



THE STATE
of **ALASKA**
GOVERNOR SEAN PARNELL

**Department of
Health and Social Services**

Division of Health Care Services
Certificate of Need Program

350 Main Street, Room 510
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March 28, 2013

VIA ELECTRONIC MAIL and USPS

Matt A. Heilala, DPM
Alaska Foot and Ankle Specialists
950 E. Bogard, Suite 238
Wasilla, Alaska 99654

Dear Dr. Heilala,

The Certificate of Need (CON) program is in its concurrent review of your CON application, as outlined in 7 AAC 07.060, for construction of an ambulatory surgical facility in the Matanuska-Susitna Borough area of Alaska.

Based on the information presented in your letter of intent, your CON application, and the additional information you presented to the Department in a letter dated 3/14/2013, I am requesting clarification on some of the items mentioned in your documents:

1. What is the square footage of the proposed Mat-Su Valley Surgery Center?
2. In your letter dated 3/14/2013 you list two sets of figures:
 - a. Landlord capital costs: \$2,839,364
 - b. Tenant capital costs: \$2,871,104

Please explain the scope of these categories of costs and identify the costs that are included in each total.

3. On page 47 of your CON application you list, in your Debt Service Summary, LHI/Equip and LHI in the summary. What does LHI stand for?
4. Is Mat-Su Valley Surgery Center a renter of the building?
5. On page 42 of your CON application you list Rent Expenses as \$263,275 for FY1 and FY2 and \$271,173 in FY3-FY5. Is that rental cost for the space used by Mat-Su Valley Surgery Center?
6. On page 42 of your CON application you list depreciation expenses of \$637,084 each year. This is the amount listed as Principal on page 46 of your application for each year. This amount does not match that of equipment depreciation listed on page 49 of the CON application. What is being depreciated to total \$637,084 each operating year?

As outlined in AS 18.07.045, a review by the Department must be presented to the Commissioner with recommendations no later than May 20, 2013 which may prove difficult without clarification of the items listed in this letter.

I thank you in advance for your attention to this matter

Sincerely,

A handwritten signature in blue ink, appearing to read 'Karen Lawfer', with a long horizontal flourish extending to the right.

Karen Lawfer
CON Coordinator

CC: Lori Aoyama, Health Facilities Planning & Development via electronic mail