



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Health

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September 28, 2023

Mr. Robert Stantus, COO
Alaska Regional Hospital
2801 DeBarr Road
Anchorage, Alaska 9950

Via: Robert.stantus@hcahealthcare.com

Dear Mr. Stantus,

The Department of Health (DOH) has concluded its review of Alaska Regional Hospital's (ARH) proposed establishment of a Hospital Satellite Emergency Department (HSED). I agree with the Certificate of Need (CON) program's Staff Analysis that, based on the CON review standards and methodologies, there is no current need for the proposed HSED in the Municipality of Anchorage service area. Furthermore, I agree with the staff analysis that ARH's application does not meet the applicable CON review standards, and therefore the application is being denied.

This decision is based on the application failing to satisfy General Review Standard #1 and #3 and only partially satisfying General Review Standard #2 and #5. In addition, the application failed to satisfy Service Specific Review Standards #1 and #2 for Hospital Emergency Department Services.

In issuing this decision, I would like to highlight certain portions of the application that were deficient in meeting the relevant review standards. This is not a comprehensive list. The General Review Standards require ARH to demonstrate that their project fits into community, regional, state, and federal health plans, and that there has been stakeholder participation in planning the project. The application presented no reference to any such health planning activities, or how this project would impact or support existing community, regional, state, and federal health plans. Additionally, the application failed to indicate adequate stakeholder participation in the development of the project.

One of the department's highest priorities for Medicaid services is to encourage the use of the appropriate level of medical care to improve outcomes and manage Medicaid costs. Among key program goals, is the reduction of emergency room visits and increased utilization of preventative services. This includes lower, less expensive levels of care such as primary care, urgent care clinics and crisis stabilization centers.

From a health planning perspective, increasing access points to emergency room services may improve convenience for some, but does not necessarily improve access to the appropriate level of care. Establishing additional access points for emergency room services contradicts the department's priority and long-term planning to contain costs by curbing unnecessary use of emergency departments.

In its application, ARH did not correctly interpret population data or correctly identify the service area impacted by its proposed HSED. ARH's projected emergency department treatment bed need estimate is incorrect. When extrapolating the applicable population and utilization data, considering the entire service area of the Municipality of Anchorage, and applying the methodology provided in the Service Specific Review Standards calculation, the methodology indicates a negative emergency department treatment bed need over the next five years. Even if utilization in the year 2020 is excluded and replaced with 2019 utilization, the projected need remains negative.

Per 7 AAC 07.070(b), in granting or denying a CON, the Commissioner must consider "any other special or extraordinary circumstances related to ... community access to health care[.]" Having considered all relevant and available documentation as required by 7 AAC 07.070(b), I find that the proposed HSED will not improve appropriate access to quality care and reduce costs to patients. Accordingly, and pursuant to AS 18.07 and 7 AAC 07, ARH's request to construct a HSED in the Municipality of Anchorage is denied in full.

If you are dissatisfied with this decision, you may appeal the decision by requesting an administrative hearing in accordance with 7 AAC 07.080. The request for an administrative hearing must be received in writing by the department no later than 30 days from the date of this letter.

Sincerely,



Heidi Hedberg, Commissioner

CC: Emily Ricci, Deputy Commissioner
Marcey Bish, Executive Director, Office of Rate Review
Chris Robison, Department of Law