



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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September 4, 2018

Christine E. McMenemy
Consultant
Arctic Surgery Center, LLC
1335 Gambell Street
Anchorage, AK 99501

RE: Arctic Surgery Center, Request for Determination dated July 27, 2018

Dear Ms. McMenemy,

Thank you for your letter dated July 27, 2018 (and received by the department on August 13, 2018) in which you request a determination as to whether a certificate of need ("CON") is necessary for your proposed project.

Arctic Surgery Center, an existing ambulatory surgery center, is located at 1335 Gambell Street, Anchorage, Alaska and has one operating room and four observation beds. In June 2015, Arctic Surgery Center requested a determination as to whether a CON was necessary to establish its proposed one operating room ambulatory surgery center. The department responded with a determination that a CON was not necessary as the proposed project was below the CON monetary threshold of \$1.5 million.

This project, as proposed, will add 2,200 square feet of space to Arctic Surgery Center's existing surgery center for one operating room and three observation beds. Arctic Surgery Center desires the additional operating room and observation beds to increase overall efficiencies in scheduling and delivery of patient care. The estimated cost of this project is \$969,358.

Leasehold Improvements	\$ 541,250
Lease, 2,200 SF @ \$2.45/SF	129,360
Architectural and Engineering Fees	100,350
<u>Equipment</u>	<u>198,398</u>
Total Project Cost:	\$ 969,358

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Based on the certified cost estimates, the proposed project is below the \$1.5 million CON threshold under AS 18.07.031.

Additionally, Arctic Surgery Center's proposed expansion is not a "divided or phased activity." More specifically, Arctic Surgery Center was licensed as an ambulatory surgery center in January, 2017. Per 7 AAC 07.025(d), there are certain circumstances in which a second project is considered a phase of the first project, and the costs associated with both phases must be considered as a whole for purposes of a threshold determination. Here, that is not the case.

In conclusion, based on the request for determination, as presented, a CON is not required for the proposed project because the expenditures at issue would not exceed the \$1.5 million threshold under AS 18.07.031, and there is no issue concerning a "divided or phased activity".

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.

Sincerely,

Alexandria Hicks

Alexandria Hicks, CON Coordinator