Certificate of Need Application

Clinical Laboratory Remodel

Alaska Regional Hospital
Anchorage, Alaska

June 2009

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APPENDICES

Section I. General Applicant Information

CERTIFICATE OF NEED APPLICATION

APPLICANT IDENTIFICATION AND CERTIFICATION OF ACCURACY

1. Applicant Identification

Facility Name Alaska Regional Hospital	**Medicaid Provider Number** HS20IP; HS20OP
Facility Address (*Street/City/State/Zip Code*) 2801 DeBarr Road, Anchorage, AK 99508	**Medicare Provider Number** 02-0017
Name and mailing address of organization that operates the facility (if different from above) Same	
Facility Administrator (*Name, title, mailing address, including City/State/Zip Code*) Ed Lamb, President & CEO 2801 DeBarr Road, Anchorage, AK 99508	**Telephone** (907) 264-1754 **Facsimile** (907) 264-1143 **E-mail** edward.lamb@ hcahealthcare.com
Applicant (*Name, title, mailing address, including City/State/Zip Code*) Ed Lamb, President & CEO 2801 DeBarr Road, Anchorage, AK 99508	**Telephone** (907) 264-1754 **Facsimile** (907) 264-1143 **E-mail** Edward.Lamb@ hcahealthcare.com
Principal Contact Person (*Name, title, physical address, mailing address, including City/State/Zip Code*) Richard L. Davis, COO 2801 DeBarr Road, Anchorage, AK 99508	**Telephone** (907) 264-1443 **Mobile Phone** (907) 529-7753 **Facsimile** (907) 264-1143 **E-mail** Richard.Davis@ hcahealthcare.com

2. Ownership Information

A. Type of Ownership (*check applicable category*)

☐ For profit: individual
☐ For profit: partnership
X For profit: corporation
☐ Not for profit: government
☐ Not for profit: corporation
☐ Other (specify): _____

B. List of all Owners *(Page 2 of application*)

C. Accreditation Information *(Page 2 of application*)

3. Agreement to participate in the Uniform Statewide Reporting System

I hereby agree to participate in the uniform statewide reporting system required under AS 18.07.101 when requested to do so under 7 AAC 07.105(c).

4. Certification of Accuracy by Certifying Officer of the Organization

I hereby certify that the information contained in this application, including all documents that form any part of it, is true, to the best of my knowledge and belief. I agree to provide, within 60 days from receipt of a request from the department under 7 AAC 07.050(b), any additional information needed by the department to make a decision.

Name	**Title**
Signature	**Date**

2.B. List of All Owners

For Part 2.B. of the application form, provide the following ownership information under each requirement, using as much space as necessary to provide complete information:

(1) For individual owners and partnerships, list the names, titles, organizational name, mailing and street addresses, and telephone and facsimile numbers of the owner or partners.

Not applicable.

(2) For corporations, list the names, titles, and addresses of the corporate officers and Board of Directors. If the facility is a subsidiary of another company or has multiple owners, provide the names and addresses of the all of companies that have ownership in the facility.

HCA
Galen
Board of Trustees
HCA Board of Directors
HCA Corporate Officers

(3) For governmental or other nonprofit owners, list the names and addresses of hospital board members.

Not applicable.

2.C. Accreditation Information

For Part 2.C. of the application form, provide the following information:

Is this facility accredited or certified by a recognized national organization?
X Yes ☐ No

If yes, identify the organization, the date of accreditation or certification, and attach as an appendix to this application a copy of the most current accreditation or certification.

Alaska Regional Hospital is accredited by the Joint Commission of Accreditation of Hospitals. ARH was surveyed in July, 2007 and received accreditation through July 2010. A copy of the accreditation letter is located in the appendices.

Section II. Summary Project Description

Provide a one-page summary of the proposed project including:

(1) A brief description of each proposed service, including whether equipment will be purchased or replaced and a list of that equipment.

There will be no new services or purchased or replaced equipment involved in this project.

(2) The number of square feet of construction/renovation.

Alaska Regional Hospital (ARH) is proposing to remodel our existing Clinical and Pathology Laboratory in order to comply with College of American Pathologists (CAP), and OSHA requirements. The remodel will impact the current lab area of 5,818 sf. One space (161 sf) that is currently office space will become a communications room, and we will add 2,618 sf of new space that is currently sidewalk area. Total impacted space therefore is 8,597 sf. The lab at ARH has not been renewed since initial construction in 1977.

(3) The number and type of beds/surgery suites/specialty rooms.

N/A

(4) Services to be expanded, added, replaced, or reduced.

There will be no increase in scope of services or number of services provided.

(5) The total cost of the project.

The project estimated total cost is $4.32M.

(6) How the project will be financed.

The project will be financed through a cash capital expenditure.

(7) Estimated completion date.

The estimated completion date is March 2010.

Section III. Description of Facilities and Capacity Indicators

A. Proposed changes in service capacity. Provide either the number of beds, surgery suites, rooms, pieces of equipment, or other service.

Type of Service	Current Capacity	Added, Expanded, or Replacement Capacity	TOTAL PROPOSED CAPACITY
IN-PATIENT ACUTE CARE HOSPITALS			
Med/Surg Beds	144	0	144
1-bed room/unit	62	0	62
2-bed room/unit	41	0	41
Other (list)	0	0	0
ICU Beds	18	0	18
CV Beds	15	0	15
Obstetrics Beds	35	0	35
Pediatric Beds	8	0	8
Acute Rehab Beds	16	0	16
Ancillary Services (list) Dialysis Sleep Lab	 7 7	 0 0	 7 7
BEHAVIORAL HEALTH CARE			
In-patient Acute Psychiatric Beds	0	0	0
RPTC Beds	0	0	0
In-patient Substance Abuse Beds	0	0	0
LONG-TERM CARE			
Acute Beds	0	0	0
1-bed room/unit	0	0	0
2-bed room/unit	0	0	0
Other (list)	0	0	0
Nursing Beds	0	0	0
1-bed room/unit	0	0	0
2-bed room/unit	0	0	0
Other (list)	0	0	0
DIAGNOSTIC AND DIAGNOSTIC IMAGING SERVICES			
CT Scanner	2	0	2
MRI	1	0	1
PET or PET/CT	0	0	0
Cardiac Catheterization	2	0	2
Emerging Med. Tech. (list)	0	0	0
SURGICAL CARE			
Ambulatory Surgery or Dedicated OP Suites	0	0	0
Suites for IP & OP	11	0	11
Endoscopy Suites	2	0	2
Open-Heart Surgery	1	0	1
Organ Transplantation	0	0	0
Other Services (list) Interventional			

Type of Service	Current Capacity	Added, Expanded, or Replacement Capacity	TOTAL PROPOSED CAPACITY
Neuroradiology Suite	1	0	1
THERAPEUTIC CARE			
Radiation Therapy	0	0	0
Lithotripsy	0	0	0
Renal Dialysis	1	0	1
Other (List)	0	0	0
Total Capacity	**250 licensed beds**	**0**	**250 licensed beds**

B. Provide a detailed narrative description of each service identified in "A" above, including the type of change (addition, expansion, conversion, reduction, replacement, elimination). Include, as appropriate, detailed information relative to the scope and level of service.

This purpose of this project is to modernize our existing Laboratory in order to bring us into compliance with CAP and OSHA minimum requirements. CAP surveys from 2005 and 2007 are attached as is the OSHA citation from 2005, each of which cite the lab for deficiencies in all areas due to the current lab layout failing to provide our medical technologists with adequate space to safely perform their duties. CAP was here again just last week to conduct our 2009 survey and all of these space issues were brought up again. The final report for the 2009 survey has not been received yet but the surveyors spent a great deal of their survey time reviewing our remodel drawings and they were very happy with them.

Table 1
Summary of Related Codes

N/A

C. Provide in the following table information regarding equipment to be purchased.

Equipment to be Purchased			
Equipment Description	**Make**	**Model**	**Cost**
N/A			

D. Provide in the following table information regarding equipment to be replaced or retired.

Equipment to be Replaced or Retired				
Equipment Description	**Make**	**Model**	**Date Placed Into Service**	**Reason for Replacement or Retirement**
N/A				

E. Describe replacement or upgrading of utilities including the electrical, heating, ventilation, and air conditioning systems.

We will be adding HVAC and mechanical support for the new space and upgrading these aspects in the existing space. (See attached drawings for detail.)

F. Describe the structural framing, floor system, and number of floors (including the basement).

All of the Laboratory space is built on grade on the ground floor of the hospital.

G. Total square footage in current facility/project.

5979 total square feet.

H. Total square footage of proposed facility/project.

8597 total square feet.

I. Area per bed, service unit, or surgery suite (if applicable).

N/A.

J. Percentage of total floor area used for direct service (non-bed activity).

100%.

K. Additional volume of service (non-bed activity) expected.

No incremental volume we result from this project.

L. Provide a brief history of expansion and construction for the past five years, including new equipment purchases, additional beds, and new services. Describe how this project fits into the facility's long-range plans, including potential projects planned for development within the next five years.

In March of 2008, Alaska Regional Hospital opened an Interventional Neuroradiology Suite. Along with this, ARH is developing a Neurosciences Institute involving neurosurgery and a stroke initiative. In August of 2007, Alaska Regional Hospital was certified by the Joint Commission as the first Certified Primary Stroke Center in Alaska. Continued development of this neurosciences program will help ensure that Alaskans can receive the highest quality, latest neurosciences care available without having to leave the State.

Projects being planned for development within the next five years include a new and expanded Intensive Care Unit (ICU), a new Emergency Department and a dedicated Heart Center.

Section IV. Narrative Review Questions

A. RELATIONSHIP TO APPLICABLE PLANS AND NATIONAL TRENDS

Indicate how the application relates to any relevant plans, including the applicant's long-range plans, appropriate local, regional, or state government plans, the current *Alaska Certificate of Need Review Standards and Methodologies,* adopted by reference in 7 AAC 07.025, and current planning guidelines of recognized national medical and health care groups. If the proposal is at variance with any of these documents, explain why. (See the department's website for state planning processes and materials and links to federal websites.)

This purpose of this project is to modernize our existing Laboratory in order to bring us into compliance with CAP and OSHA minimum requirements. CAP surveys from 2005 and 2007 are attached as is the OSHA citation from 2005, each of which cite the lab for deficiencies in all areas due to the current lab layout failing to provide our medical technologists with adequate space to safely perform their duties. CAP was here again just last week to conduct our 2009 survey and all of these space issues were brought up again. The final report for the 2009 survey has not been received yet but the surveyors spent a great deal of their survey time reviewing our remodel drawings and they were very happy with them.

B. DEMONSTRATION OF NEED

1. Identify the problems being addressed by the project. For example, identify whether this project is for (a) a new service; (b) an expanded service; or (c) an upgrade of an existing service.

(c) This proposed project is an upgrade of an existing service to meet regulatory requirements. We will add 2618 sf of new space to decompress our existing services. Our existing lab is the original lab built in 1977 when the hospital was first constructed. This is one of the last areas of the hospital to receive an upgrade.

2. Describe whether (and how) this project (a) addresses an unmet community need; (b) satisfies an increasing demand for services; (c) follows a national trend in providing this type of service; or (d) meets a higher quality or efficiency standard.

(d) This project will increase efficiency and safety within the lab by providing the staff with more efficient and ergonomically correct space in which to perform their duties.

3. Describe any internal deficiencies of the facility that will be corrected, and document which of these deficiencies have been noted by regulatory authorities. Note any deficiencies that will not be corrected by this project, what efforts have been taken to correct the deficiencies, and how this project will affect the deficiencies. Attach any pertinent inspection records and other relevant reports as an appendix to the application.

CAP surveys from 2005 and 2007, and OSHA citation from 2005 are attached, each of which cite the lab for deficiencies in all areas due to lack of adequate space to allow our medical technologist space to safely perform their duties. CAP was here again just last week to conduct our 2009 survey and all of these space issues were brought up again. The final report for the 2009 survey has not been received yet but the surveyors spent a great deal of their survey time reviewing our remodel drawings and they were very happy with them. This project will correct all of the deficiencies identified by CAP and OSHA.

4. Identify the target population to be served by this project. The "target population" is the population that is or may reasonably be expected to be served by a specific service at a particular site. Explain whether this is a local program, or a program that serves a population outside of the proposed service area. Use the most recent Alaska Department of Labor and Workforce Development statistics for population data and projections. Explain and document any variances from those projections. The population may be defined in one or more ways:

a. Document the service area by means of a patient origin analysis.

See table below.

b. Justify the customary geographical area served by the facility using trade and travel pattern information. Indicate the number and location of individuals using services who live out of the primary service area.

See table below.

c. Use Alaska Department of Labor and Workforce Development information, including current census data on cities, municipalities, census areas, or census sub-areas, to describe trends, age/sex breakdowns, and other characteristics pertinent to the determination of need.

d. The population to be served can be defined according to the unique needs of patients requiring specialized or tertiary care (e.g. heart, cancer, kidney, alcoholism, etc.) or the needs of under-served groups.

The target population of this project is the same population currently being served, with the primary service area being the greater Anchorage area and the secondary service area being the rest of the state. No volume growth outside our normal year over year trend is anticipated.

5. Describe the projected utilization of the proposed services and the method by which this projection was derived. Do not annualize utilization data. It must include the last complete year of operation (indicate if it is a calendar year or fiscal year) and as many prior years as is feasible to show trends. If graphs are used to depict this information, and they do not include the actual utilization numbers, numerical charts must be included. In providing this information:

a. Include evidence of the number of persons from the target population who are currently using these services and who are expected to continue to use the service, including individuals served out of the service area or out of state;

See table below.

b. Include evidence of the number of persons who will begin to use any new services that are not now available, accessible, or acceptable to the target population.

N/A

c. Provide annual utilization data and demand trends for the five most recent years and monthly utilization data for the most recent incomplete year prior to the application for each existing facility offering a similar service in the service area. Provide projections for utilization for three years (or the appropriate planning horizon set out in the review standards related to this project) after construction, and show methodology used to determine use, including the math.

See table below.

d. If the project is an acquisition of a new piece of major equipment or a new service, provide utilization data for similar services, existing equipment, or older technology. Indicate whether similar existing equipment will continue to be used and the project's effect on utilization of similar services. If this service or equipment was not in place in the service area, compare the expected utilization with other similar communities in Alaska or in other states.

N/A

e. If an increase in utilization is projected, list the factors that will affect the increase. Provide annual utilization projections for three to five years in the future, as applicable, for each specific service in the proposal (in general, equipment projections are for three years, and new beds and facility construction are for five years). Include each of the following data when applicable:

(1) number of admissions/discharges
(2) number of patient days
(3) average length of stay
(4) percent occupancy
(5) average daily census
(6) number of licensed beds

(7) number of beds set up
(8) number of inpatient and outpatient surgeries and surgery minutes
(9) number of existing surgery suites in the service area
(10) number of procedures
(11) number of treatment rooms
(12) number of patients served
(13) number of outpatient visits
(14) number of laboratory tests
(15) number of x-rays
(16) number of ER visits
(17) number of CT, MRI, PET or PET/CT scanners

N/A

f. If any services will be reduced, indicate how the proposed reduction will affect the service area needs and patient access.

N/A

g. Provide any other information that may be pertinent to establishing the need for this project.

CAP and OSHA reports supporting project are in the appendices.

h. Attach letters of support from local and regional agencies, other health care facilities, individuals, governmental bodies, etc.

CAP and OSHA reports supporting project are in the appendices.

PATIENT ORIGIN ANALYSIS

Sum of Total Lab Tests — Primary Service Area

Zip Code	2005	2006	2007	2008	2009 Est.	2010 Est.	2011 Est.	2012 Est.	% of Total
99508	19,481	29,200	26,355	29,285	32,722	35,379	38,035	40,692	12%
99504	17,695	27,191	26,488	27,180	31,577	34,352	37,127	39,902	11%
99501	9,771	15,858	18,846	20,563	25,101	28,637	32,173	35,710	8%
99507	10,829	16,887	16,579	17,864	20,739	22,819	24,898	26,978	7%
99577	8,595	13,176	13,620	14,299	16,812	18,567	20,323	22,078	6%
99502	7,601	10,445	11,624	12,396	14,408	15,964	17,520	19,077	5%
99515	6,634	9,748	10,897	11,168	13,300	14,775	16,250	17,725	5%
99517	6,968	7,786	8,696	8,947	9,811	10,496	11,180	11,865	4%
99503	7,191	8,179	8,408	7,867	8,476	8,701	8,927	9,153	3%
99516	5,812	7,105	7,660	8,211	9,135	9,910	10,685	11,461	3%
99518	3,813	5,474	6,487	5,811	7,148	7,849	8,549	9,250	2%
99567	3,614	5,271	4,777	5,047	5,629	6,009	6,390	6,770	2%
99687	2,903	3,547	3,135	4,003	4,119	4,408	4,697	4,985	2%
99514	1,599	2,005	1,982	2,447	2,639	2,891	3,143	3,395	1%
99611	1,206	1,847	1,814	2,172	2,476	2,763	3,049	3,336	1%
99669	1,324	1,738	2,240	1,516	1,974	2,082	2,190	2,297	1%
99521	1,303	1,445	1,957	1,895	2,222	2,451	2,680	2,908	1%
99511	1,311	1,712	1,852	1,721	1,992	2,129	2,266	2,403	1%
99520	1,245	1,541	1,701	2,024	2,252	2,502	2,751	3,001	1%
99509	1,312	1,488	1,865	1,683	1,960	2,109	2,258	2,407	1%
99615	881	1,189	1,463	2,109	2,400	2,796	3,192	3,587	1%
99524	1,068	1,586	1,796	1,183	1,547	1,603	1,658	1,714	0%
99701	753	1,495	1,999	1,298	1,921	2,135	2,349	2,563	1%
99523	1,051	1,614	1,155	1,318	1,370	1,404	1,438	1,473	1%
99603	1,014	1,086	1,425	1,540	1,746	1,937	2,129	2,321	1%
99510	909	1,457	979	1,375	1,410	1,502	1,594	1,686	1%
PRIMARY TOTAL	127,888	182,076	187,807	196,930	224,881	246,165	267,450	288,735	79%

Secondary Service Area

SECONDARY TOTAL	34,620	45,851	46,224	53,255	59,057	64,685	70,313	75,940	21%

6. Include your calculations of numerical need for each proposed activity for your service area. If the proposed project is expected to have a larger capacity than that projected by (and available from) the department, explain the rationale and provide documentation to support the larger capacity.

N/A

C. AVAILABILITY OF LESS COSTLY OR MORE EFFECTIVE ALTERNATIVES

1. Describe the different alternatives considered in developing this project. Explain why the particular alternative for providing the services proposed by this application was selected. Include as an alternative a discussion of the effect of doing nothing.

There is no option for getting our lab compliant with CAP and OSHA standards other than remodeling our existing space. Doing nothing will result in penalties and eventual closure of the lab by these regulatory agencies.

2. Describe any special needs and circumstances. Special needs may include special training, research, Health Maintenance Organizations (HMOs), managed care, access issues, or other needs.

N/A

D. THE RELATIONSHIP OF THE PROPOSED PROJECT TO EXISTING HEALTH CARE SYSTEM AND TO ANCILLARY OR SUPPORT SERVICES

1. Identify any existing comparable services within the service area and describe any significant differences in population served or service delivery. If there are no existing comparable services in the area, describe the unmet need and how the target population currently accesses the services. Describe significant factors affecting utilization, including cost, accessibility, and acceptability.

Providence Hospital has the only other private hospital laboratory in Anchorage. Their volumes are assumedly greater than those at Alaska Regional Hospital's volume based on the fact that Providence Hospital has approximately three times the inpatient and outpatient volume of ARH. Alaska Native Medical Center and Elmendorf Hospital also have hospital based laboratories.

A hospital cannot rely on a laboratory outside of its own walls since many tests must be run immediately so that lifesaving treatment decisions can be made quickly.

2. Describe the probable effect on other community resources, including any anticipated impact on existing facilities offering the same/similar services or alternatives locally or statewide if applicable. Describe how each proposed new or expanded service will:

- **a. complement existing services**
- **b. provide an alternative or unique service**
- **c. provide a service for a specific target population**
- **d. provide needed competition**

There will be no impact on, or change in other existing community facilities.

3. Identify existing working relationships the applicant has with hospitals, nursing homes, and other resources serving the target population in the service area. Include a discussion of cooperative planning activities, shared services (i.e. agreements assigning services such as emergency or obstetrics), and patient transfer agreements. If other organizations provide ancillary or support services to your facility, describe the relationship. Attach copies of relevant agreements in an appendix in the application. If a service requires support from another agency but does not have an agreement, explain why.

There are certain low volume tests that Providence Laboratory may not perform and that ARH does. Likewise, there are some tests that Providence performs that ARH does not. But primarily, the laboratory at ARH functions in support of the patients that are seeking health care services and treatment at Alaska Regional Hospital. Many doctors' offices also send tests to the ARH laboratory, as do other laboratory services companies such as Quest Diagnostics, LabCorp, etc. ARH also does all the lab work for Mary Conrad Center. These relationships are not contractual but fee for service.

E. FINANCIAL FEASIBILITY

1. Demonstrate how the project will ensure financial feasibility, including long-term viability, and what the financial effect will be on consumers and the state, region, or community served.

Alaska Regional Hospital is in strong financial position and the relatively small scope of this project will not have a material effect on the cost structure of the hospital's operations. Remodeling the lab is a project that has been known to be necessary for many years and funding for it has been accrued.

2. Discuss how the project construction and operation is expected to be financed. Demonstrate access to sufficient financial resources and the financial stability to build and operate this project.

The project will be financed with a cash capital expenditure. Ongoing operations will fall under ARH's long-term operations ability and will not change significantly from current operating costs.

3. Provide a description and estimate of:

a. **The probable impact of the proposal on the annual increase on the overall costs of the health services to the target population to be served;**

   No change.

b. **If applying to build a residential psychiatric treatment centers, nursing homes, or additional nursing home beds the annual increase to Medicaid required to support the new project, and the projected cost of and charges for providing the health care services in the first year of operation (per diem rate, scan, surgery etc);**

Not Applicable.

c. The immediate and long-term financial feasibility of continuing operations of the proposal.

No change.

F. ACCESS TO SERVICE BY THE GENERAL POPULATION AND UNDER-SERVED GROUPS

1. Provide information on service needs and access of under-served groups of people such as low-income persons, racial and ethnic minorities, women, and persons with a disability. Discuss any plans to overcome language and cultural barriers of groups to be served.

Alaska Regional Hospital provides services to all Alaskans. Patients have very little direct interaction with the laboratory as laboratory specimens are usually drawn somewhere in the hospital and sent to the laboratory for testing.

2. Indicate the annual amount of charity care provided in each of the last five years with projections for the next three years. Include columns for revenue deductions, contractual allowances, and charity care.

Year of Disch Date	Number of Cases	Total Charges	Revenue Deductions and Contractual Adjustments	Total Allowed Charges	Charity Care	Sum Of Tot Cash Pymt
2005	507	4,170,384	181,266	3,972,187	3,956,122	16,065
2006	445	3,341,082	46,269	3,292,752	3,290,735	2,017
2007	384	3,753,169	108,209	3,399,850	3,381,578	18,272
2008	390	4,648,624	88,355	4,193,929	4,185,246	8,683
2009	404	4,811,326	91,447	4,340,717	4,331,730	8,987
2010	418	4,979,723	94,648	4,492,642	4,483,340	9,301
2011	432	5,154,013	97,961	4,649,884	4,640,257	9,627

2009 - 2011 numbers are estimated to increase by 3.5% per year.

3. Address the following access issues:

a. transportation and travel time to the facility;

Participates in Anchorage EMS program as well as unique Medivac program in the State.

b. special architectural provisions for the aged and persons with a disability;

All construction and design meets Anchorage Municipal code requirements.

c. hours of operation; and

Services available 24 hours a day, 7 days a week.

d. the institution's policies for nondiscrimination in patient services.

Attached.

Section V. Consideration of Quality, Effectiveness, Efficiency, and Benefits of the Applicant's Services

Please discuss the following in narrative form:

1. ACCREDITATION AND LICENSURE: The current status, source, date, length, etc., of the applicant's license and certification. Include information on Medicaid and Medicare Certification.

ARH is licensed as an acute care hospital with 250 beds by the State of Alaska. It is certified by Medicare and Medicaid. ARH's Medicaid ID numbers are HS20IP and HS20OP and Medicare number is 02-0017. A copy of the license is located in the appendices. ARH is accredited by the Joint Commission on Accreditation of Hospital Organizations (JCAHO). The hospital was surveyed in June of 2007 and is due to be surveyed again in late 2010. A copy of the accreditation is located in the appendices.

2. QUALITY CONTROL: How the applicant plans to ensure high quality service.

Patient Safety, Quality, and Performance Improvement Activities are a number one priority at Alaska Regional Hospital. We are committed to providing services that meet or exceed the needs and expectations of our customers. We define customers as patients, families, physicians, coworkers, volunteers, outside representatives and visitors. We are dedicated to providing goal oriented care which is designed to maintain or improve our patient's health status and/or comfort and prepare them for discharge.

Performance improvement activities are based on numerous indicators including high volume, high risk, problem prone processes, root cause analysis of all sentinel (or potential sentinel) events, medication errors and adverse drug events, use of restraints, hospital acquired infections, pain management, patient and physician complaints, patient, employee and physician satisfaction results and many other indicators that are identified from the data tools and care processes. An ongoing, planned, purposeful, integrated, and coordinated evaluation of patient care is used to monitor, assess, and improve the quality of care provided to patients. This process is largely based on feedback, monitoring and evaluation, education, and communication. Information is obtained from wide and varied resources detailed in our Performance Improvement Plan.

At Alaska Regional Hospital we utilize external benchmarking systems such as the National Quality Healthcare Initiatives as well as internal benchmarking systems which compare our data trends within Alaska Regional Hospital as well as with those of our parent company, Hospital Corporation of America (HCA). Our participation in a large corporation such as HCA allows for access to vast data banks as well as large volumes of best practice/evidence-based practice information.

3. PERSONNEL: Plans for optimum utilization and appropriate ratios of professional, sub-professional and ancillary personnel.

The laboratory technologists and medical technologists in the laboratory of ARH are well trained and the laboratory remodel will not change the staffing patterns or levels in the lab.

4. APPROPRIATE UTILIZATION: Development of programs such as ambulatory care, assisted living, home health services, and preventive health care that will eliminate or reduce inappropriate use of inpatient services.

No change from existing services.

5. NEW TECHNOLOGY AND TREATMENT MODES: Plans to use modern diagnostic and treatment devices to enhance the accuracy and reliability of diagnostic and treatment procedures.

No change from existing services.

6. LABOR SAVING DEVICES AND EFFICIENCY: The employment of labor-saving equipment and programs to provide operating economies.

The architectural planning for the laboratory remodel included much thought about the efficiency and ergonomic safety of the laboratory staff. While there is no new equipment being utilized in the project, the reconfiguration of the current instrumentation will contribute to better staff efficiency.

7. PROGRAM EVALUATION: Future plans for evaluation of the proposed activity to ensure that it fulfills present expectations and benefits.

This remodel will provide adequate space to meet the future demands on our laboratory for many years to come. As our volumes grow, technology in moving forward as well and our next major laboratory change (many years in the future) will be to purchase new instrumentation which will allow several different testing modalities to be run on one instrument. This will allow for a much larger volume of testing to be done in our planned footprint.

8. ORGANIZATIONAL STRUCTURE: Include an organizational chart, descriptions of major position requirements and board representation; show representation from community economic and ethnic groups.

Organization chart is included in the appendices along with our Ethnicity statement as it relates to our Board of Trustees membership structure (Article III section 3.2.1.7 Board of Trustees Bylaws.)

9. STAFF SKILLS: Provide descriptions of major position requirements, appropriate staff-to-patient ratios to maintain quality, and the minimal level of utilization that must be maintained to ensure that staff skills are maintained. Provide a source for the staffing standards.

Various laboratory positions have different educational requirements. Job Descriptions of each are attached. Staffing levels are determined by the department director based on testing volumes.

10. ECONOMIES OF SCALE: The minimum and maximum size of facility or unit required to ensure optimum efficiency. If the planned project is significantly smaller or larger, explain the effect and why the size was chosen.

One planned laboratory is of adequate size to meet our space demands for the foreseeable future. As testing needs continue to grow, technology is moving ahead which will allow us to increase our testing capabilities within this space because we will be doing more tests on fewer instruments. The size chosen was determined by our architectural design team to be the minimum size that would meet the College of American Pathologists' recommendations.

Section VI. Narrative Description of How Project Meets Applicable Review Standards

Describe in this section of the application how the proposed project meets each review standard applicable to all activities, and each specific review standard applicable to the proposed activity. ***Some of this information will duplicate information required elsewhere in the application packet; that duplication is intentional.***

Review Standards

The department will apply the following general review standards, the applicable service-specific review standards set out in this document, the standards set out in AS 18.07.043, and the requirements of 7 AAC 07 in its evaluation of each certificate of need application:

1. **The applicant documents the needs for the project by the population served, or to be served, including, but not limited to, the needs of rural populations in areas having distinct or unique geographic, socioeconomic, cultural, transportation and other barriers to care.**

The laboratory provides an ancillary service that augments most other areas of treatment within the hospital. From surgery to the medical floors, it is imperative to regularly test patients in order to determine the effectiveness of other treatments and therapies being provided. The provision of these services is blind to any particular segment of patients and is available equally to all.

2. **The applicant demonstrates that the project, including the applicant's long-range development plans, augments and integrates with relevant community, regional, state and federal health planning, and incorporates or reflects evidence-based planning and service delivery. A demonstration under this standard should show that the applicant has checked with the department regarding any relevant state plan, with appropriate federal agencies for relevant federal plans, and with communities regarding community or regional plans.**

The project is critical to ARH continuing to provide health care services to the people of Alaska.

3. **The applicant demonstrates evidence of stakeholder participation in planning for the project and in the design and execution of services.**

The Board of Trustees and HCA corporate officers have participated in the planning and development of this project and all are eager supporters of it being done.

4. **The applicant demonstrates that they have assessed alternative methods of providing the proposed services and demonstrates that the proposed services are the most suitable approach.**

We have struggled to maintain our CAP accreditation for many years with our current laboratory structure and have only succeeded in being allowed to continue operations based on this plan to

remodel being under development. The only alternative would be to close the lab and contract with someone else for these services. That would put patient safety at risk and result in poor care loss of life due to the inability to provide quick test results.

5. **The applicant briefly describes the anticipated impact on existing health care systems within the project's service area that serve the target population in the service area, and the anticipated impact on the statewide healthcare system.**

No change from current state.

6. **The applicant demonstrates that the project's location is accessible to patients and clients, their immediate and extended families and community members, and to ancillary services. This includes the relocation of existing services or facilities.**

The laboratory is accessible to all Alaskans.

Section VII. Construction Data

Drawings are in the appendices.

Section VIIIA. Financial Data – Acquisitions

1. Acquisition type: (Please check applicable boxes)

Not Applicable.

☐ Lease ☐ Rent ☐ Donation ☐ Purchase ☐ Stock Transaction

2. Cost data (Omit cents)

a. Total acquisition cost*	$
b. Amount to be financed	$
c. Difference between items (a) and (b) (list available resources to be used, e.g. available cash, investments, grants, etc.)	$
d. Anticipated interest rate ___% , term ___ years.	
e. Total anticipated interest amount	$
f. Total of (a) and (e)	$
g. Estimated annual debt service requirements	$

3. Describe how you expect to finance the project.

Note: Acquisition costs must include (as appropriate):

- Total purchase price of land and improvements (if donated, the fair market value**)
- "Goodwill" or "purchase of business" costs
- The net present value of the lease calculated on the total lease payments over the useful life of the asset as set out in the 2004 version of *Estimated Useful Lives of Depreciable Hospital Assets*, published by the American Hospital Association.
- Consultant or brokers fees paid by person acquiring the facility
- Other pre-development costs to date.

*Site acquisition should be stated as "book" value, i.e. actual purchase price plus costs of development. If desired, the applicant may elect to state the acquisition as "fair market value"** (in which case, give reason and basis).

** A form for use in calculating fair market value is included on page 31 of this packet. Include your calculations as part of this section of your application.

Section VIIIB. Financial Data – Construction Only

1. Construction Method (Please check)

a. **X** Conventional bid ☐ Contract management ☐ Design and build

b. ☐ Phased ☐ Single project ☐ Fast Track

2. Construction Cost (New Activity)	(Omit cents)	
a. Site acquisition (Section VIIIA.2.f)	$	
b. Estimated general construction**	$	3,872,020
c. Fixed equipment, not included in a**	$	0
d. Total construction costs (sum of items a, b, and c)**	$	3,872,020
e. Major movable equipment**	$	
f. Other cost:**		
(1) Administration expense	$	
(2) Site survey, soils investigation, and materials testing	$	
(3) Architects and engineering fees	$	417,414
(4) Other consultation fees (preparation of application included)	$	
(5) Legal fees	$	
(6) Land development and landscaping	$	
(7) Building permits and utility assessments (including water, sewer, electrical, phones, etc.)	$	21,411
(8) Additional inspection fees (clerk of the works)	$	
(9) Insurance (required during construction period)	$	
g. Total project cost (sum of items d, e, f)	$	4,310,845
h. Amount to be financed	$	0
i. Difference between 2.g and 2.h (list, as Schedule 1, available resources to be used, e.g., available cash, investments, grants funds, community contributions, etc.)	$	4,310,845
j. Anticipated long-term interest rate _____%		
k. Anticipated interim (construction) interest rate _____%		
l. Anticipated long-term interest amount	$	0
m. Anticipated interim interest amount	$	0
n. Total items g, l, and m	$	0
o. Estimated annual debt service requirement	$	0
p. Construction cost per sq. ft.	$	450
q. Construction cost per bed	$	N/A
r. Project cost per sq. ft.	$	501
s. Project cost per bed (if applicable)	$	N/A

*Site acquisition should be stated as "book" value, i.e., actual purchase price (or estimate of value if donated) plus costs of development. If desired, the applicant may elect to state as "fair market value" (in which case, so indicate). A form for use in calculating fair market value is included on page 31 of this packet. Include your calculations as part of this section of your application.

** Items must be certified estimates from an architect or other professional. Major medical equipment may be documented by bid quotes from suppliers.

Section IX. Financial Data – All Proposed Activities

Provide an accompanying narrative explanation for each of the schedules below if there are any significant trends or significant changes in any item or group of items from year to year.

Note: Indicate whether you are using a calendar year or other fiscal year period.

A. Attach Schedule I - Facility Income Statement

1. For the most recent five prior full fiscal or calendar years
2. Projections during construction or implementation period (if applicable)
3. Projection for three years following completion of construction, or implementation of the proposed activity. Projections for 2009 – 2013 are based on 3.5% growth in revenue and expenses.

B. Attach Schedule II - Facility Balance Sheet

1. For the most recent five prior fiscal or calendar years.
2. Current fiscal or calendar year to date

C. Attach Schedule III - Average Patient Cost Per Day (Per Diem Rate if applicable) and Revenue Amounts

N/A - No change in services

Provide revenue and expense data FOR EACH SERVICE THAT IS IDENTIFIED AS CHANGING.

D. Attach Schedule IV – Operating Budget

Current and projected line item capital and operating budgets for the proposed activity. Describe what alternative plans have been made if deficits occur.

E. Attach Schedule V – A. Debt Service Summary, and B. New Project Debt Service Summary

N/A – No debt associated with project.

F. Attach Schedule VI - Reimbursement Sources

Showing reimbursement sources for the facility for the previous five full years and projected for three years after implementation.

Five year projections based on volume grow estimated at 1.5% and Revenue and Expense growth of 3.5%.

G. Attach Schedule VII – Depreciation Schedule

N/A – No new equipment associated with project.

Schedule I. Facility Income Statement					
Gross Patient Revenue:	**FY 2004**	**FY 2005**	**FY 2006**	**FY2007**	**FY 2008**
Inpatient Routine	38,576,605	42,772,211	48,273,627	55,545,920	66,020,937
Inpatient Ancillary	151,850,152	164,578,692	179,376,645	199,214,801	259,095,095
Outpatient	106,631,725	123,774,489	127,686,851	135,115,672	164,658,900
Long-Term Care	-	-	-	-	-
Swing Beds	-	-	-	-	-
Other	-	-	-	-	-
Total Patient Revenue	297,058,482	331,125,392	355,337,123	389,876,393	489,774,932
Less Deductions					
Charity Care	4,541,585	4,822,613	2,938,989	4,061,705	5,441,510
Contractual Allowances	162,317,521	186,686,889	209,457,079	225,558,477	291,928,627
Bad Debts	13,417,469	13,054,303	10,883,107	13,182,316	21,168,943
Total Deductions	180,276,575	204,563,805	223,279,175	242,802,497	318,539,080
Net Operating Revenues	116,781,907	126,561,587	132,057,948	147,073,896	171,235,852
All Other Revenues	3,612,472	3,540,614	4,651,414	3,756,423	3,882,518
EXPENSES:					
Salaries	37,008,454	40,705,164	41,915,275	45,199,463	51,879,816
Benefits	8,159,992	9,582,465	10,483,934	10,027,619	11,332,556
Supplies	24,093,329	25,026,339	25,364,345	28,575,328	35,908,350
Utilities	1,373,232	1,424,218	1,549,922	1,773,590	1,968,620
Property Tax	1,259,862	1,148,748	1,379,772	1,202,588	1,568,475
Rent	2,241,093	2,371,509	1,524,585	1,047,199	983,904
Lease (combined with "Rent")					
Other Expenses	29,857,631	33,441,054	32,508,941	33,766,802	37,294,184
Depreciation	12,267,343	12,093,356	11,061,583	9,854,491	9,302,046
Interest	(572,350)	(1,261,997)	(2,247,266)	(2,712,431)	(4,629,622)
Total Expenses	115,688,585	124,530,856	123,541,091	128,734,648	145,608,328
Excess (Shortage) of Revenue	4,705,795	5,571,345	13,168,271	22,095,671	29,510,042
Other Expenditures	-	-	-	-	-

Schedule I. Facility Income Statement – Second 5 year pro-forma					
Gross Patient Revenue:	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**
Inpatient Routine	68,331,669	70,723,278	73,198,593	75,760,543	78,412,162
Inpatient Ancillary	268,163,424	277,549,144	287,263,364	297,317,581	307,723,697
Outpatient	170,421,961	176,386,730	182,560,266	188,949,875	195,563,120
Long-Term Care	-	-	-	-	-
Swing Beds	-	-	-	-	-
Other	-	-	-	-	-
Total Patient Revenue	506,917,055	524,659,151	543,022,222	562,028,000	581,698,980
Less Deductions	-	-	-	-	-
Charity Care	5,631,963	5,829,082	6,033,099	6,244,258	6,462,807
Contractual Allowances	302,146,128	312,721,243	323,666,486	334,994,814	346,719,632
Bad Debts	21,909,856	22,676,701	23,470,386	24,291,849	25,142,064
Total Deductions	329,687,948	341,227,026	353,169,972	365,530,921	378,324,503
Net Operating Revenues	177,229,107	183,432,126	189,852,250	196,497,079	203,374,477
All Other Revenues	4,018,406	4,159,050	4,304,617	4,455,279	4,611,213
EXPENSES:	-	-	-	-	-
Salaries	53,695,610	55,574,956	57,520,079	59,533,282	61,616,947
Benefits	11,729,195	12,139,717	12,564,607	13,004,368	13,459,521
Supplies	37,165,142	38,465,922	39,812,229	41,205,657	42,647,855
Utilities	2,037,522	2,108,835	2,182,645	2,259,037	2,338,103
Property Tax	1,623,371	1,680,189	1,738,996	1,799,861	1,862,856
Rent	1,018,340	1,053,982	1,090,872	1,129,052	1,168,569
Lease (combined with "Rent")	-	-	-	-	-
Other Expenses	38,599,480	39,950,462	41,348,728	42,795,934	44,293,791
Depreciation	9,627,618	9,964,585	10,313,345	10,674,312	11,047,913
Interest	(4,791,659)	(4,959,367)	(5,132,945)	(5,312,598)	(5,498,539)
Total Expenses	150,704,619	155,979,281	161,438,556	167,088,905	172,937,017
Excess (Shortage) of Revenue	30,542,894	31,611,895	32,718,311	33,863,452	35,048,673
Other Expenditures	-	-	-	-	-

Schedule II. Facility Balance Sheet					
CURRENT ASSETS	**FY 2004**	**FY 2005**	**FY 2006**	**FY2007**	**FY 2008**
Cash & Cash Equivalent	573,068	-446,646	921,977	466,486	433,234
Net Patient Accounts Receivable	22,958,213	24,491,404	28,540,602	31,741,499	32,256,324
Other Accounts Receivable	343,648	406,563	-656,590	-204,908	-264,475
Inventories	4,475,966	5,588,699	6,992,030	6,879,595	7,634,470
Prepaid Expense	-16,653	4,505	193,292	257,892	365,439
Other	1,102,899	1,106,229	257,808	734,316	1,219,993
Total Current Assets	29,437,142	31,150,754	36,249,118	39,874,880	41,644,984
Property and Equipment					
Land & Improvements	4,212,049	4,212,049	4,212,049	4,212,049	4,212,049
Building/Fixed Equipment	127,209,498	129,669,075	155,927,478	157,385,385	158,989,448
Major Moveable Equipment	84,625,725	85,913,329	63,507,531	68,768,932	76,321,605
Accumulated Depreciation	-129,746,592	-141,770,964	-143,552,534	-152,846,065	-161,493,241
Net Property & Equipment	86,300,680	78,023,489	80,094,523	77,520,301	78,029,860
Other Assets	221,149	221,149	221,149	221,149	221,149
TOTAL ASSETS	86,521,829	78,244,638	80,315,672	77,741,450	78,251,009
LIABILITIES/FUND BALANCE					
Current Liabilities					
Accounts Payable	5,856,764	5,632,757	6,257,168	5,278,558	7,470,379
Accrued Expenses	879,986	952,902	981,023	1,075,986	842,651
Accrued Compensation	3,341,468	2,220,662	4,087,969	4,454,197	5,551,375
Other Accruals	351,015	887,079	0	0	0
Total Current Liabilities	10,429,233	9,693,401	11,326,160	10,808,741	13,864,406
Long Term Liabilities					
Long Term Debt	-15,347,717	-24,244,170	-29,842,253	-45,289,359	-67,362,903
Other	62,298	-34,559	101,437	88,457	111,775
Total Long Term Liabilities	-15,285,420	-24,278,730	-29,740,815	-45,200,901	-67,251,128
Fund Balance	120,815,158	123,980,722	134,979,446	152,008,490	173,282,716
Total Liabilities & Fund Balance	115,958,971	109,395,392	116,564,791	117,616,330	119,895,993

N/A – Service Not Changing

Schedule III. Average Patient Cost Per Day (Per Diem Rate if applicable) and Revenue Amounts					
Provide Last Five Years Actual and Projections For Three Years Beyond Project Completion					
	FY	FY	FY	FY	FY
Revenues	N/A				
Expenses					
Patient Days					
Revenue Per Patient Day					
Operating & Capital Budget Summary:					
Gross Revenues					
Deductions from Revenue					
Net Revenue					
Direct Expense					
Indirect Expense					
Net Income Projected					
Rate Computation					
Annual Medicaid Rate					
Base Year Cost					
Less Ancillary					
Plus Admin. Overhead					
Cost Basis for Rate					
Base Year Patient Days					
Cost per Patient Day					

Years 1 and 2 are equivalent to State of Alaska swing-bed rate.
Facility Medicaid Rate is figured from Year 3 onward.

Schedule IV. Operating Budget					
Provide Last Five Years Actual and Projections For Three Years Beyond Project Completion					
Description:	FY	FY	FY	FY	FY
Number of Beds	N/A				
Days in a year	365	365	365	365	365
Available bed days					
Resident bed days					
Percent growth					
Occupancy					
Average length of stay					
Patient Bed Days					
Number of Residents					
Daily Room and Board Rate*					
Nursing Revenue					
Nursing Services					
Payer Mix:					
Medicaid					
Medicare					
Other					
Ancillary Revenue					
Total Revenue					
Rate Computation					
Annual Medicaid Rate					
Base Year Cost					
Less Ancillary					
Plus Admin. Overhead					
Cost Basis for Rate					
Base Year Patient Days					
Cost per Patient Day					

Years 1 and 2 are equivalent to State of Alaska swing-bed rate.
Facility Medicaid Rate is figured from Year 3 onward.

Schedule V-A. Debt Service Summary					
Provide Current Debt Data and Projections For the Next Three Years					
Existing Debt:	FY	FY	FY	FY	FY
(Identify)	N/A				
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
(Identify)					
Principal					
Interest					
Total Existing Debt					
Principal					
Interest					
Estimated Debt – New Project					
Principal					
Interest					

Schedule V-B. New Project Debt Service Summary					
Attach a debt service cash flow schedule over the life of the debt for the new project. Break out principal, interest, and other.					
Year	Item	Principal	Interest	Other	Total

Schedule VI. Reimbursement Sources

Show reimbursement sources for the previous five years and projections for three years after the new project opens.

Fiscal Year = 2004				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	10,513	30,778,435.70	19,507,222.70	11,271,213.00
Medicare	10,379	81,128,378.02	58,912,916.02	22,215,462.00
Private Insurance	37,506	127,392,710.76	57,480,689.76	69,912,021.00
Self Pay	5,635	11,805,378.80	10,622,822.80	1,182,556.00
Charity	728	5,212,739.25	5,052,181.25	160,558.00
Other	5,115	33,236,386.38	20,135,702.38	13,100,684.00
TOTALS	**69,876**	**289,554,028.91**	**171,711,534.91**	**117,842,494.00**

Fiscal Year = 2005				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	10,465	38,583,097.39	25,615,918.39	12,967,179.00
Medicare	11,587	95,799,088.22	70,192,672.22	25,606,416.00
Private Insurance	37,916	134,792,970.31	62,199,884.31	72,593,086.00
Self Pay	6,585	16,444,311.93	14,699,741.93	1,744,570.00
Charity	507	4,170,383.85	4,154,313.85	16,070.00
Other	5,264	37,495,092.18	22,305,247.18	15,189,845.00
TOTALS	**72,324**	**327,284,943.88**	**199,167,777.88**	**128,117,166.00**

Fiscal Year = 2006				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	9,226	42,554,482.24	29,580,454.24	12,974,028.00
Medicare	11,459	105,670,541.21	79,017,614.21	26,652,927.00
Private Insurance	37,279	138,756,918.97	67,089,153.97	71,667,765.00
Self Pay	6,332	17,181,603.16	15,693,524.16	1,488,079.00
Charity	444	3,357,481.47	3,355,464.47	2,017.00
Other	5,360	38,283,164.37	24,126,270.37	14,156,894.00
TOTALS	**70,100**	**345,804,191.42**	**218,862,481.42**	**126,941,710.00**

Fiscal Year = 2007				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	8,796	39,928,036.46	27,639,464.04	12,288,572.43
Medicare	11,002	125,013,239.69	95,335,853.31	29,677,386.38
Private Insurance	37,022	157,198,158.88	74,995,074.36	82,203,084.52
Self Pay	7,247	19,539,478.41	18,072,152.34	1,467,326.07
Charity	381	3,753,252.19	3,734,980.19	18,272.00
Other	5,135	42,028,111.36	27,350,401.36	14,677,710.00
TOTALS	**69,583**	**387,460,276.99**	**247,127,925.59**	**140,332,351.40**

Fiscal Year = 2008				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	8,873	47,979,811.34	32,902,210.81	15,077,600.53
Medicare	11,106	141,028,116.66	109,698,989.22	31,329,127.44
Private Insurance	37,394	205,411,271.37	95,032,759.74	110,378,511.63
Self Pay	7,983	27,880,999.93	25,902,228.71	1,978,771.22
Charity	386	4,667,120.82	4,659,810.82	7,310.00
Other	5,160	49,007,169.50	32,381,570.49	16,625,599.01
TOTALS	**70,902**	**475,974,489.62**	**300,577,569.79**	**175,396,919.83**

Fiscal Year = 2009				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	9,006	49,659,105	34,053,788	15,605,317
Medicare	11,273	145,964,101	113,538,454	32,425,647
Private Insurance	37,955	212,600,666	98,358,906	114,241,760
Self Pay	8,103	28,856,835	26,808,807	2,048,028
Charity	392	4,830,470	4,822,904	7,566
Other	5,237	50,722,420	33,514,925	17,207,495
TOTALS	**71,966**	**492,633,596.76**	**311,097,784.73**	**181,535,812.02**

Fiscal Year = 2010				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	9,141	51,397,173	35,245,671	16,151,503
Medicare	11,442	151,072,844	117,512,300	33,560,545
Private Insurance	38,524	220,041,689	101,801,468	118,240,221
Self Pay	8,224	29,866,824	27,747,115	2,119,709
Charity	398	4,999,537	4,991,706	7,831
Other	5,316	52,497,705	34,687,948	17,809,757
TOTALS	**73,045**	**509,875,772.64**	**321,986,207.20**	**187,889,565.45**

Fiscal Year = 2011				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	9,278	53,196,074	36,479,269	16,716,805
Medicare	11,613	156,360,394	121,625,230	34,735,164
Private Insurance	39,102	227,743,148	105,364,519	122,378,629
Self Pay	8,348	30,912,163	28,718,264	2,193,899
Charity	404	5,174,520	5,166,416	8,105
Other	5,396	54,335,125	35,902,026	18,433,099
TOTALS	**74,141**	**527,721,424.69**	**333,255,724.45**	**194,465,700.24**

Fiscal Year = 2012				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	9,417	55,057,937	37,756,044	17,301,893
Medicare	11,788	161,833,008	125,882,113	35,950,894
Private Insurance	39,689	235,714,158	109,052,278	126,661,881
Self Pay	8,473	31,994,089	29,723,403	2,270,685
Charity	410	5,355,628	5,347,240	8,388
Other	5,477	56,236,854	37,158,597	19,078,257
TOTALS	**75,253**	**546,191,674.55**	**344,919,674.81**	**201,271,999.74**

Fiscal Year = 2013				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	9,559	56,984,965	39,077,505	17,907,460
Medicare	11,964	167,497,163	130,287,987	37,209,176
Private Insurance	40,284	243,964,154	112,869,107	131,095,047
Self Pay	8,600	33,113,882	30,763,722	2,350,159
Charity	416	5,543,075	5,534,393	8,682
Other	5,559	58,205,144	38,459,148	19,745,996
TOTALS	**76,382**	**565,308,383.16**	**356,991,863.42**	**208,316,519.74**

Fiscal Year = 2014				
FC Code & Description	Number of Patients	Gross Charges	- Deductions	= Net Revenue
Medicaid	9,702	58,979,439	40,445,218	18,534,221
Medicare	12,144	173,359,564	134,848,067	38,511,497
Private Insurance	40,888	252,502,899	116,819,526	135,683,373
Self Pay	8,729	34,272,868	31,840,453	2,432,415
Charity	422	5,737,083	5,728,097	8,986
Other	5,642	60,242,324	39,805,218	20,437,106
TOTALS	**77,527**	**585,094,176.57**	**369,486,578.64**	**215,607,597.93**

Schedule VII. Depreciation Schedule

Use the straight-line method.
Provide a separate schedule for any pieces of major moveable equipment.

Equipment Description	Cost	AHA Life	Depreciation Per Year

FAIR MARKET VALUE – HOW TO CALCULATE

Fair market value is the price that the property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, and both having reasonable knowledge of the relevant facts.

To determine the fair market value of equipment, using the formula below, first determine the number of years of estimated useful life of the equipment, as described in the AHA publication *Estimated Useful Lives of Depreciable Hospital Assets* to achieve an annual depreciation amount. Include your calculations as part of this section of your application.

Determining Fair Market Value of Equipment		
1	Purchase price of equipment (round to nearest dollar)	$
2	AHA estimated useful life of equipment (in years)	
3	Annual Depreciation Expense (ADE) [Divide #1 by #2]	$
4	Multiply ADE by age of equipment (new = 0)	$
5	Fair Market Value (Subtract #4 from #1)	$

The fair market value of land or buildings is the value contained in a current appraisal of the land or building from a licensed real estate appraiser who has no financial or other interest in the transaction. Attach the appraisal as an appendix to the application.

APPLICATION FEE – DETERMINATION AND CERTIFICATION OF AMOUNT

How to Determine the Amount of the Application Fee Required Under 7 AAC 07.079

(1) For a project that does not include a lease of a facility or equipment, the value of the project is:

~~a.~~A. the amount listed on page 20 of this packet under Section VIIIA, Financial Data – Acquisitions, subsection (2), item "a" (total acquisition cost of land and buildings): $ 0

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plus

B. the amount listed on page 21 of this packet under Section VIIIB, Financial Data – Construction Only, item "g" (total project cost, which is the sum of items d, e, and f): $ 4,310,845

Estimated Value of the Activity for (1) (sum of A & B above) $ 4,310,845

(2) For a project that has a component that is leased, the fair market value of the leased equipment, facility, or land must be considered in addition to the acquisition cost. See the form on page 31 of this packet for how to determine fair market value.

Estimated Fair Market Value for (2): $ _____

Estimated Value for (1) from above: $ _____

Total Estimated Value of the Activity (sum of (1) and (2): $ _____

Amount of Application Fee submitted with this application (see 7 AAC 07.079 to calculate amount due): $ 4,310,85

Certification of Individual Determining Application Fee

I certify that, to the best of my knowledge, as of this date, the estimated value and fee for this certificate of need activity are accurate.

Date:
Facility Name and Address:
Name and Title of Person Determining Application Fee:

_____
Signature of Certifying Officer of the Organization

SCHEDULE 1

The project will be financed through available cash capital expenditure.

REQUEST FOR MODIFICATION OF A CERTIFICATE OF NEED

Name of Facility

Mailing Address

Street Address

Project Authorized in Certificate of Need dated:

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

Title:

Date:

Signature:

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

PERIODIC PROGRESS REPORT

Name and Address of Applicant or Certificate Holder:

Project Description:

Date Certificate of Need Issued:

Approved Cost:

All persons who have requested an exemption or have been issued a certificate of need are required to submit periodic reports until the project has been completed or terminated, as required under 7 AAC 07.105. Submittal dates are on or before January 1 and July 1 each year.

Please respond to the following questions. If the question is not applicable, please state why.

1. Is the project fully obligated? (An obligation is defined as an enforceable contract for acquisition, construction, or lease of a capital asset; or, in the case of donated property, the date on which the gift is completed in accordance with applicable state law.) If not, explain. If yes, indicate the nature and date of all obligations incurred to date. If the project is not fully obligated, indicate the cost and the date those obligations will be incurred.

2. What are all expenditures by category (e.g., land fees, construction, etc.) made to date on the project? Attach an expense sheet that compares the proposed costs to the expenses for the reporting period, as well as all expenses since the certificate of need was issued.

3. What is the anticipated completion date (operational date)? How does this differ from the project schedule submitted in the certificate of need application? Please explain any significant differences in the schedules. How will future milestones in the schedule be affected?

4. In the case of construction projects, has the construction started and what has been completed to date (e.g., footings, foundations, etc.)? What percentage of total construction is complete?

5. Are construction/project activities progressing in conformance with the scope of the project approved by the Commissioner? Explain any variations (e.g., in size or type of construction).

6. Is the projected final project cost currently within the limits approved by the Commissioner? If the project is complete, please submit a final capital budget. Include a documentation of

expenses that has been certified by a general contractor, equipment supplier, and/or other authorized representative who can objectively confirm the expenses.

7. Are there any changes in the services or programs from those that were originally proposed and approved? If so, please indicate those changes.

I hereby certify that the statements made in this report are correct to the best of my knowledge and belief.

Signature of Certifying Officer:

Title:

Telephone:

Date:

Send to:
Certificate of Need Program
Health Planning and Systems Development Unit
Office of the Commissioner
Department of Health and Social Services
P.O. Box 110601
Juneau, Alaska. 99811-0601