

Southcentral Foundation

August 7, 2008

David Pierce MPH
Certificate of Need Coordinator
State of Alaska
Department of Health & Social Services
Section of Health Planning & Systems Development
P.O. Box 110610
Juneau, AK 99811-0610

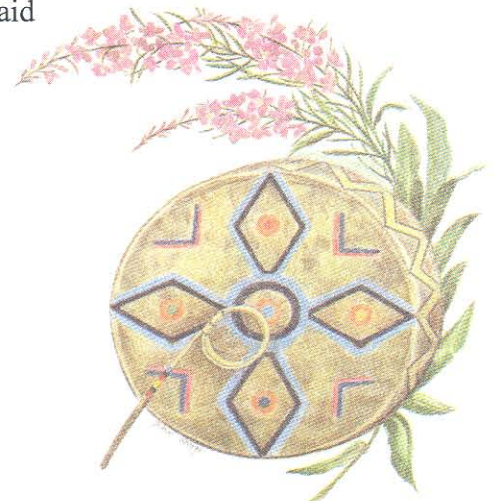
Re: Modification of CON

Dear Mr. Pierce,

As you may know, the Federal Center for Medical Assistance has recently audited a residential provider in Juneau. As a result of this audit, the State Department of Health and Social Services (DHSS) contacted SCF to address some concerns they had regarding potential problems that may surface in the future regarding the funding of residential treatment centers. The State strongly suggested modifying the project to all Level V beds to circumvent future challenges to the existing system in place in Alaska.

On April 23rd, The State of Alaska, DHSS Commissioner and DHSS staff, Denali Commission, and the Alaska Mental Health Trust Authority met with SCF to discuss how recent statements and activities by the Centers for Medicare and Medicaid Services could possibly impact sustainable funding for the RPTC project located in Eklutna. The Certificate of Need for the 12 -bed (Level V – RPTC) had already been approved, but the state expressed concerns that the remaining 32 beds (Level IV – Residential Diagnostic Treatment) may be at risk of being excluded from future Medicaid reimbursement. There were also concerns shared regarding the questionable future funding for residential care currently used by the State of Alaska, commonly referred to as “bundled funding.” The opinion shared was this could affect future funding for Level IV beds.

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The funding partners met again on May 22, and based on recommendations from SCF, a discussion took place to consider moving the project to the ANMC campus and modifying the facility to be a 44 Level V RPTC. There were several advantages to this including, financial sustainability appears more assured, concerns regarding the adequacy of the site were eliminated, SCF already owned the property outright, customer access to other health services, existing infrastructure in place, cost reduction, and improved flexibility in treatment bed designation. And, the IMD exclusion that would exclude Medicaid reimbursement for Level IV treatment would not apply. The partners agreed in concept that the relocation was prudent, offered several advantages, and they provided verbal support and commitment to the project.

A subsequent meeting was held on June 9th with all the funding partners and the decision to proceed on changing the project to all Level V beds and to relocate the project to the campus of the Alaska Native Medical Center was made pending re-submission and approval of a revised Denali Business Plan and Certificate of Need.

SCF is in the process of revising the Certificate of Need to reflect the changes described here and anticipate a re-submission within a Sept/Oct. timeframe.

Respectfully,

SOUTHCENTRAL FOUNDATION



Katherine Gottlieb, MBA
President / CEO

REQUEST FOR MODIFICATION OF A CERTIFICATE OF NEED

Name of Facility Southcentral Foundation RPTC

Mailing Address 4501 Diplomacy Drive Anchorage, AK 99508

Street Address Tract D-1A, Tudor Centre

Project Authorized in Certificate of Need dated: April 15, 2008

APPLICANT INFORMATION

If the owner, applicant organization, or contact person has changed since the certificate of need was issued, please provide the new name, title, and address.

REASON FOR MODIFICATION (Describe each applicable reason in detail)

- Change in scope of authorized activity
- Change in cost of authorized activity
- Change in time schedule of authorized activity

CERTIFICATION

I certify that all of the information contained in this request, including any supporting documents, is true to the best of my knowledge and belief.

Name Katherine Gottlieb, MBA

Title: President / CEO

Date: August 7, 2008

Signature:

NOTE: A current periodic progress report must be submitted with this request.