



THE STATE  
of ALASKA  
GOVERNOR BILL WALKER

Department of  
Health and Social Services

Certificate of Need Program  
3601 C Street, Suite 978  
Anchorage, Alaska 99503  
Main: 907.754.3428  
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September 28, 2017

Mr. William W. Horton  
Jones Walker LLP  
One Federal Place  
1819 5<sup>th</sup> Avenue North, Suite 1100  
Birmingham, Alabama 35203-2122

RE: Surgery Center of Wasilla, LLC Request for Determination – Additional Operating Room

Dear Mr. Horton,

In January of 2016 the Department of Health and Social Services (Department) issued a determination that the Surgery Center of Wasilla (SCOW) did not require a Certificate of Need (CON) to relocate its facility from one location in Wasilla, to its current location on East Meridian Loop in Wasilla. The relocation did not require a CON, per AS 18.07.031 (c).

On September 8, 2017 the Department received a letter from the SCOW requesting a formal determination as to whether a CON is necessary for their plan to convert a storage room to an additional operating room. The SCOW is currently an ambulatory surgery center with one operating room, located at 3190 East Meridian Loop, Suite 111, Wasilla, Alaska. The SCOW estimates the cost to convert the space to be approximately \$182,317.95. The category of service remains the same, general surgery services.

It is the Department's understanding that the SCOW has been operational at its new, relocated space in Wasilla since March 2017. You propose that new construction connected with the conversion of the storage space to an operating room will not commence until October 2017. In your letter you state that you believe a CON is not necessary for the additional operating room because the cost of the conversion falls below the CON monetary threshold of \$1.5 million. You also state the proposed project does not require a CON as it does not constitute a divided or phased activity which would be considered a single activity for the purposes of AS 18.07.

Per 7 AAC 07.025(d), there are certain circumstances in which a second project is considered a phase of the first project, and the costs associated with both phases must be considered as a whole for purposes of a threshold determination. Once there are at least 120 days between the commencement of one activity and the next, the Department must determine whether multiple components of an activity were financed and acquired together, or if one component of the activity is dependent upon completion of another component of the activity and neither component, if completed alone, would meet the objectives of the certificate of need applications.

An excess of 120 days has passed between the relocation of the SCOW to its present location and the SCOW's plan to convert space currently being used for storage space to add an additional operating room. The SCOW stated in its request for determination that the remaining two definitions of a phased activity were not met, however the Department requires additional information before it makes its determination. Please submit certified cost estimates for the original construction of the facility in its current location. Please provide an incremental breakdown of these costs related to the original construction of the space that you propose to convert to the additional operating room, including but not limited to, any plumbing, electrical, and HVAC work. Finally, the SCOW stated in its request for determination that the proposed addition of a new operating room "was not financed together with either the initial development and construction of the Center or its relocation, and it was not constructed or acquired together with such projects." Please provide the Department with the documentation that the SCOW relies upon for this statement.

Please submit this information within thirty days of receipt of this letter. If you have any questions, please do not hesitate to contact me.

Regards,

A handwritten signature in black ink, appearing to read "Alex Hicks", written over a horizontal line.

Alexandria Hicks, Coordinator  
Certificate of Need Program