



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services
OFFICE OF RATE REVIEW

Certificate of Need Program
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January 11, 2018

Mr. Kevin Barry, CEO
Alaska Surgery Center
4100 Lake Otis Parkway
Anchorage, AK 99508

Re: Request for Determination 12-22-2017, Alaska Surgery Center

Dear Mr. Barry,

Thank you for your letter dated December 22, 2017 requested a determination whether a certificate of need was necessary. Based on the information in the letter, including the attached certified cost estimate of your proposed project, the CON Program has adequate information to issue a determination per 7 AAC 07.031.

In your letter you formally request a determination as to whether the Alaska Surgery Center (ASC) requires a CON to relocate its facility within the same community, which is the Municipality of Anchorage. The proposed relocation site is approximately two miles from the current location. The cost of the proposed relocation and construction of the new facility is expected to cost \$14,971,240. The estimated starting date of the proposed relocation project to begin construction is approximately March 1, 2019. The estimated completion date of the construction is within twelve (12) months of the start date.

ASC currently operates an ambulatory surgery center located in Anchorage and has eight (8) Class C operating rooms and two (2) procedure rooms. ASC's new location will be located in Anchorage and will have eight (8) Class C operating rooms and two (2) procedure rooms.

Since ASC is an ambulatory surgery center, its relocation is subject to AS 18.07.031(c). This provision states:

a person who is lawfully operating a health care facility that is an ambulatory surgical facility at a site may make an expenditure of any amount in order to relocate the services of that facility to a new site in the same community *without obtaining a certificate of need as long as neither the bed capacity nor the number of categories of health services provided at the new site is greater.* (emphasis added).

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AS 18.07.031(c) clearly applies to ASC's proposed relocation, so the key issue to this determination is whether bed capacity or the number of categories of health services provided at the new site will be greater? Based on the information submitted, the answer appears to be that neither bed capacity nor categories of health services provided at the new site will be greater.

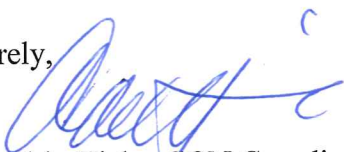
ASC will be going from a facility with eight (8) Class C operating rooms and two (2) procedure rooms to a facility with eight (8) Class C operating rooms and two procedure rooms. ASC does not intend to offer any additional services. ASC performs surgical services in its current location and intends to offer surgical services at the proposed relocation site. The category of health services provided at the new site will be the same that is provided at the current site; therefore there is no increase or change in the category of service.

Similar to category of service, there is no change in bed capacity as it relates to ambulatory surgery centers. Bed capacity is akin to capacity. Since there will be no additional operating rooms, there is no increase in capacity for general surgery services that take place in an operating room. Accordingly, the capacity at the new site will not be greater.

Since neither capacity nor the number of categories of health services provided at the site will be greater, ASC's proposed relocation, as described in its request for determination and certified cost estimate, does not require a CON because it appears to be a valid exercise of AS 18.07.031(c).

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

Sincerely,



Alexandria Hicks, CON Coordinator