

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF HEALTH CARE SERVICES
HEALTH PLANNING AND SYSTEMS DEVELOPMENT

SEAN PARNELL, GOVERNOR

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January 10, 2011

VIA EMAIL AND U.S. MAIL

Noel D. Selle-Rea, Chief Executive Officer
Wrangell Medical Center
P.O. Box 1081,
Wrangell, AK 99929

Dear Mr. Selle-Rea:

I am in receipt of your letter of January 3, 2011 which is a response to the Department's request dated November 29, 2010 for additional information regarding your request dated November 15, 2010 for modification of the Certificate of Need (CON) for a replacement hospital in Wrangell dated.

I have reviewed the information you included in the above referenced letter, and pursuant to 7 AAC 07.095, I have determined that the project warrants a full review, including the submission of a new Certificate of Need application. This decision is based on information presented in your January 3, 2011 letter and attachments, which were not submitted with, nor consistent with, your original CON application or the subsequent mediated agreement between Wrangell Medical Center (WMC) and the State of Alaska. These items included, but are not limited to:

1. projected utilization of various departments and/or services;
2. the addition of activities not originally presented in the CON application; and
3. the floor plan and number of patient beds presented in the original CON application and that described in your letter of 1/3/11.

Alaska regulation, 7 AAC 07.095 governs the modification of a certificate of need. Based upon my reading of that regulation, a full review is required because the changes you have proposed are not minimal as they relate to your original approved CON or the mediated agreement entered into between the state and your facility in August 2010. Examples of these inconsistencies, include, but are not limited to, the following:

Attachment 2

- "Line 29 – Physical Therapy – 664 additional sq ft – Over the last year, PT utilization at WMC increased over 450%".

In the CON application WMC projected a 2% increase in PT services through 2017 with minor increases in Long Term Care as well as Inpatient and Outpatient visits. This dramatic increase was not mentioned

during the mediation session held over June and July 2010 when utilization of the WMC was discussed.

- “Line 44 – Long Term Care – increase of 6607 sq ft - The LTC design and square footage by the first architect was for only 14 beds with 250 sq ft per room.”
In the CON application WMC presented a floor plan showing 19 LTC rooms with one room designed larger for 2 beds for a total of 20 LTC beds.
- “Line 72 – Surgery Suite – increase of 1381 sq ft - Surgery space was increased in the new plan so that the surgery suite would be large enough to meet future needs.”
In the CON application WMC projects a 2% increase to 2017 but is requesting to more than double the size of the surgery suite from the CON application.
- “Line 91 – PACU/Ambulatory Care – 881 sq ft, - Nearly the entire increase (790 Sq ft) can be accounted for by increases to recovery/patient holding/isolation; and circulation (hallways). The recovery/patient holding/isolation areas was increased to add a second room in case two patients are served.”
This service/area was not addressed in the CON application.
- “Line 127 – Emergency Dept – increased by 552 sq ft – The ER increases are needed for additional waiting space that accommodates a wheelchair alcove, an ambulance alcove, a second trauma bay, an isolation vestibule, and second patient accessible toilet.”
WMC projected a 2% increase. WMC requested in the CON application, and the Department agreed that a 2 suite ER as well as 1 trauma bay would meet the needs of WMC even though it was more space than allocated in the CON established methodology of 1 ER room per 1,500 visits per year. A second trauma bay is not addressed in the CON application.
- “Line 182 – Cardiopulmonary – additional 186 sq ft - A room is needed for EKG/PFT tests.”
This service or space was not addressed in the CON application.
- “Line 302 – SEARHC Space – addition of 375 sq ft”.
This was not addressed in the CON application.

In addition to the above inconsistencies, WMC and its representatives have stated on a number of occasions (presentation by AHFD to City and Borough Assembly 9/23/10, meeting with Department staff on 11/4/10 and in the request for modification of 11/15/10) that the floor plan submitted in the CON application was not correct. Further, the firm (AHFD) which provided a certified cost estimate of the construction did not review the plans pertaining to the CON

application in order to give a cost estimate (as stated in the meeting with Department staff on 1/4/10). As such, a new CON application is required that:

1. Gives accurate utilization and projections;
2. Provides an accurate floor plan and cost estimate; and
3. Allows the public a chance to review and comment on the changes WMC is proposing which would double its current size and add services.

Wrangell Medical Center must submit a new application as provided in 7 AAC 07.040 and pay an application fee determined under 7 AAC 07.079. I have attached a copy of the application packet for your convenience. Additionally, current regulations provide that WMC is limited to the scope of work authorized by the original certificate of need until any modified certificate of need is issued. I have attached the current Certificate of Need and its Attachment A (this Certificate incorporates the mediated agreement from August 2010).

If you disagree with this decision you may appeal as provided in 7 AAC 07.082, by submitting your notice of appeal to the attention of Karen Lawfer, CON Coordinator, at P.O. Box 110660, Juneau, Alaska 99811-0660 within 30 days of the date of this letter.

Sincerely,



Kimberli Poppe-Smart
Division Director

encl: Certificate of Need award dated August 18, 2010 with Appendix A and signed agreement
Certificate of Need Application
7 AAC 07: Regulations for the Certificate of Need

cc: Stephen D. Rose, Esq.
Olinda White, Chief Financial Officer, Wrangell Medical Center
Tim Rooney, City and Borough of Wrangell Manager
Stacie Kraly, Department of Law via email
Pat Carr via email
Alice Rarig via email
Karen Lawfer, via email