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:

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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formerly going to be doing a concurrent review with Doctors' Surgery Center, but as many of you already know, they have withdrawn their application.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.

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

MR. PIERCE: And --

(Indiscernible -- simultaneous speech)

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

(Indiscernible -- simultaneous speech)

(Off record)

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

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

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

MR. PIERCE: Okay. I guess.

MS. HUMPHREY-BARNETT: Okay.

FEMALE SPEAKER: Can you make that bigger at all?

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

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

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

FEMALE SPEAKER: (Indiscernible) closer (indiscernible).

FEMALE SPEAKER: Okay.

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

PRESENTATION BY SUSAN HUMPHREY-BARNETT

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

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

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

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

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

procedures.

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

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

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

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

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

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

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

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

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

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

FEMALE SPEAKER: -- target point.

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

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

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

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

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

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

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

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

this lower range.

I think that's it on that slide.

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

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

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

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

presenting it.

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

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

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

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

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

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

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

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

PRESENTATION BY SCOTT DePALATIS

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

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

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

MR. DePALATIS: Sure.

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

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

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

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

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

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

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

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

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

PRESENTATION BY DR. THOMAS VASILEFF

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Larry, would you like to say something?

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

DR. VASILEFF: Okay. Thank you.

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

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

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

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

MALE SPEAKER: Thank you for your patience.

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

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

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

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

I'm recording what we're doing.

MR. PETHICK: You bet.

COMMENTS BY BILL PETHICK

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

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

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

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

By our calculations, we show that we're

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

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

MR. PIERCE: Thank you.

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

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

Larry Stinson?

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

MR. PIERCE: Okay. Scott DePalatis?

MR. DePALATIS: I've been --

MR. PIERCE: And you've already spoken.

MR. DePALATIS: Right.

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

MR. DAVIS: (Indiscernible).

MR. PIERCE: Sure.

MR. DAVIS: (Indiscernible).

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

COMMENTS BY RICK DAVIS

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

MR. PIERCE: Okay.

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

MR. PIERCE: Okay.

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

MR. PIERCE: Okay. Great.

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

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

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

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

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

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

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

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

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

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

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

MR. PIERCE: -- question?

MR. HAYES: -- Mr. Pethick.

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

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

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

MR. HERGET: I can answer that.

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

MR. HERGET: I came up with the number.

Jordan Herget from --

MR. PIERCE: Jordan.

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

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

MR. HERGET: Right. We used --

MR. PIERCE: -- calculation.

MR. HERGET: -- apples to apples --

MR. PIERCE: Okay.

MR. HERGET: -- to get that number.

MR. PIERCE: Okay. Great.

MR. HERGET: So, yeah.

FEMALE SPEAKER: (Indiscernible).

MR. PIERCE: Any other questions?

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

MR. HERGET: Not including it.

FEMALE SPEAKER: Not.

MR. HERGET: Right.

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

MR. HERGET: An additional one dedicated.

FEMALE SPEAKER: -- that is dedicated.

MR. HERGET: Right. So . . .

FEMALE SPEAKER: So a total of 11?

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

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

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

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

MR. HAYES: Rick Davis, Alaska Regional.

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

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

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

MR. PIERCE: Okay. Any other questions?

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

MR. PIERCE: Sure.

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

MS. HUMPHREY-BARNETT: Yes.

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

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

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

MR. HERGET: Okay.

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

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

population?

MS. HUMPHREY-BARNETT: That's correct.

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

MS. HUMPHREY-BARNETT: That's correct.

MR. HERGET: Okay.

MR. PIERCE: Yes?

COMMENTS BY DR. THOMAS VASILEFF

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

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

But I can tell you, from an orthopedic

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

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

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

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

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

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

(Indiscernible -- simultaneous speech)

MR. PIERCE: Any other comments or questions? Well, in that case --

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

MR. PIERCE: Yes.

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

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

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

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

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

MS. JOHNSON: Okay. Thank you.

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

MS. JOHNSON: What kind?

MALE SPEAKER: Yes.

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

MALE SPEAKER: And "ability" means what?

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

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

FEMALE SPEAKER: Okay.

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

MS. JOHNSON: Other procedures --

MALE SPEAKER: What other procedures?

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

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

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

MALE SPEAKER: Mr. Pierce?

MR. PIERCE: Sure.

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

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

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

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

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

MALE SPEAKER: Understood.

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

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

DR. GEVAERT: I have a question.

MR. PIERCE: Sure.

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

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

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

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

MS. WOLF: Okay. We're talking about

procedures that are done in the actual operating room.

MS. KNAPP: The 14 --

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

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

DR. GEVAERT: Yes.

MALE SPEAKER: -- no.

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

MS. HUMPHREY-BARNETT: When --

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

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

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

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

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

(Indiscernible -- simultaneous speech)

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

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

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

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

MS. HUMPHREY-BARNETT: Right.

MALE SPEAKER: -- time as well.

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

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

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

MALE SPEAKER: Okay.

MS. HUMPHREY-BARNETT: -- capacity rate.

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

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

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

(END OF RECORDING)

C E R T I F I C A T E

SUPERIOR COURT)
) ss.
STATE OF ALASKA)

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 July, 2006.

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LYNDA BATCHELOR BARKER, RDR,
Notary Public for the
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commission expires: 5/6/08