



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

Department of
Health and Social Services

OFFICE OF RATE REVIEW
CERTIFICATE OF NEED PROGRAM

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February 12, 2014

John Hale
Program Manager – Business Development
Providence Health & Services Alaska
3760 Piper St, Suite 3050
Anchorage, AK 99508

Dear Mr. Hale,

Thank you for submitting a request for modification under 7 AAC 07.095(c)(2) of the Providence Transitional Care Center (TCC) Certificate of Need (CON) by letter dated January 14, 2014. In this letter, Providence specifically requests that the completion date for the TCC CON be extended to January 31, 2015. Although this is the second request for an extension to the project's completion date, the request does appear to be "minimal" under 7 AAC 07.095, so the CON Program has been conducting a limited review of the change for purposes of issuing a recommendation to the Commissioner.

After reviewing the materials submitted with the request for modification on limited review, the CON Program has questions. Accordingly, we request that you please provide answers to the following questions within ten business days of the date of this letter.

- 1. The original CON was approved for a 9-month project (CON Approval: 4/24/2012; Completion Date: 1/31/2013). The modified CON was approved for a slightly longer project period (Modification Approval: 3/8/2013; Modified Completion Date: 3/15/2014). In the most recent modification request, Providence indicates that it broke ground on the project on 7/15/2013. With the new extension that is being requested in this modification, the project period has grown to 18 months (Ground Breaking: 7/15/2013; Requested Completion Date: 1/31/2015). Can you explain why the project timeline has grown significantly as compared to the originally approved 9-month project?*
- 2. The original project budget identified \$0 for site expenses, and the most recent project budget still reflects \$0. Given these budget figures, can you explain why expenditures-to-date for site work are \$1.5 million? Can you also explain why there are monetary obligations for site work that amount to \$1.7 million?*

3. *The original project budget identified \$200,000 for administrative expenses, and the most recent project budget reflects an increase to \$246,911. Given these budget figures, can you explain why expenditures-to-date for the administrative category are \$760,790? Can you also explain why there are monetary obligations for the administrative category that amount to \$826,893?*
4. *Can you explain why Architect / Engineering expenses increased from \$635,210 to \$952,641?*
5. *Per its modification request, Providence anticipates that TCC will be operational around May 1, 2014. It also indicates that "As the facility becomes operational, Providence will purchase and install fixtures, furniture and equipment that are not part of the contract with Davis Constructors." Given the length of time between the projected operational date and the requested completion date, can you provide more detail on the construction projects that will be occurring during this time period?*

If you have any questions, feel free to contact me Alexandria.hicks@alaska.gov or Jared Kosin at jared.kosin@alaska.gov.

Sincerely,



Alexandria Hicks, Coordinator
Certificate of Need Program
Office of Rate Review, DHSS

cc: Jared Kosin, Executive Director, ORR, DHSS