase from Cardinal Health. If Customer receives from Cardinal Health any discounts or other reductions in price under Section 1128 b(b)(3)(a) of the Social Security Act (42 U.S.C.1320- 7b(b)(3)(a)), Customer shall disclose the discounts or reductions in price under any state or federal program which provides cost or charge-based reimbursement to such customer for the products or services it purchases from Cardinal Health.



**PROPOSAL**  
**20100826 KAHTNU**

Material Description	Distributor Name	UM	Proposal Price	Qty	Proposal Extended Sales
ANESTHESIA STOOL	Cardinal Health	EA	\$220.00	2	\$440.00
WARMING CABINET	Cardinal Health	EA	\$4,550.00	3	\$13,650.00
OR TABLE ORTHO	Cardinal Health	EA	\$60,000.00	1	\$60,000.00
OR TABLE	Cardinal Health	EA	\$40,000.00	1	\$40,000.00
OR LIGHTS FULL	Cardinal Health	EA	\$25,000.00	2	\$50,000.00
C-ARM	Cardinal Health	EA	\$135,000.00	1	\$135,000.00
VENTILATORS (ANESTHESIA)	Cardinal Health	EA	\$20,000.00	2	\$40,000.00
MONITORS FOR OPERATING ROOM	Cardinal Health	EA	\$25,000.00	2	\$50,000.00
MONITORS FOR POST ANESTHESIA CARE UNIT	Cardinal Health	EA	\$20,000.00	6	\$120,000.00
DEFIBRILLATORS	Cardinal Health	EA	\$11,000.00	1	\$11,000.00
BLOOD GAS ANALYZER	Cardinal Health	EA	\$30,000.00	1	\$30,000.00
BLOOD GAS ANALYZER (POINT OF CARE)	Cardinal Health	EA	\$7,000.00	1	\$7,000.00
PYXIS DRUG SECURITY	Cardinal Health	EA	\$200,000.00	1	\$200,000.00
INFUSION PUMP	Cardinal Health	EA	\$3,600.00	6	\$21,600.00
OXIMITRY	Cardinal Health	EA	\$15,000.00	6	\$90,000.00
PHYSICIAN STOOL	Cardinal Health	EA	\$180.00	2	\$360.00
IV POLES	Cardinal Health	EA	\$150.00	7	\$1,050.00
LINEN HAMPER	Cardinal Health	EA	\$350.00	3	\$1,050.00
LOCKERS	Cardinal Health	ST	\$15,000.00	1	\$15,000.00
CRASH CART	Cardinal Health	EA	\$895.00	1	\$895.00
REFRIGERATOR WITH LOCK	Cardinal Health	EA	\$1,500.00	1	\$1,500.00
ICE MAKER	Cardinal Health	EA	\$3,600.00	1	\$3,600.00
REFRIGRATOR	Cardinal Health	EA	\$1,300.00	1	\$1,300.00
MICROWAVE	Cardinal Health	EA	\$200.00	1	\$200.00
VIEW BOXES (X-RAY)	Cardinal Health	EA	\$450.00	2	\$900.00
INSTRUMENT TABLE	Cardinal Health	EA	\$220.00	4	\$880.00
TRANSPORT STRETCHERS	Cardinal Health	EA	\$10,000.00	8	\$80,000.00
RECLINER POST ANESTHESIA CARE UNIT	Cardinal Health	EA	\$825.00	5	\$4,125.00
WHEELCHAIR	Cardinal Health	EA	\$350.00	8	\$2,800.00
TABLES/CHAIRS	Cardinal Health	ST	\$20,000.00	1	\$20,000.00
FURNISHINGS (SEATING)	Cardinal Health	ST	\$23,000.00	1	\$23,000.00

Material Description	Distributor Name	UM	Proposal Price	Qty	Proposal Extended Sales
FILINGS (SPACESAVER)	Cardinal Health	ST	\$35,000.00	1	\$35,000.00
OFFICE FURNITURE	Cardinal Health	GP	\$115,710.00	1	\$115,710.00
COPY/FAX MACHINE	Cardinal Health	EA	\$3,500.00	2	\$7,000.00
POWER INSTRUMENTATION	Cardinal Health	EA	\$75,000.00	1	\$75,000.00
INSTRUMENTS-ORTHOPEDIC	Cardinal Health	ST	\$1,490.00	1	\$1,490.00
INSTRUMENTS-ENT	Cardinal Health	ST	\$2,500.00	1	\$2,500.00
INSTRUMENTS-GYNECOLOGY	Cardinal Health	ST	\$2,500.00	1	\$2,500.00
SHAVER	Cardinal Health	EA	\$10,500.00	1	\$10,500.00
DRILL, REAMER, OSCILLATOR, RECIPROCATOR	Cardinal Health	EA	\$11,200.00	1	\$11,200.00
TOURNIQUET SYSTEM	Cardinal Health	EA	\$8,000.00	2	\$16,000.00
MICROSCOPE	Cardinal Health	EA	\$90,000.00	1	\$90,000.00
STERILIZER PLASMA	Cardinal Health	EA	\$148,000.00	1	\$148,000.00
STERILIZER VACUUM	Cardinal Health	EA	\$99,000.00	1	\$99,000.00
STERILIZER ULTRASONIC	Cardinal Health	EA	\$30,000.00	1	\$30,000.00
WASHER DECONTAMINATOR	Cardinal Health	EA	\$100,000.00	1	\$100,000.00
WASHER DECONTAMINATOR ENDOSCOPIC	Cardinal Health	EA	\$25,000.00	1	\$25,000.00
US ABLATION COAGULATION	Cardinal Health	EA	\$25,000.00	2	\$50,000.00
TOTAL					\$1,844,250.00

## **Nursing Administrator**

### **I. BASIC FUNCTION**

Responsible for the supervision of all nursing operations of the center, as well as directing, staffing, planning, organizing, delegating, controlling, and marketing of all services provided in the center.

### **II. RESPONSIBILITIES**

1. Adheres to mission, vision, values, goals, philosophy, objectives, policies and procedures of the Center.
2. Communicates effectively to promote effective relationships, within the department, the organization as well as community.
3. Participates in overall long range planning for the center regarding financial, personnel, human relations, external relations and quality control.

### **III. ORGANIZATIONAL PERFORMANCE**

1. Develop, review and/or revise standard operating procedures in all aspects of centers operation.
2. Inform staff regarding important issues pertaining to center's regulatory performance standards.

### **IV. FINANCIAL MANAGEMENT**

1. Direct day to day operation
2. Develop procedures to maximize productivity
3. Establish need to replace existing or purchase of additional medical equipment

### **V. PERSONNEL/HUMAN RELATIONS**

1. Recruit nurses, surgical technicians, and aides to fill vacancies and/or demand
  2. Orient and train new employees
  3. Direct and monitor workloads according to schedule
  4. Assist in evaluation of staff job performance
-

5. Mediate interpersonal conflict resolution among staff
6. Assures stock inventories are maintained
7. Resolves patient complaints or direct to appropriate authority
8. Performs as staff nurse when necessary

## **VI. QUALITY MANAGEMENT AND IMPROVEMENT**

1. Develop, review, and revise standard operating procedures for delivering patient care.
2. Collect information, process, and evaluate information and/or make recommendations relative to factors that affect patient demand.
3. Conduct monthly staff meetings, ensuring that minutes of meetings are typed and made available to those staff members not in attendance.
4. Assist in development and maintenance of quality assurance system for clinical/non-clinical activities.
5. Assist in development of infection control system for clinical operations.
6. Ensure MSDS book up to date and available to all employees
7. Ensures adequate in-servicing on new equipment/procedures to staff
8. Enforces adherence to standard operating procedures by all employees
9. Maintains education record for continuing education and required in-services.

## **VII. QUALIFICATIONS**

- Registered nurse with management experience
-



## **Staff Nurse - Surgery**

### **I. BASIC FUNCTION**

To coordinate patient care.

### **II. RESPONSIBILITIES**

- i. Prepares the operating room for the patient
    1. Assembles supplies, instruments, and equipment
    2. Checks all equipment for proper functioning
    3. Monitors cleanliness of OR
  - ii. Provides individualized care to patients
    1. Assess patient condition upon arrival and provides physical or emotional support as needed.
    2. Checks patients chart while admitting noting accuracy of permits, allergies, history and physical present, verifying lab work, and the medications given.
    3. Assists anesthesiologist or CRNA by starting IV per policy and procedures and assists through patient anesthetic changes
  4. Provides for constant evaluation, observation, and treatment of patients under local anesthesia
    5. Administers IV conscious sedation per policy and physician orders
    6. Assists in safe transportation and positioning of patient
    7. Provides for preparation of the operative site
    8. Oversees maintenance of sterile technique according to policy
    9. Anticipates surgeon's needs during the operation, maintains constant awareness of the operative situation and provides extra supplies as needed.
    10. Maintains a constant awareness of a safe environment during surgery for the patient and for the personnel regarding electrical or anesthetic hazards
-

11. Has knowledge of cardiac monitors and cardiac arrhythmias
  12. Responsible for proper documentation of information prior to discharge
  13. Ensures patients discharged understand their post-operative instructions
  14. Counts and records narcotics at beginning and end of shift
  15. Restocks medications and supplies as needed
  16. Is knowledgeable of MSDS sheets and the location of the MSDS manual.
- iii. Formulates and maintains a positive working relationship with patients, families, peers, and other medical personnel.
1. Interacts with patients, families, and/or significant others in a supportive manner
  2. Communicates effectively and professionally with co-workers, medical staff, and ancillary departments for continuity of patient care.
  3. Acts as a liaison between departments, co-workers, supervisors, and physicians
  4. Promotes positive public relations for the nursing division and the center
  5. Investigates and attempts to resolve complaints of patients, visitors and physicians through personal actions or referral to higher authority, serves as patient advocate
  6. Understands chain of command and follows proper lines of communications promoting positive working relationships
  7. Respects at all times the confidentiality of patient, center, and physician related information
  8. Discourages gossip and professionally approaches co-workers to resolve issues of concern
  9. Adapts to change in a positive, professional manner.
- iv. Monitors the operative schedule and ensures the patients will have timely and safe course of treatment.
1. Communicates with patient's families as necessary relating status intraoperatively and post-operatively.
  2. Documents and cares for all surgical specimens
-

3. Maintains accurate and complete records of patient's surgical course
  4. Assists with providing an expedient, smooth turnover between cases
  5. Assists with emergencies in operating room as per policy
  6. Submits accurate records of occurrences/incidents in the OR room
- v. Assumes responsibility for continuing education through formal and informal education programs and/or workshops or conferences.
1. Attends required in-services yearly
  2. Attends at least one educational seminar or workshop yearly pertaining to relevant areas of clinical skill development
  3. Attends 75% of staff meetings. Reads and signs minutes of meetings not attended.
  4. Maintains education record for continuing education and required in-services
- vi. Demonstrates an awareness and participation in the Quality Assurance and Improvement Program
1. Is alert of potential QA and I problems and actively participates in the resolution of problems.
  2. Responds with improved performances to results obtained from QA monitors.
  3. Is knowledgeable of and follows the nursing and center standards, policies, and procedures.

### **III. PHYSICAL DEMANDS AND WORKING CONDITIONS:**

- A. Visual acuity for chart review and equipment operation.
- B. Heavy lifting of up to 100 pounds with assistance and 50 pounds without assistance.
- C. Considerable stooping, pushing, and pulling

### **IV. QUALIFICATIONS**

- Registered Nurse
-

## APPLICATION FEE – DETERMINATION AND CERTIFICATION OF AMOUNT

### How to Determine the Amount of the Application Fee Required Under 7 AAC 07.079

(1) For a project that does not include a lease of a facility or equipment, the value of the project is:

A. the amount listed on page 20 of this packet under Section VIIIA,  
Financial Data – Acquisitions, subsection (2), item “a” (total  
acquisition cost of land and buildings): \$ 0

plus

B. the amount listed on page 21 of this packet under Section VIIIB,  
Financial Data – Construction Only, item “g” (total project cost,  
which is the sum of items d, e, and f): \$ 9,076,834

Estimated Value of the Activity for (1)  
(sum of A & B above) \$ 9,076,834

(2) For a project that has a component that is leased, the fair market value of the leased equipment,  
facility, or land must be considered in addition to the acquisition cost. See the form on page 31 of this  
packet for how to determine fair market value.

Estimated Fair Market Value for (2): \$ \_\_\_\_\_

Estimated Value for (1) from above: \$ \_\_\_\_\_

Total Estimated Value of the Activity  
(sum of (1) and (2): \$ \_\_\_\_\_

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Amount of Application Fee submitted with this application  
(see 7 AAC 07.079 to calculate amount due):

\$ 9,076.83

### Certification of Individual Determining Application Fee

I certify that, to the best of my knowledge, as of this date, the estimated value and fee for this certificate  
of need activity are accurate.

Date: November 18, 2011

Facility Name and Address: Kahtnu Ventures LLC

Name and Title of Person Determining Application Fee: Sharon Anderson, Manager

  
\_\_\_\_\_  
Signature of Certifying Officer of the Organization