

# STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES  
OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

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January 26, 2010

Robert Letson, CEO  
South Peninsula Hospital  
4300 Bartlett Street  
Homer, Alaska 99603

Dear Mr. Letson:

I received your letter dated 1/12/2010 requesting a determination for South Peninsula Hospital (SPH) to build a 900 square foot building to house the replacement MRI. It is my understanding that the current MRI is housed in a trailer that must be returned with the equipment upon termination of the lease.

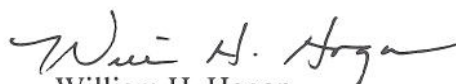
Based on the information presented in your request I have determined that a Certificate of Need (CON) is not required for this construction project for the following reasons:

1. On 8/14/08 I determined that a CON was not required to replace your current MRI with a 1.5 Tesla MRI estimated to cost between \$1.8 and \$1.9 million. This determination was based on the fact that this was the routine replacement of equipment as defined in AS 18.07.031(e) and that there was no planned increase in MRI services provided by SPH.
2. As defined in AS 18.07.031(a), a CON is required by a health care facility if construction costs are over the current monetary threshold of \$1.3 million. Based on your letter of 1/12/2010 construction of a new building to house the MRI equipment is estimated to cost between \$800,000 and \$900,000. This cost is below the current Certificate of Need threshold. Should SPH discover that costs will exceed \$1.3 million a CON will be required for this project prior to the actual construction.

As this project is separate from the recent remodeling and expansion of SPH it would be helpful for record keeping purposes to provide CON staff with a building schematic and cost estimate by your project manager.

If you are dissatisfied with this determination SPH may request reconsideration under 7 AAC 07.033, or may appeal this determination under 7 AAC 07.080. The Department of Health and Social Services will publish public notice with this determination under 7 AAC 07.031.

Sincerely,



William H. Hogan  
Commissioner