



THE STATE  
of **ALASKA**  
GOVERNOR MIKE DUNLEAVY

**Department of  
Health and Social Services**

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December 21, 2018

Via email & US Mail

Mr. Dave Wallace, CEO  
Mat-Su Regional Medical Center  
2500 S. Woodworth Loop, P.O. Box 1687  
Palmer, Alaska 99645

RE: Mat-Su Regional Medical Center - Certificate of Need Application for Medical Surgical Department Expansion and Request to Modify or Change Behavioral Health CON

Dear Mr. Wallace,

The Certificate of Need (CON) review of Mat-Su Regional Medical Center's (MSRMC) application for its Medical Surgical Department Expansion is now complete. Simultaneously, review of MSRMC's Request to Modify or change its existing CON for 36 adult acute care psychiatric beds (Behavioral Health CON) is also complete.

MSRMC is planning two projects that are subject to the CON process. The first project proposes to add 35 acute care medical surgical beds on the facility's third floor of the existing 74 bed acute care hospital. The second project is a Request to Modify or change a current CON issued to MSRMC in November 2017. The November 2017 CON (Behavioral Health CON) approved the construction of 36 adult acute care psychiatric beds on the facility's existing first floor. The Request to Modify or change the existing Behavioral Health CON proposes to reduce the number of approved, yet to be built, adult acute care psychiatric treatment beds from 36 to 16 beds, and locate the 16 beds on the west wing of the facility's third floor.

MSRMC's Request to Modify or change its Behavioral Health CON is being considered along with its application for the additional 35 medical-surgical beds because each project is directly tied to, and directly affects the other. Moreover, MSRMC's total acute care bed count is impacted by both proposed projects.

Decision on Project #1: CON Application to Expand Medical Surgical Department

The CON Staff Analysis recommends approval of MSRMC's proposed 35 medical-surgical bed expansion, noting that MSRMC documented need for the proposed services and demonstrated support

from the community and key stakeholders. Additionally, MSRMC's application adequately highlighted existing and projected deficiencies in capacity related to medical-surgical beds in the Mat-Su Borough.

MSRMC met all the general review standards for their proposed project and demonstrated through the service specific review standards that there was, at a minimum, a need for an additional 13 medical-surgical beds. The CON Staff analysis notes a difference between the methodologies used in the facility's application to calculate need, and the methodology as defined in the service specific review standards. The Department rejects the methodology used by the facility as it does not include a complete count of "The number of existing beds and CON-approved hospital beds by service category in the proposed service area" as required by the Alaska Certificate of Need Review Standards and Methodologies.

Although the Department rejects the methodology used by the facility, per 7 AAC 07.070(b)(7)(A), in granting or denying a CON, the Commissioner must consider "any other special or extraordinary circumstances related to ... community access to health care[.]" Given the documented growth in the service area, the stated existing and projected unmet medical-surgical bed need and the lack of another provider delivering similar services within the Mat-Su Borough, the facility's request to add 35 medical-surgical beds on its third floor is approved. However, this approval is limited to the current request for 35 medical-surgical beds. If at any time in the future MSRMC wants to re-designate these beds for any other service than medical-surgical, a request for determination under 7 AAC 07.031 must be submitted to the department and if required, a Certificate of Need must be obtained from the department.

Therefore, in accordance with AS 18.07.031-111 and 7 AAC 07.001-7 AAC 07.900, MSRMC is authorized to complete its Medical Surgical Expansion Project, as described herein, in Palmer, Alaska. The department is granting MSRMC approval to construct 35 medical-surgical beds on the third floor of their facility. The beds will occupy three of the four wings of the third floor, to include the east, south and north wings. In accordance with the project timeline included in the facility's application, the project is to be complete by March 31, 2019.

#### Decision #2: Request to Modify or Change Behavioral Health CON

MSRMC's request to modify its November 2017 Behavioral Health CON from 36 adult acute psychiatric beds located on the facility's first floor, to 16 adult acute psychiatric beds located in the west wing of the facility's third floor is approved, as described herein. If, at any time in the future, MSRMC wants to re-designate these beds from adult acute psychiatric beds to any other acute care service, a new Certificate of Need must be obtained from the department.

Therefore, in accordance with AS 18.07.031-111 and 7 AAC 07.001-7 AAC 07.900, MSRMC is approved to modify or change its current Behavioral Health CON from the approval of 36 adult acute psychiatric treatment services beds to approval of a 16 adult acute psychiatric treatment services beds. The currently approved 16 beds are to be located on the third floor of MSRMC's facility and occupy the west wing.

If at any time in the future MSRMC wants to relocate, re-designate, or add more beds (including the 16 beds that are no longer approved as a result of this decision) a request for determination under 7 AAC 07.031 must be submitted to the department and if required, a Certificate of Need must be obtained from the department.

Finally, the project timeline included in the facility's Request for Modification, the project is to be complete by July 31, 2019.

The Certificate of Needs that are issued on December 21, 2018 are re-incorporated by reference into this decisional document.

Under 7 AAC 07.080, if you are dissatisfied with this decision, you are entitled to a hearing if the request for a hearing is received in writing by the department no later than 30 days from the date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Adam Crum', written in a cursive style.

Adam Crum, Commissioner  
Department of Health and Social Services

cc: Albert Wall, Deputy Commissioner, DHSS  
Gennifer Moreau Johnson, Acting Director, DHSS Division of Behavioral Health  
Donna Steward, Executive Director, DHSS Office of Rate Review  
Alexandria Hicks, DHSS CON Coordinator