



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of
Health and Social Services

CERTIFICATE OF NEED PROGRAM

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Anchorage, Alaska 99503
Main: 907.334.2464
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January 5, 2016

Dr. William Clark
Alaska Medical Center, LLC
188 W. Northern Lights Boulevard, Suite 101
Anchorage, Alaska 99503

RE: Request for Determination dated October 23, 2015

Dear Dr. Clark:

The Certificate of Need (CON) program received your letter dated October 23, 2015. In that letter, you requested a determination as to whether a CON is required for your proposed project in Anchorage, Alaska. More specifically, Alaska Medical Center, LLC (AMC) seeks to open a multi-specialty ambulatory surgery center in space currently occupied by Alaska Urological Institute, P.C. (AUI). The space is located at 188 W. Northern Lights Boulevard in Anchorage, Alaska.

On November 13, 2015, the CON program informed AMC by letter that its request for determination was substantively incomplete. On December 14, 2015, AMC responded by letter with missing information. Based on the initial request letter from October 13 and the follow up letter from December 14, AMC's request for determination appears to be complete. However, the CON program has questions concerning the proposal and its costs.

Accordingly, in order to make a final determination, the CON program requires answers to the following questions:

1. AMC states "The total space rental cost is estimated to be \$403,577.76 determined as follows: square footage under lease (8,161) multiplied by estimated usage (.65) multiplied by the current rate per square foot (\$3.17) multiplied by twenty four (24) months . . ." How did AMC conclude that its usage will be 65% (i.e. its space constitutes approximately 65% of the total square footage, or AMC will use the total space approximately 65% of the time in a given week)?
2. What entity will be using the other 35% of space, or what entity will be using the same space the other 35% of time? Please explain in detail whether AMC will mix functions, operations, or overlap with the other entity in any way.

Alaska Medical Center

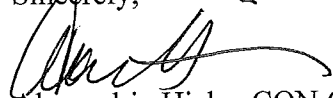
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3. For tenant improvement costs and equipment costs, AMC clarified that the amortization periods were derived from weighted averages of the "tax life" of the various tenant improvements and the "useful life" of medical equipment for tax purposes. Can you explain why AMC used a rate of 5.5% for the amortizations?

Please provide the requested information within 30 days from the date of this letter.

Sincerely,

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

Alexandria Hicks, CON Coordinator