

STATE OF ALASKA
DEPARTMENT OF HEALTH & SOCIAL SERVICES
PUBLIC MEETING

REGARDING:
Certificate of Need Application
for Anchorage Ambulatory Surgery Center

HELD:
December 21, 2005
Anchorage, Alaska

MEETING CONDUCTED BY:
David Pierce
Certificate of Need Coordinator

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P R O C E E D I N G S

5:00 P.M.

MR. PIERCE: It's 5:00, and we're all here for a -- to accept public comment on an ambulatory surgery center that is being proposed by Providence Hospital and their joint venture partner, which is the Advanced Pain Centers of Alaska.

And we were formerly going to be doing a concurrent review with Doctors' Surgery Center, but as many of you already know, they have withdrawn their application. So in this round, we will only be looking at one application.

So I'd like to encourage everyone to go ahead and sign in, let me know if you want to speak to -- this evening. If you have written comments that you want to give me, I would encourage you, rather than read those -- unless you feel like you really want to -- you know, go ahead and give me the written comments. And I'll take them back, and we'll put them in the record.

And I'm going to go ahead and turn this over to --

FEMALE SPEAKER: (Indiscernible) get it on the computer.

MR. PIERCE: -- Providence.

1 FEMALE SPEAKER: We don't have it on the
2 screen yet. That would be (indiscernible).

3 MR. PIERCE: And --

4 (Indiscernible -- simultaneous speech)

5 MR. PIERCE: Looks like we have a slight
6 technical difficulty. And I'm going to go ahead and
7 turn this over to the presenters.

8 (Indiscernible -- simultaneous speech)

9 (Off record)

10 MR. PIERCE: The format that we'll use this
11 evening is, the applicants will provide a
12 presentation. Then afterwards, we'll accept any
13 comments people have. And then, if we have some
14 time at the end and there are questions that people
15 want to ask, we'll turn it back over to the
16 applicant to answer those questions; or maybe you
17 have some for our staff. And we may not have all
18 the answers, but at least we can take your questions
19 and then try to respond to them later, if we don't
20 have them tonight.

21 So I'll go ahead and turn this over to --

22 MS. HUMPHREY-BARNETT: I'm trying to decide
23 where to stand so I don't block you. Is that
24 better?

25 MR. PIERCE: Okay. I guess.

1 MS. HUMPHREY-BARNETT: Okay.

2 FEMALE SPEAKER: Can you make that bigger at
3 all?

4 MS. HUMPHREY-BARNETT: No. The cord -- the
5 cord -- we're at the end of the cord there.

6 FEMALE SPEAKER: Well, on possibility is you
7 can shine it on that wall. (Indiscernible).

8 MR. PIERCE: I think that should be good
9 enough.

10 FEMALE SPEAKER: (Indiscernible) closer
11 (indiscernible).

12 FEMALE SPEAKER: Okay.

13 MR. PIERCE: Is there anyone who's having
14 trouble seeing that?

15

16 PRESENTATION BY SUSAN HUMPHREY-BARNETT

17

18 MS. HUMPHREY-BARNETT: I'm Susan
19 Humphrey-Barnett from Providence, and thanks for
20 coming tonight. I'll try to be fairly brief. This
21 section will be -- will discuss the need for the
22 center, a brief overview of the building, and a very
23 little bit about the operations.

24 We're -- let's do it that way. We're
25 proposing a freestanding ambulatory surgery center,

1 not on any hospital campus. It would be in south
2 Anchorage, off of Abbott Road; actually, on 88th
3 Street. It'll be part of a larger medical office
4 building. The surgery center itself will be
5 approximately 24,000 square feet. We're proposing 6
6 ORs with 4 -- opening 4 now and then 2 at a later
7 date when the cases, or minutes, or however this is
8 going to be looked at, it reaches the critical mass
9 to open the other two. And the lease is going to --
10 projected to be around \$750,000 a year.

11 The surgery center is going to be run by
12 a joint venture partnership. It's a limited
13 liability corporation. Right now we have 9
14 physician partners -- 6 are orthopedic surgeons, 3
15 are pain management specialists -- and Providence is
16 the other partner. The center will be managed by an
17 organization called Pinnacle Three out of Colorado.

18 The need, or the current issues that are
19 going to be addressed by this project. First of
20 all, increasing surgery demand in the Anchorage
21 area. At PAMC, the outpatient surgery volumes have
22 increased 7.5 percent over the last 5 years.
23 There's new technology that is allowing more and
24 more surgeries to be done on an outpatient basis.
25 And the aging baby-boomers are requiring more

1 procedures.

2 In Anchorage, the ORs are nearing -- at
3 or nearing capacity. PAMC has 14 ORs that do a
4 combination of inpatient and outpatient work, and
5 they're at 98 percent capacity in 2004, using the
6 900-cases-per-OR rate that the state is using for
7 combo ORs, inpatient and outpatient; so with 12,285
8 cases. You know, for Alaska Regional, with 8
9 suites, operating room suites, is at 93 percent
10 capacity in 2004. Healthsouth shows 72 percent
11 capacity in 2004. Again, using the data from the
12 state's database.

13 We have surgeons waiting for block time,
14 asking for block time that we're unable to give.
15 We're doing more and more cases on evenings and
16 weekends. And then there's a turnover issue --
17 turnover of the OR issue. When you're doing both
18 inpatient and outpatient cases in the same ORs, your
19 efficiency isn't as good; and you take more time to
20 turn the ORs over.

21 So by the new -- by having a new center,
22 we'll have faster turnover time because it'll be
23 designed for outpatients only. We're going to start
24 with a focus on orthopedic and pain management
25 procedures. We're not ruling out the possibility of

1 doing other things at some point in the future; but
2 in the beginning, we'll focus on outpatient pain and
3 ortho.

4 This will allow capacity to be freed up
5 at both hospitals in town. And we designed -- in
6 asking for the 6 ORs, we've designed additional
7 capacity that could come on board in 3 years.

8 One of the challenges with this has been
9 the review standards changing several times as we've
10 been going through this process. There were
11 standards that came out in July of '04. We
12 submitted this CON back in May of '05. Since that
13 time, the review standards that the state uses to
14 review these CONS has -- have been updated twice.
15 We have August 17 and December 5.

16 The next couple of slides will be -- will
17 show you what the standards were in each of these
18 cases, and then apply those standards to this
19 project.

20 In July of '04, the standards had to
21 do -- and I've kind of bolded in red the things that
22 change as we go through. The standards were, first
23 of all, to apply a 5-year historic rate. The
24 standard was based on minutes per OR, with 68,850
25 minutes per OR for an outpatient OR to be considered

1 at capacity; and 9,000 -- I mean, 90,000 -- 94,248
2 for inpatient or combo ORs.

3 The standard also said that the project
4 needed to be at 65 percent utilization within 3
5 years of starting. Pain procedures were excluded
6 from this -- the standards. And the volume in the
7 third year of operations was used as a --

8 FEMALE SPEAKER: -- target point.

9 MS. HUMPHREY-BARNETT: -- target point. Thank
10 you.

11 So given that set of standards, this is
12 what the project looks like. This does not include
13 pain procedure minutes. In 2009, the minutes
14 projected from this program were 274,714. That
15 would be with 6 ORs in use. And that would be at
16 66 percent capacity. If we only had 4 ORs operating
17 at that point, they would be at 100 percent capacity
18 in 2009.

19 Then the review standards changed in
20 August of '05. The standards now said, "We want you
21 to look at the primary service area population."
22 And rather than based on minutes, it's based on
23 procedures. So taking the average number of
24 procedures in the primary service area as a whole
25 for the previous 3 years, and using 900 procedures

1 for inpatient and OR -- inpatient and combo ORs as
2 your target, and 1,200 procedures for outpatients.
3 And, again, the third operational year was used as
4 the target.

5 Applying that -- and I'm afraid this one,
6 probably, you can't see very well -- applying that,
7 we took the Anchorage population, total surgeries at
8 Providence, Alaska Regional, and Healthsouth; got a
9 use rate of surgeries per thousand population, which
10 averaged 87 over the 3 years, 2002, 2003, 2004; and
11 then applied that use rate.

12 In the -- Providence, Alaska Regional,
13 and Healthsouth have a total -- currently, a
14 capacity of 28 ORs. In 2009, we would still --
15 using this methodology, we would need 27 ORs, but
16 those 27 ORs would be at 95 percent capacity.

17 So if you added 4 ORs and you came up to
18 32 ORs in this region, of all 32 of them
19 collectively would be at 81 percent capacity. If
20 you added 6 ORs in 2009, collectively they would be
21 at 75 percent capacity.

22 But when you're up in the 90-plus
23 capacity range, you really are at a point where
24 you -- where cases are getting moved. You can't
25 really function efficiently. You want to be more in

1 this lower range.

2 I think that's it on that slide.

3 Then in December of this year -- of
4 this -- earlier this month, basically, the standards
5 changed one more time. Now it's based on statewide
6 population, based on, still, a number of procedures.
7 Pain procedures are counted, and we're looking at
8 the fifth year of operation to target. And we tried
9 to -- excuse me -- tried to apply this standard, and
10 really were unable to do so with -- we were not able
11 to get the data.

12 There's some facilities statewide that
13 are not reporting to the database, or we didn't have
14 access to it. We didn't have -- the data we showed
15 didn't have data from Valley, didn't have data from
16 Bartlett, didn't have data from Central Peninsula,
17 and none of the smaller facilities that do very
18 small bits of surgery.

19 We weren't sure what happens with the
20 Alaska Native population. Are they taken out of the
21 statewide database? We weren't sure about
22 Elmendorf.

23 So we were not successful in applying
24 this procedure. We did give it a shot. And I
25 brought it with me, but I didn't feel comfortable

1 presenting it.

2 So going back to community need and just
3 focusing more, again, on where Providence is at: As
4 of 2004, 98 percent capacity. And in 2009, we're
5 projecting it to be at 102 percent capacity.

6 This is the outpatient surgery growth --
7 2002, 3, and 4 -- just at Providence.

8 The -- again, the capacity -- if we add
9 the 6 suites, 4.4 of them will be at capacity, or
10 we'll have 74 percent of the capacity in 2009. And
11 PAMC, at that time, will continue to have their 14
12 suites, and those will be at 91 percent -- well, 92
13 percent capacity in 2009.

14 This is just the volume of the
15 ambulatory -- the proposed ambulatory surgery
16 center, PAMC, and then the two combined.

17 In this slide, I was attempting to show
18 what happens if we build only 4 suites and not 6.
19 That means that in 2008, 4 suites would be at
20 111 percent capacity. If we have 6, they'd be at
21 74. Pretty much the same situation in 2009.

22 So, in conclusion, on the community need
23 section, PAMC ORs are at 98 percent capacity.
24 Anchorage ORs collectively are at 90 percent
25 capacity. 4 additional ORs in Anchorage would

1 result in, collectively, being at 81 percent
2 capacity in 2009. And at -- if we had 6 additional,
3 we'd be at 75 percent -- 75 percent capacity in
4 2009. So adding these ORs basically satisfies the
5 need -- the need for outpatient surgeries for only a
6 few more years.

7 And with that, I'll turn it over to Scott
8 DePalatis to talk very briefly about the building.
9 And following him will be Tom Vasileff, a physician,
10 who will speak very briefly about the operations.

11

12 PRESENTATION BY SCOTT DePALATIS

13

14 MR. DePALATIS: My name is Scott DePalatis.
15 I'm with Benchmark Architecture. If my last name
16 sounds a little familiar to you, my father was a
17 surgeon up here about 40 years ago (indiscernible).

18 I'm just going to talk real briefly about
19 where we're at. We're still at a really conceptual
20 stage in design here. Our site, as Susan mentioned,
21 is at the corners of 88th and Toloff. Toloff is
22 going to become a more prominent street because Fred
23 Meyer's has gone in and Carrs has gone in and Home
24 Depot has gone in. This intersection here is really
25 going to start seeing some more traffic.

1 MR. PIERCE: And could you speak up a little
2 bit? I'm --

3 MR. DePALATIS: Sure.

4 MR. PIERCE: -- having a hard time hearing
5 you.

6 MR. DePALATIS: Okay. If you're familiar with
7 this part of town, this is Chiles. This is KFC.
8 This is the new Credit Union 1 building, which is
9 about five stories. And our site encompasses three
10 existing parcels here, which have replatted into one
11 parcel.

12 The same owner owns this parcel and this
13 parcel, so what we've done with the site planning so
14 far is going to take advantage of both of those
15 parcels in terms of having joint access. You'll be
16 able to drive from one parcel to the other, those
17 kinds of things.

18 I don't know how legible this is, because
19 it's pretty light. But these are those few pieces
20 of land with the building sized on it. The building
21 has about a 35,000-square-foot footprint at this
22 stage. And that's really come about because we've
23 taken the amount of parking and building that the
24 parcel of land can support. And that's what --
25 that's what the maximum is for this site.

1 So you've got an existing building here,
2 a new building here. This building sort of zones
3 out in terms of the way the interior has been
4 planned to date is the surgery center here, admin.,
5 and then another function here on the first floor.

6 It's still in the very conceptual stage
7 of design. The computer tends to spit out drawings
8 that look finished, but the finishes that we've
9 thought about to date are metal panel and tile.
10 It's a fairly low-impact building. It's not going
11 to be a big high-rise with shadows and things that
12 tend to block views and things. So it's going to be
13 neighborhood-friendly.

14 We're still at a real preliminary stage
15 in design. We have a lot of decisions left to make.

16 So if anybody has any questions, I can
17 take those. I just wanted to give you a sense of
18 what things are starting to look like.

19 FEMALE SPEAKER: I'll forward the
20 (indiscernible) for you.

21

22 PRESENTATION BY DR. THOMAS VASILEFF

23

24 DR. VASILEFF: Good evening. My name is Tom
25 Vasileff, and I'm an orthopedic surgeon in

1 Anchorage. And I've been in Anchorage since 1981.
2 And I'm representing the orthopedic surgeons and
3 some of the other doctors in this venture.

4 I want to give you a little history about
5 surgery. I've been around a few years, have a few
6 gray hairs left. But years ago, when I was in
7 training, when you went in for surgery, you always
8 came in at least the night before surgery; and you
9 underwent lab tests. And then you stayed one or two
10 days, minimum, and maybe four or five, six days
11 after surgery.

12 And that has been changed over the past
13 10, 15, 20 years to now. For many procedures, and a
14 growing number, we do these as outpatient surgery --
15 some things we would never think about in the past,
16 such as even spine surgery, a laminectomy in the
17 neck and low back.

18 And we, found over the course of these
19 few years, that patients actually do much better in
20 an outpatient setting. And so there's been a
21 dramatic change from an inpatient setting to an
22 outpatient setting. And this has been -- and I've
23 been very surprised at how well patients do on their
24 own at home. The quicker they get home, they seem
25 to do much better.

1 So there's a real trend -- not only in
2 the U.S., but in the world -- to go to outpatient
3 surgery.

4 Unfortunately, doing this in a hospital
5 setting has proven to be cumbersome and not as
6 effective as in a freestanding day-surgery unit.
7 And we've seen this not only in Alaska, but in
8 Seattle, and throughout the country, in terms of
9 improving efficiency, the quality of care, the
10 expense of the operation.

11 So I think it definitely is the way of
12 the future for more and more surgical procedures to
13 be done in an outpatient setting. And I think this
14 an ideal opportunity for Alaska to grow in that
15 aspect. And I think it has to go in this direction.

16 We've tried many years -- our office is
17 based out of Providence. And we've tried, for a
18 long time, to do outpatient surgery, and to do that
19 effectively and efficiently. And it just doesn't
20 seem to work. And just not in Anchorage, but
21 throughout the country and the world.

22 We've found that when you combine
23 outpatient surgery with day surgery, that's much
24 more complex, and things don't work as well. You
25 have this mind set by the patients, and the

1 operating room, and all the people involved that
2 they're going to stay. And then when they stay,
3 it's harder for them to advance, and they're slower
4 to advance. And the slower they are, then the
5 longer they are to recover.

6 I can give you an example. Years ago,
7 when you had back pain, we would admit a patient to
8 the hospital, and they'd stay three, four, five
9 days. And we'd say, "Well, when you get better,
10 we'll let you go out of the hospital."

11 Well, what we found out was these
12 patients who lay in bed, their muscles would
13 atrophy, and they would do terrible. And it would
14 take them -- first of all, they had to recover from
15 being in bed for long periods of time, and then they
16 had to get over their illness.

17 So I think we're learning a lot. And
18 over the past 30 years, we've found out that if we
19 get a healthy patient moving quickly, they do quite
20 well. So that's the whole purpose of, I think, of
21 this outpatient surgery. So it's a real trend, and
22 I think this is definitely the way of surgery in the
23 future and in the present.

24 So I think maybe in Alaska, and even in
25 Anchorage, we're a little bit behind. And Susan

1 presented those statistics, which bear that out. I
2 think we need -- we need more operating rooms, and
3 the kind that we need are outpatient more than
4 hospital-based.

5 And so if we're going to do this, I think
6 what we're noticing is, we're going to have an
7 increase in quality because we're doing several
8 different types of procedures as an outpatient
9 venue.

10 But we're not trying to do all of
11 orthopedics. We're still doing most of our joint
12 replacements and major spine surgery in an
13 inpatient. And that will probably continue for
14 several years. Not that in the future we won't be
15 doing joint replacements in an outpatient. I mean,
16 that is being done. There are a couple places in
17 the country now that are doing these.

18 And I would suspect, in the future, that
19 will happen here. But currently, we're not doing
20 those; but I would expect in Anchorage, over the
21 next five or ten years, to have that available.

22 And I think having, now, this joint
23 venture managed by experts will help us get started
24 on this. We plan to have about 25 FTEs to begin
25 with, with a medical director and a nurse manager.

1 And then the managers, who have a great expertise in
2 many successful ambulatory surgical centers.

3 We expect it to be J-C-A-H-O or
4 JCAHO-approved, and we've (indiscernible) their
5 accreditation, which is the standard for most
6 hospitals in the U.S. And we hope to be open in --
7 sometime in 2007.

8 As I said before, we're going to be
9 focusing on outpatient surgery, the things that are
10 standard that we're trying to do now in the
11 inpatient environment, but we're not being as
12 successful in terms of being as efficient. And I
13 think the quality may be better in this outpatient
14 unit, as we've seen in other outpatient units. And
15 I think the patients would benefit.

16 It's going to be a very nice location.
17 It's where Anchorage is growing out, south
18 Anchorage. When we do surveys with patients --
19 since our office is based out of Providence, we
20 notice that parking and the hustle-bustle of getting
21 into the hospital area -- patients don't like it.
22 So I think this is going to help them in terms of
23 convenience, for older people. Parking, it will be
24 better, and we'll have shorter stays.

25 Larry, would you like to say something?

1 DR. STINSON: I agree with everything that you
2 said so far.

3 DR. VASILEFF: Okay. Thank you.

4 MS. HUMPHREY-BARNETT: This is the end of the
5 presentation part, so . . .

6 MR. PIERCE: I didn't get everyone to sign in.
7 So there are a couple people left here
8 (indiscernible -- away from microphone).

9 Okay. I think we'll go ahead and start
10 our comments now. And basically, what I'll do is,
11 I'll just bring this around to you. And if you'd
12 like to stand up and just speak to the people in the
13 room. I don't think there's any one location in the
14 room that may be too much better than any other.

15 So I do have people on the list here. As
16 soon as he signs in, I'll go ahead.

17 MALE SPEAKER: Thank you for your patience.

18 MR. PIERCE: Sorry to put you on the spot
19 there.

20 Okay. Our -- we've had the presenters.
21 Bill Pethick? Okay. Okay.

22 MR. PETHICK: I'll give that to you.

23 MR. PIERCE: Okay. Great. And I'll -- if
24 you'd like -- maybe we'll just stand here at the
25 recorder and I'll bring it around. I need record --

1 I'm recording what we're doing.

2 MR. PETHICK: You bet.

3

4 COMMENTS BY BILL PETHICK

5

6 MR. PETHICK: My name is Bill Pethick. I'm
7 vice president of surgery operations for Healthsouth
8 out in the west. And I represent Alaska Surgery
9 Center here. In the interest of time, I'll submit
10 just a letter of opposition.

11 In short, I want to briefly talk about
12 some of the issues. I thank Dr. Vasileff for all
13 the fine points he pointed out about outpatient
14 surgery, because that's exactly why we do what we
15 do.

16 To date we have interest in over 160
17 surgery centers throughout the country. Providing
18 ambulatory care is one of our four main product
19 lines that we do, or that we provide.

20 We entered into the Alaska Surgery Center
21 through an acquisition in 1996. And since then,
22 we've done over 120,000 outpatient ambulatory
23 surgeries. They're all -- it's a multispeciality
24 facility.

25 By our calculations, we show that we're

1 running, through 2005, year to date, 48.2 percent at
2 capacity. So an excess of 50 percent capacity. And
3 our calculations, based on the growth trends, show
4 that we'll still continue that capacity, excess
5 capacity, for the coming years.

6 So, in short, we don't believe that there
7 is an unmet need demonstrated. And with the given
8 excess capacity, that there continues to be excess
9 capacity, (indiscernible) in that case, it should
10 not be approved. That's it.

11 MR. PIERCE: Thank you.

12 MR. HAYES: Are we allowed to ask questions of
13 people today?

14 MR. PIERCE: Basically, the -- I think we're
15 going to save the questions till the end, after
16 everyone's had a chance to talk. But certainly, you
17 know, we'll have some time for questions.

18 Larry Stinson?

19 DR. STINSON: I pretty much already said what
20 I was going to say. I liked the presentation. I
21 agree with what was said.

22 MR. PIERCE: Okay. Scott DePalatis?

23 MR. DePALATIS: I've been --

24 MR. PIERCE: And you've already spoken.

25 MR. DePALATIS: Right.

1 MR. PIERCE: Okay. Well, we don't have anyone
2 else down. Is there anyone who has changed their
3 mind and would like to say something? No one else
4 has indicated they want to speak. So any -- I'm
5 opening it up now to everybody.

6 MR. DAVIS: (Indiscernible).

7 MR. PIERCE: Sure.

8 MR. DAVIS: (Indiscernible).

9 MR. PIERCE: If you could just identify
10 yourself and --

11

12 COMMENTS BY RICK DAVIS

13

14 MR. DAVIS: Rick Davis, assistant
15 administrator, Alaska Regional. I just -- I wanted
16 to just -- for the record, our calculations show
17 Alaska Regional to be at 66 percent capacity --

18 MR. PIERCE: Okay.

19 MR. DAVIS: -- as opposed to 90 percent
20 that --

21 MR. PIERCE: Okay.

22 MR. DAVIS: -- Providence presented. So . . .

23 MR. PIERCE: Okay. Great.

24 And because of the way this is -- has
25 worked out, I hope everyone has submitted their

1 written comments in advance, because our 30-day
2 period is ending, actually, today.

3 So hopefully, if you have anything here
4 tonight that you'd like to give me to take with me,
5 you know, we will accept whatever written comments
6 you have tonight. But this -- today is the --
7 actually, the end of the written-comment period, as
8 well.

9 Anyone else have comments that they'd
10 like to put on the record tonight? If not, you had
11 a question?

12 MR. HAYES: Well, I just -- I
13 (indiscernible) --

14 MR. PIERCE: If you could identify yourself
15 and then --

16 MR. HAYES: Sure. My name is Jeremy Hayes.
17 I'm the assistant administrator for Advanced Pain
18 Centers of Alaska. And the question I had -- just a
19 question, actually, for Mr. Pethick, and I guess for
20 Rick as well.

21 I think Susan did a very good job of
22 pointing out the statistics and where those
23 statistics came from. And I guess I was just -- I
24 was just interested in sort of how we came at a
25 different -- how you guys came to get your guys'

1 statistics. And I think that Susan did a good job
2 at sort of pointing out the way that she came to
3 that conclusion. So I was just interested in that
4 aspect.

5 MR. PIERCE: Okay. Is there any particular
6 person you want to ask that --

7 MR. HAYES: Well, I --sure. Yeah --

8 MR. PIERCE: -- question?

9 MR. HAYES: -- Mr. Pethick.

10 MR. PETHICK: Absolutely. Based on our
11 calculations, you know, given that different
12 specialities require different lengths of time, our
13 calculation is based on the number of minutes
14 available. And so if we look at it from minutes
15 available, we're operating at 48.2.

16 I -- you know, different states have
17 different requirements. And I understand we're in
18 the state of Alaska, but I don't believe it's an
19 accurate calculation if you just use the number of
20 surgeries that can be used per OR, because that's
21 open for subjective interpretation.

22 MR. PIERCE: Okay. Thanks. And Mr. --

23 MR. HERGET: I can answer that.

24 MR. PIERCE: Herg- -- Mr. Jordan --

25 MR. HERGET: I came up with the number.

1 Jordan Herget from --

2 MR. PIERCE: Jordan.

3 MR. HERGET: -- Alaska Regional, associate
4 administrator. We took our actual minutes, year to
5 date, and compared them with the -- I think it was
6 98,520 -- the standard that was in the original
7 May 2005 application with our 10 ORs and the one
8 open-heart OR. But we just used the 10 ORs, took
9 our actual minutes, and that's how we came up with
10 66.

11 MR. PIERCE: So that is a minute-based --

12 MR. HERGET: Right. We used --

13 MR. PIERCE: -- calculation.

14 MR. HERGET: -- apples to apples --

15 MR. PIERCE: Okay.

16 MR. HERGET: -- to get that number.

17 MR. PIERCE: Okay. Great.

18 MR. HERGET: So, yeah.

19 FEMALE SPEAKER: (Indiscernible).

20 MR. PIERCE: Any other questions?

21 FEMALE SPEAKER: Let me clarify. Did you say
22 you're including the open-heart minutes, or not?

23 MR. HERGET: Not including it.

24 FEMALE SPEAKER: Not.

25 MR. HERGET: Right.

1 FEMALE SPEAKER: And that's the only -- you
2 have 10 ORs, and there's one --

3 MR. HERGET: An additional one dedicated.

4 FEMALE SPEAKER: -- that is dedicated.

5 MR. HERGET: Right. So . . .

6 FEMALE SPEAKER: So a total of 11?

7 MR. HERGET: Total of 11, but one of those is
8 dedicated heart, so we did not count that.

9 MR. PIERCE: Does anyone else have any
10 questions that they'd like to ask the applicants?
11 Any questions you'd like to ask the staff of the
12 State of Alaska?

13 MR. DAVIS: I have -- I just have a quick
14 question. I apologize. We did come in late. But
15 did I --

16 MR. PIERCE: Sure. If you could identify
17 yourself.

18 MR. HAYES: Rick Davis, Alaska Regional.

19 Did I -- did I hear Providence say they
20 were at 98 percent capacity in their ORs? Is that
21 what I understood?

22 MS. HUMPHREY-BARNETT: That's correct, based
23 on the standard that came out August 17th of '05,
24 using procedure -- number of procedures. And so for
25 combination ORs, the -- an OR was considered at

1 capacity if it had 900 cases for that OR. So, yes.

2 MR. PIERCE: Okay. Any other questions?

3 MR. HERGET: Actually, David, I had one more
4 question.

5 MR. PIERCE: Sure.

6 MR. HERGET: Jordan Herget again. I notice on
7 one of your slides, you -- to calculate the market
8 need, did you just include the three -- the two
9 hospitals and then Healthsouth for the number of
10 ORs?

11 MS. HUMPHREY-BARNETT: Yes.

12 MR. HERGET: And not any of the other
13 available ORs in town.

14 And then the second question -- sorry.
15 Let's see. Let me think about my second question.

16 MS. HUMPHREY-BARNETT: Okay. The answer is
17 yes, we just included those --

18 MR. HERGET: Okay.

19 MS. HUMPHREY-BARNETT: -- and basically felt
20 that the other suites that were used were primarily
21 physician offices.

22 MR. HERGET: Okay. My second question was on
23 usage rates of 86, I think you had up there. How
24 did you calculate the usage rates? Was that just a
25 quick calculation based on the number of cases and

1 population?

2 MS. HUMPHREY-BARNETT: That's correct.

3 MR. HERGET: Okay. But again, just based on
4 the three entities' ORs.

5 MS. HUMPHREY-BARNETT: That's correct.

6 MR. HERGET: Okay.

7 MR. PIERCE: Yes?

8

9 COMMENTS BY DR. THOMAS VASILEFF

10

11 DR. VASILEFF: I'm a -- it's Tom Vasileff
12 again, the orthopedic surgeon. I think I'm the only
13 surgeon in the group tonight. And I can tell you,
14 over the past 25 years, scheduling is a problem and
15 getting to be more of a problem in the state of
16 Alaska.

17

18 And I don't -- you know, statistics you
19 can do with, whatever -- you know, statistics lie.
20 I can't remember what Mark Twain said about
21 statistics. But, you know, you can juggle them, as
22 we've seen in the state of Alaska. Now, they've
23 changed these guidelines three times in the past
24 year and a half, or year or so, on how they want to
25 evaluate it. So people really don't know.

25

But I can tell you, from an orthopedic

1 surgeon, scheduling outpatient surgery, or any
2 surgery, it's difficult at Providence and Alaska
3 Regional because the hospital -- the ORs are busy.

4 Two weekends ago, I was on emergency
5 call. And I was trying to get an ankle fracture
6 scheduled at Alaska Regional, and they were doing
7 elective cases because they couldn't do them during
8 the week. They were doing a total knee on Sunday.
9 And I had an ankle to do. And so that's the status
10 of the city at the present time.

11 I can tell you these operating rooms -- I
12 don't care how you evaluate it, but from a surgeon's
13 and a patient's standpoint, they're busy. And we
14 need more operating rooms in this city.

15 And this operating -- this -- having more
16 operating rooms as outpatient ambulatory surgery
17 centers, I think, is definitely the way of the
18 future, and not expensive ORs and hospitals.

19 MALE SPEAKER: Is there some block time we can
20 auction?

21 FEMALE SPEAKER: Yeah. Yeah. You guys don't
22 have any. I can do my total knees on Sunday.

23 (Indiscernible -- simultaneous speech)

24 MR. PIERCE: Any other comments or questions?
25 well, in that case --

1 MS. JOHNSON: I'm sorry. Can I just --

2 MR. PIERCE: Yes.

3 MS. JOHNSON: One comment and clarifying
4 question. Lesa Johnson, administrator for the
5 Alaska Spine Institute.

6 You said that the other facilities
7 weren't considered because they were considered to
8 be physicians' offices; is that correct?

9 MS. HUMPHREY-BARNETT: Well, we -- yes.

10 MS. JOHNSON: Even though some of the other
11 facilities are freestanding licensed ambulatory
12 surgery centers, as ours is with four licensed ORs.
13 Those were not considered in the calculation?

14 MS. HUMPHREY-BARNETT: We did not include them
15 in our calculations.

16 MS. JOHNSON: Okay. Thank you.

17 MALE SPEAKER: I have a question
18 (indiscernible). What kind of procedures can be
19 done at your facility?

20 MS. JOHNSON: What kind?

21 MALE SPEAKER: Yes.

22 MS. JOHNSON: Currently, we're only using them
23 for pain management. But we have the ability to do
24 other things.

25 MALE SPEAKER: And "ability" means what?

1 FEMALE SPEAKER: I'm sorry. I couldn't hear
2 what your answer was.

3 MS. JOHNSON: We currently use them only for
4 pain management procedures.

5 FEMALE SPEAKER: Okay.

6 MALE SPEAKER: And you had the ability to do
7 what?

8 MS. JOHNSON: Other procedures --

9 MALE SPEAKER: What other procedures?

10 MS. JOHNSON: -- to expand. General surgery
11 procedures.

12 MALE SPEAKER: So today we could do general
13 surgical procedures there?

14 MS. JOHNSON: Not today. We have the ability
15 to expand to that.

16 MALE SPEAKER: Mr. Pierce?

17 MR. PIERCE: Sure.

18 MALE SPEAKER: Clearly there's some
19 discrepancy about what was included or what should
20 have been included. From the state's perspective,
21 how many ORs are there within the greater Anchorage
22 area?

23 MR. PIERCE: And that's something that we're
24 still working on in our review. Our review is not
25 finished yet. And so, you know, I don't think I

1 know, off the top of my head. We could probably get
2 something to you within a few days.

3 MALE SPEAKER: Okay. That's fine. But you
4 obviously had to approve all the ORs that had been
5 approved so far (indiscernible).

6 MR. PIERCE: Actually, no. There were some
7 ORs that have been built in this town that weren't
8 approve, as you're aware.

9 MALE SPEAKER: Understood.

10 MR. PIERCE: But there are -- there have been
11 some that have gone through, and some haven't.

12 Any other questions or comments? I'm
13 beating the bushes here.

14 DR. GEVAERT: I have a question.

15 MR. PIERCE: Sure.

16 DR. GEVAERT: I'm Michel Geveart. I'm a
17 physician of pain management. Did you include the
18 pain center, the pain unit at Providence in the list
19 of ORs?

20 MS. KNAPP: I don't think so. Lisa,
21 (indiscernible).

22 MS. WOLF: Brenda, I'm not sure what -- what
23 you're --

24 DR. GEVAERT: I'm referring to the --

25 MS. WOLF: Okay. We're talking about

1 procedures that are done in the actual operating
2 room.

3 MS. KNAPP: The 14 --

4 DR. GEVAERT: Right. So you did not include
5 the pain center then.

6 MALE SPEAKER: If you're talking about the day
7 surgery, then --

8 DR. GEVAERT: Yes.

9 MALE SPEAKER: -- no.

10 DR. GEVAERT: Okay. But at the same time, you
11 include the pain procedures as a total volume in the
12 new unit. So there seems to be discrepancy, since
13 you can do it. In your total volume, did you
14 include -- in the new unit (indiscernible) new
15 center, in terms of all your utilization, does it
16 include the procedures that we call epidural
17 injections, let's say spinal cord stimulation -- do
18 you include that in your total volume --

19 MS. HUMPHREY-BARNETT: When --

20 DR. GEVAERT: -- at the same time you don't
21 include the pain unit?

22 MS. HUMPHREY-BARNETT: When the state
23 standards allowed pain procedures to be included,
24 they were included.

25 DR. GEVAERT: So, but at the same time, you

1 don't include pain center as a total OR in terms of
2 volume. There seems to be a discrepancy. You
3 either include, or you do not include.

4 MS. HUMPHREY-BARNETT: If it were included, it
5 would only make it more. It's not an OR. It's not
6 considered to be an OR. But if we did include it,
7 wouldn't it mean that we were even more full? It
8 would be a higher percentage usage, then.

9 (Indiscernible -- simultaneous speech)

10 DR. GEVAERT: I have no problem scheduling my
11 pain procedures at Providence at all.

12 MALE SPEAKER: I have another question, or two
13 questions, actually. One -- I don't recall, Susan.
14 Was Valley Hospital included in the analysis?

15 MS. HUMPHREY-BARNETT: No. Valley -- in the
16 data that we got, only one year -- I think it was
17 '02 that they had submitted data -- surgery date to
18 the state, and so we couldn't get their volumes.

19 MALE SPEAKER: Okay. And based -- the second
20 question. Based on the analysis, you're talking
21 about orthopedic and pain procedures that are --
22 well, ortho -- any of the procedures being displaced
23 out of Providence and to be done in a proposed new
24 center are then those calculations. Then that frees
25 up additional --

1 MS. HUMPHREY-BARNETT: Right.

2 MALE SPEAKER: -- time as well.

3 MS. HUMPHREY-BARNETT: Right. And we did
4 include the freed-up time.

5 MALE SPEAKER: Okay. I don't recall any
6 calculations.

7 MS. HUMPHREY-BARNETT: Well, you would see
8 that when you saw that the total number of ORs then
9 went down to like a 74 percent or an 81 percent
10 usage rate, or --

11 MALE SPEAKER: Okay.

12 MS. HUMPHREY-BARNETT: -- capacity rate.

13 FEMALE SPEAKER: I don't recall that. Thank
14 you.

15 MR. PIERCE: Anyone else have any questions?
16 I'm glad that we're prolonging it a little bit,
17 because we're getting some good discussion. Anyone
18 else?

19 well, I think what I'll do is, I'm going
20 to go ahead and put this on pause. If anyone thinks
21 of anything before the end of the meeting tonight
22 and you want to go on record, you know, let me know.
23 Until that happens, we'll consider this meeting as
24 being --

25 (END OF RECORDING)

C E R T I F I C A T E

SUPERIOR COURT)
)
STATE OF ALASKA) ss.

I, LYNDA BATCHELOR BARKER, Registered
Diplomate Reporter and certified for transcript
services by the United States Courts and the Alaska
State Courts, hereby certify:

That the foregoing pages contain a full,
true and correct transcript of proceedings in the
above-referenced matter, transcribed by me to the
best of my knowledge and ability, or at my
direction, from the electronic sound recording.

DATED at Juneau, Alaska, this 25th day of
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SIGNED AND CERTIFIED TO BY:

LYNDA BATCHELOR BARKER, RDR,
Notary Public for the
State of Alaska. My
commission expires: 5/6/08