



THE STATE  
of **ALASKA**  
GOVERNOR BILL WALKER

Department of  
Health and Social Services  
Certificate of Need Program

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Anchorage, Alaska 99503  
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May 10, 2017

Mr. Lee Marek, DPM  
Alaska Commons Surgery Center, LLC  
235 E. 8<sup>th</sup> Avenue, Suite 3A  
Anchorage, Alaska 99501

RE: Alaska Commons Surgery Center, LLC Request for Determination

Dear Mr. Marek,

Thank you for your request for a determination of whether a certificate of need is necessary to co-locate a one operating room ambulatory surgery project with an existing ambulatory surgery center. Alaska Commons Surgery Center, LLC (ACSC) seeks to co-locate a single operating room ambulatory surgery center with Alaska Eye Surgery and Laser Center, Inc., (AESLC) which is an ambulatory eye surgery and laser center located in a free-standing building located at 235 E. 8<sup>th</sup> Avenue in Anchorage, Alaska.

Since they will be temporally located, ACSC's costs are estimated using a percentage of the total costs expended by AESLC based on the ratio of 1/7<sup>th</sup> of the original tenant improvements, base equipment and other additional costs that are specific ACSC. This percentage is based on ACSC operating one day a week and the Alaska Eye and Laser Center, Inc. operating a maximum of six days per week.

The original project costs and the proposed ACSC allocation expenditure:

<b>DESCRIPTION</b>	<b>COSTS (from AESLC's Determination 4/13/2010)</b>	<b>ALLOCATION</b>	<b>EXPENDITURE</b>
Building & Land	\$238,517	1/7	\$34,074
Architect's Fee	\$58,500	1/7	\$8,357
Tenant Improve	\$574,750	1/7	\$82,107
Medical Equipment	\$218,693	1/7	\$31,241
Additional Equipment	\$5,800.	1/7	\$829
<b>TOTAL</b>	<b>\$1,096,260</b>	<b>1/7</b>	<b>\$156,608</b>

**Total New Project Cost**

<b>DESCRIPTION</b>	<b>COSTS</b>	<b>EXPENDITURE</b>
Total Project Cost (1/7 <sup>th</sup> ) from 4/13/2010 Determination		\$156,608
Equipment Costs (C-Arm, Pain Table and Printer)		\$84,500
Equipment Shipping		\$5,000
Lease Costs		\$600,000
Security Deposit		\$25,000
<b>TOTAL PROJECT COSTS:</b>		<b>\$871,108</b>

You confirmed that the additional equipment costs are specific to ACSC and are to be used in the pain management surgical procedures to be performed by ACSC. You state that the AESLC can provide all other basic equipment needed to conduct core operations.

You also provided additional explanation regarding how the surgery specialties you offer will differ from those offered by AESLC. The surgical specialties you will offer are for pain management while the current surgical services offered by AESLC are specific to eye surgery and laser procedures.

You anticipate operating the ACSC one day a week; while AESLC will operate a maximum of six days a week.

CMS does permit two different Medicare-participating ASCs to use the same physical space, so long as they are temporally separated. That is, the two facilities must have entirely separate operations, records, etc., and may not be open at the same time.

Based on this information and your request for determination, a CON is not required for the proposed project, as presented, because the expenditures at issue do not exceed the \$1.5 million statutory threshold under AS 18.07.031.

If you are dissatisfied with this determination, you may request reconsideration under 7 AAC07.033. A request for reconsideration must be postmarked no later than 30 days after publication of the public notice.

Sincerely,



Alexandria Hicks, CON Coordinator