



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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November 28, 2016

Mr. Robert Letson, CEO
South Peninsula Hospital
4300 Bartlett Street
Homer, AK 99603

RE: Request for Determination dated November 7, 2016

Dear Mr. Letson,

In a letter dated November 7, 2016, you formally requested a determination under 7 AAC 07.031 as to whether a Certificate of Need (CON) is required to do a routine replacement of equipment and routine maintenance of the South Peninsula Hospital's (SPH) operating rooms HVAC system. You state SPH has an immediate need to replace the system as it does not meet the current standards and is approximately 40 years old.

Per your request, you further explain that the current system does not provide sufficient control of room temperature and air exchange for the number of surgeries currently performed. You also state, due to the inefficiencies of the current system, a number of surgeries were postponed in 2016.

Included in your request for determination are certified cost estimates for the construction and replacement of the current operating room HVAC system. Per the submitted estimate, cost of the project is \$2,335,845. Included in the cost estimate are two (2) options which provide for contingencies and escalation for inflation; Option 1 is for a total of \$1,632,052 and Option 2 is for a total of \$1,663,673. You indicate in your request that Option 1 is SPH's expected cost. Based on the submitted documentation, the proposed project is above the \$1.5 million CON threshold under AS 18.07.031.

You estimate the project start date to be January 2017 and a project end date of August 2017.

As stated in 7 AAC 07.010, Expenditures to be included when determining whether a certificate of need is required, expenditures and costs associated with routine maintenance and replacement of equipment are not considered when evaluating expenditures for an existing health care facility. Additionally, expenditures for non-clinical purposes and non-medical equipment are also not considered.

In accordance with A.S. 18.07.031-111 and 7 AAC 07.001-900, and after review of the information submitted with the request for determination, it has been determined that a CON is not required as the

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expenditures for replacement and routine maintenance of the existing HVAC system are not subject to CON.

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,

A handwritten signature in cursive script, appearing to read 'Alex H', written in black ink.

Alexandria Hicks, CON Coordinator