

Kahtnu Ventures

January 13, 2012

Karen Lawfer
Certificate of Need Coordinator
Section of Health Planning and Systems Development
Division of Health Care Services
Department of Health and Social Services
P.O. Box 110610
Juneau , AK 99811-0610

Sent via email Karen_Lawfer@health.state.ak.us

RE: Kahtnu Certificate of Need Application for An Ambulatory Surgical Center in Kenai, Alaska

Dear Karen:

I am submitting this letter to clarify the two items brought forth in your letter to me Dated January 6, 2012. The two items are the Equipment Budget and the Financials for Operations.

I used the same listings from my previous project with Kobuk (now known as The Surgery Center of Fairbanks) because of the experience and results shown over the past year provide the most accurate estimate for Kahtnu. Also, the surgeon specialty mix and payer mix of expected surgeries are the same.

1. Financials: After one year of operation in Fairbanks, The Surgery Center of Fairbanks experienced patient volumes 30 percent higher for the two room surgery center than the projections used in the CON application. The experience realized from Fairbanks led me to use the figures for Kahtnu because of the one room request and volume numbers in discussions with Kahtnu surgeon owners. I believe the budget is an accurate one for the Kahtnu CON application.
2. Equipment ; The October 31, 2011 equipment proposal from Cardinal Health (a copy from our application is included for easy reference) has equipment that is geared toward the surgeon specialties that will use the center. Instead of having specialty rooms (for example, and orthopedic room and another room for general surgery cases), Kahtnu will have one operating room and an anesthesia procedure room for continuous nerve blocks used for post operative pain management. Our listing has two operating room tables, but they will be moved in and out of the operating room depending upon the block scheduling by surgical specialty.

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The only other 'duplicate' in the listing is the two anesthesia machines. One will be in the operating room and the other is a back up for patient safety concerns. I have included a letter from the Cardinal Health representative, dated January 9, 2012 wherein she states, "Cardinal Health typically provides a quote for two (2) pieces of equipment when such equipment is life sustaining or is used to monitor the well-being of a patient during surgical procedures. The purpose is to provide the healthcare entity with an added measure of safety/redundancy should there be an equipment failure during the procedure."

Sincerely,

A handwritten signature in blue ink that reads "Sharon Anderson". The signature is written in a cursive style with a large initial 'S' and a long, sweeping underline.

Sharon Anderson
Manager

January 9, 2012

Karen Lawfer
CON Coordinator
P.O. Box 110660
Juneau, Alaska 99811

Re: Cardinal Health Proposal No. 239791 (Kahtnu Ventures, LLC)

Dear Ms. Lawfer:

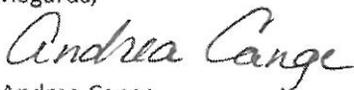
Regarding the proposal that Cardinal Health prepared for Kahtnu Ventures, LLC (Proposal ID No. 239791), and dated October 31, 2011.

Cardinal Health typically provides a quote for two (2) pieces of equipment when such equipment is life sustaining or is used to monitor the well-being of a patient during surgical procedures. The purpose is to provide the healthcare entity with an added measure of safety/redundancy should there be an equipment failure during the procedure.

Cardinal Health will provide a more accurate proposal with updated pricing as we draw closer to the actual beginning of the project. Please note that the final proposal(s) will include any applicable group purchasing organization, preferred customer and/or sole source purchasing discounts.

If you have any further questions, do not hesitate to contact me at (907) 440-0095.

Regards,



Andrea Cange
Cardinal Health 200, LLC
Sales Representative

Cc: Sharon Anderson
Healthcare Consultant



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 (SPACE SAVER)	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