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COMMITTEE REPORT

HOUSE

3/17

3/2/81

FURTHER: FINANCE

(5)

Date: _____

Mr. Speaker:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had HB 244

"An Act making special appropriations for hospital expansion and improvement in Petersburg and Wrangell; and providing for an effective date."

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for _____ same title
- and recommends _____ new title
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation
- referred to the _____ Committee

MEMBERS SIGNING DO PASS

MEMBERS HAVING OTHER RECOMMENDATIONS:

J. Smith

H. Malone

J. Smith

 CHAIRMAN

Dick
1-14-81

WRANGELL GENERAL HOSPITAL
and
LONG TERM CARE FACILITY
P.O. Box 80
Wrangell, Alaska 99929

January 3, 1981

Ronald Castle
Legislature Representative of Hospital Board
P.O. Box 13
Wrangell, Alaska 99929

Dear Board Representative:

I wish, at this time, to advise you regarding some of the long range plans and goals set by the Board for Wrangell General Hospital and Long Term Care Facility, and ask for your comments and letter of support, if possible, to attach to the "Certificate of Need" we are preparing.

Ackley, Jensen Architects, Inc. in Juneau have been hired to do the preliminary work of conceptual design options, the construction costs and the relative operation and maintenance cost of each and assist in the preparation of a "Certificate of Need" for remodeling and/or expanding the facility.

Following are the areas under consideration and those noting the need of upgrading:

Items written up in the Department of Health and Social Services survey for Certification and Licensure as being in non compliance:

- Laundry too small and does not have correct area for dirty and clean linen
- Operating room floor conductivity testing not working
- No shower provisions for outpatient surgery patients
- Ventilation system does not provide 90% efficiency filter system for critical care areas (O.R., O.B., Nursery)
- Electrical bed in C.C.U. is not type which is safe for electrically susceptible patients.
- Dishwasher leaks and does not maintain proper water temperatures
- Need for office area and added freezer in dietary department
- No proper dressing rooms, showers, for nurses and doctors opening directly into surgery
- Inadequate storage all areas.

Items noted in State Architects Survey done November, 1980, all of above items plus:

- Improper storage X-ray film files (in waiting room)
- Lack of space for medical records and security measures
- Inadequate employee parking
- No area for maintenance and repairs of equipment
- No garage for Van used to transport patients and supplies
- Lack of space for meetings; inservice training and office space
- No standby water supply and present city water is not filtered, causing problems with machinery due to "muskog" content

Noted in State Energy Audit done:

- Replacement of light fixtures with lower energy users
- Improper insulation
- Old poor operating furnaces and boiler, that do not have any energy saving devices

- Need to have other types of fuel possibilities investigated, i.e. (electricity, wood, sawdust, etc)

Increased work area and equipment needs for Laboratory noted by Pathologist Consultant: i.e.

- Addition of Coagulation Timer (Fibrometer), Clinical incubator, Photometer, Chloride meter, Channel analyzer, Coulter Counter-S, and CO₂ Incubator, plus additional refrigeration space.

Radiologist Consultant noted need of ultrasound machine and area to install it and area for viewing X-ray film and dictation equipment.

American Sterilizer Company inspection noted need for improved ventilation in Central Supply room and proper venting of Ethelene Oxide Sterilization equipment to outside of building

State Fire Marshall noted poor storage of oxygen supplies, combustible items and inadequate storage in all areas.

Areas noted by the Hospital staff to help working conditions and improve level of care to the patients:

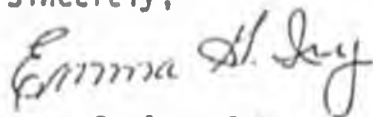
- Increase dining room area
- New nurse call system - updated and add to Physical Therapy, X-ray department and other areas not connected. (Hospital portion of call system is 12 years old obsolete and new parts can not be obtained)
- Upgrade C.C.U. - add telemetry "holder monitor"
- Up-date O.B. suite by removing one wall and locating special equipment behind folding doors so birthing concept can be utilized as much as possible
- Add small room for use as barber/beauty shop
- Add treatment room for care of patients, i.e. dressing, special treatments, burn care, etc. to relieve congestion of E.R. and better sanitation methods
- Enlarge day room and add folding doors to provide area for Activities, Recreation and Crafts. Larger room needed as 90% of Long Term Care residents are in wheel chairs and all meals are eaten in present room
- Add 4 new private rooms and make other rooms private that are now used as semi-private. No change in bed capacity but would improve utilization of 9 acute care beds by solving patient mix problem
- Enlarge employee locker area
- Enlarge office space and obtain needed equipment, i.e. Microfilm reader printer, copy machine, computer module to tie into present city owned computer, etc

Investigate possible Health Center Concept with addition of office space for other health related organizations in town - Clinic space, soundproof hearing testing module, etc. Hospice services for terminal cases. Space for accomodation of mental patients on temporary basis.

Funding for the project we hope to obtain through legislation from the State.

Please let me hear from you by the 15th of January, in the enclosed stamped self addressed envelope.

Sincerely,



Emma G. Ivy, R.N.
Administrator
EGI/bk - encl

Dick E. (Sitha)

GENERAL INFORMATION

- 1. No change of bed capacity.
- 2. Addition of services needed to maintain updated level of care to the people of this area.
- 3. Remodeling needed to bring an old building, built in 1968, into compliance with 1980 fire, safety, and infection control standards.
- 4. Build an addition to add needed services and make possible needed remodeling of old building.
- 5. No items listed duplicate any items already furnished in town.
- 6. Area (three blocks) directly behind present building was turned over to the hospital by the City in 1979 for use in future expansion as needed. Land is clear.

~~7. Updating city for use of~~

- 8. Patient mix problems with nine acute care beds would be solved with addition of three new private rooms and present semi-private room changed into private one, maintaining same bed size.

9. Health Center Concepts

22. Disinfectant
 23. Air Extracorporeal Space For Health Related Org.
 24. Microfilm reader/printer
 Public Health Nurse space - emergency sound film/Ext. etc.

10. Addition of hospice services for terminal cases

11. Incontinent Problem? spec. temp type

12.

ITEMS LISTED IN SURVEY AS NON-COMPLYING

(Funds not available to make corrections)

1. Showers, dressing rooms and rest area opening directly into surgery for doctors and nurses.
2. Electrical bed in CCU is not of type which is safe for electrically susceptible patients.
3. Ninety percent efficiency filter system for critical care areas such as O.R., O.B., E.R., and Nursery.
4. Conductivity testing of O.R. floors.
5. Ethylene oxide sterilizer should be vented outside building. Ethylene oxide aerato machine should be vented outside building. Central supply room ventilation needs to be improved.
6. Laundry room does not have correct area for dirty and clean as needed.
7. Storage area not adequate so room is crowded, plus items must be stored in morgue, fan room, and outside building. No storage area for outpatient clinic. New large storage room built and present storage room used for outpatient clinic storage so supplies can be removed from floors, tops of cupboards and clean out dressing rooms.
8. Enlarge the kitchen and incorporate walk-in deep freeze and add small office space for food service supervisor plus replace worn out flooring and washing machine.
9. Remodel and enlarge laboratory. Add new equipment and increased refrigeration space. Equipment needed is as follows, to give more accurate and different coagulation studies:

Coagulation timer, fibrometer
Pipet, automatic (for fibrometer)
Prep-block, thermal (for fibrometer)
Clinical incubator--will provide capacity to run eight additional tests at the same time)
Photometer--refractometric measurement of serum protein and specific gravity of urine
Chloride meter--more accurate serum Cl and faster results
Lab refrigerator
Channel analyzer (ACA)
Coulter Counter-S
CO₂ Incubator

Possible way to enlarge would be to extend out to sidewalk. Present door into breezeway could be put in where window is now. Also, possible to extend into bookkeeper office, or new area in addition.

OTHER AREAS IN NEED OF UPGRADING

(No funds available at this time)

1. Additional room for use as meeting, inservice, library--big enough to hold 50 people with folding divider to turn into two areas when needed.
2. Add electrical heating system with oil standby or vice versa. (Check out saw-kist or woodburning possibility.)
3. Change present library into administrator office, using part of that room and part of front foyer for x-ray film and medical records (vertical files) with security provisions. This would give more space in office with removal of old type file cabinets.
4. Increase insulation in building, making sure all areas are insulated to maximum to save energy.
5. Add new employee dining room or enlarge present one into room #1 or back.
6. Move O.R. doors down to end of view-box area so supply cupboards can be kept in clean area off O.R. Move x-ray view boxes and radiologist dictating station to room off x-ray if large enough for that and ultrasound.
7. Ultrasound (reel-time or ?)--if adequate size, use present lab blood drawing room for this and possibly radiologist view boxes and dictating equipment.
8. Install one new nurse call system throughout hospital, long term care facility and addition. Add physical therapy department, x-ray room, ultrasound room, hand call system in E.R. for patients. (Hospital call system is 12 years old and obsolete--parts or additions cannot be obtained!) Also some type of communication or monitor to park area.
9. Upgrade C.O.--add telemetry ("holder Monitor") in room #3.
10. Update O.B. suite--enlarge labor room by removing present wall and locating special equipment behind sliding doors. Redecorate both sides.
11. Add van garage--low level of new building.
12. Add oxygen tank storage area.
13. Add repair and maintenance shop in new building.
14. Paint exterior of buildings all the same color.
15. Add standby emergency water supply tank (25,000 gallon)
16. Add water filter system for main city water supply coming into building. Prolong life of equipment and cut down on cleaning problems from ruskeg in city water.
17. Plastic wall covering--for hallways, patient rooms, etc.--halfway up walls like in long term care facility.
18. Add small room for barber shop/beauty parlor combination.
19. Add treatment room for better care of patients coming in for sterile dressing, special treatments, burn care, etc.
20. Storage area for flammable supplies such as paint, etc. (special enclosure)
21. Remodel day room--extend into Physical therapy and have new Physical Therapy in new area. Add round tables that are built for use with wheel chairs. (most of our long term residents are in wheel chairs), with area for activities/recreation, crafts, etc. folding door to close off when needed.
22. Add three new private rooms and make other rooms private that are now used as semi-private.
23. Go out through rooms #5, 6, and 7 or breezeway to add on addition--directly behind present patient rooms, leaving room for enclosed park so new patient rooms and present ones have an outside view.
24. Enlarge employee locker area or add in new building.
25. Add place to wash filters in attic or other arrangement.
26. Add floor sink in janitor room to dump mop water and wash door mats more easily, or build in addition.

(continued)

NEW EQUIPMENT NEEDED LIST

1. MA-1 Control volume respirator
2. Three electric seven-foot beds
3. C.C. bed special for use with defibrillator in room #3
4. Ultrasound machine
5. C.C. unit complete with telemetry "Holter Monitor"
6. New radio system--link between ambulances, fire, doctors, nurses, and key employees such as C.R.N.A., Lab. tech., x-ray tech., Director of Nurses, etc.
7. Walk-in deep freeze for kitchen.
8. Large microwave oven for kitchen; small one for employee dining room.
9. Vertical file cabinets for medical records, with appropriate file folders.
10. Emergency water supply tank.
11. Water filter system on main water line.
12. Fluorescent overhead lights for front foyer and day room.
13. Round tables for day room; need six.
14. Nurse call system; one system to cover hospital and long term care, E.R. patient hand held call. Add Physical Therapy room, x-ray and ultra-sound rooms.
15. Floor type sink to dump mop buckets instead of one on wall.
16. Dryer--old one unable to obtain parts; timer non-functioning.
17. Vitalor--vital capacity machine
18. Lab: Coagulation timer Lab refrigerator
 Clinical incubator Channel analyzer (ACA)
 Photonmeter Coulter Counter-S
 Chloride meter CO₂ Incubator
19. Computer module to tie into present City-owned computer.
20. Copy machine
21. Typewriter--I.D.M. corrective type
22. Dishwasher
23. Air conditioner for O.R.
24. Microfiche reader-printer

Other Areas in Need of Upgrading
Page two

27. Parking area for employees in back of building.
28. Add male employee dressing room to new building or other space.
29. Fluorescent overhead lights for front foyer and day room.
30. Computer module to tie into present city-owned computer.
31. New copy machine and typewriter for office (one machine is shared by several people).
32. Dishwasher
33. Air conditioner in O.R.
34. Microfiche reader-printer

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF STATE HEALTH PLANNING & DEVELOPMENT

JAN 15 1982

JAY S. HAMMOND, GOVERNOR

POUCH H 01A
JUNEAU, ALASKA 99811
PHONE:

465-3015

January 12, 1982

Mr. Craig S. Slater
Administrator
Petersburg General Hospital
P.O. Box 589
Petersburg, AK 99833

Dear Mr. Slater:

The Division of State Health Planning and Development has received your application for a certificate of need which proposed modifications to the certificate of need issued to Petersburg General Hospital on August 19, 1981. It appears that this new certificate of need application would change the previously issued certificate of need in the following particulars:

1. Decrease acute care beds from ten to nine;
2. Increase long term care beds from ten to twelve
3. Provide for three acute care rooms and four long-term care rooms to be sized for later use as semi-private rooms, which would allow a later increase in acute care beds from nine to twelve, and in long term care beds from twelve to sixteen.
4. Increase the maximum capital expenditure limit by \$110,000 to allow for the construction of the one additional room and seven larger private/semi-private rooms.

The previous certificate of need application and the supporting data were reviewed by both the Southeast Health Systems Agency and this office prior to the issuance of the certificate of need. A request to modify a certificate of need should be supported by substantial data demonstrating why the change should be approved.

After discussions of the application and the information contained therein, it has been determined that the application does not contain sufficient information for the completion of a certificate of need review of the requested modifications. This letter will serve to identify additional information which is necessary for the review.

Although Section II(A), the descriptive data on facilities and services, refers to a reduction in acute care beds from ten to nine, there is no narrative discussion or other explanation of the reduction, nor any discussion or projection of the demand for acute care beds in

January 12, 1982

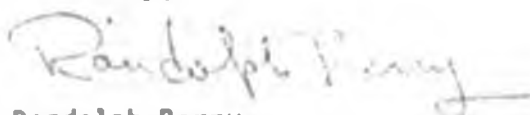
the future. Recommendations for the Development of Petersburg General Hospital was a consultants' report prepared by Dennis McNeely and submitted as part of the hospital's certificate of need application for replacement of the hospital. That report includes projections for acute care bed needs through the year 2000, and estimates acute care needs for the year 2000 to range from eight to thirteen beds, depending on the number of days per year it is considered acceptable for the hospital to exceed its bed capacity. For what time period are nine acute care beds felt to be adequate, and to what extent are the projections in the McNeely Report consistent with, or in conflict with the present application?

There is almost no discussion of the current need for twelve long-term care beds instead the ten beds authorized in the certificate of need issued in August 1981. Further, the McNeely report projects a need for thirteen long term care beds by 1985. Since the estimated completion data for the construction of the project is 1985, the application should be included some explanation indicating why the application is for twelve long term care beds rather than thirteen, and include projected demand for the four additional long-term care beds which would be available with the conversion of the four rooms into semi-private rooms.

Third, the space program presented in Section VI(C) of the new application appears to be out of date and inconsistent with the new proposal contained in the "Program of Requirements." Although this office received one copy of the "Program of Requirements" for the Petersburg General Hospital prepared by Ackley/Jensen and dated December 14, 1981, the Southeast Health Systems Agency apparently did not receive a copy. John Manning of the HSA expressed concern about the space program in the application. An accurate, up to date space program should be included in the application.

It is expected that the answers to the foregoing questions will complete the application, and we will be able to continue with the expedited review of your application.

Sincerely,



Randolph Berry
Economist
Health Resources Development

cc: John Manning, SEHSA

DEC. 23 1981

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES
OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

POUCH H 01
JUNEAU, ALASKA 99811
PHONE 465-3030

December 21, 1981

Mr. Craig Slater
Administrator
Petersburg General Hospital
P.O. Box 589
Petersburg, AK 99833

Dear Mr. Slater:

Your letter of December 1, 1981 requested a waiver of the sixty day time period for Letter of Intent for a Certificate of Need application for a modification of the Certificate of Need issued to Petersburg General Hospital August 18, 1981. In the letter, you also requested an expedited review of your application when it is received.

7AAC 07.030 implementing AS 18.07 makes provision for waiver of Letter of Intent upon showing of good cause and following consideration of any recommendations submitted by the health systems agency. Upon receipt of your letter requesting the waiver, Southeast Alaska Health Systems Agency was informed of the request, and given an opportunity to make written recommendations. The letter of December 2, 1981 from the health systems agency responding to the request is attached.

Based upon your letter of request, the response from Southeast Health Systems Agency, and the "good cause" which you stated in your meeting with this office on December 1, 1981, the waiver of the time period for the Letter of Intent is approved and granted, and your request is determined to meet the criteria for expedited review.

Sincerely,



Helen D. Beirne
Commissioner

enclosure

cc: Ron Hammett, Southeast HSA
Randolph Berry

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
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ORIGINAL.

PETERSBURG GENERAL HOSPITAL

and Long Term Care Facility

Phone: (907) 772-4291

P.O. Box 589

Petersburg, Alaska 99833

December 8, 1981

The approved CON plan for the Petersburg General Hospital and Long Term Care Facility authorized 10 acute care and 10 long term care beds. In effect this is a reduction from the current bed capacity of 3 less acute care and 2 less long term care beds (13 acute and 12 long term care beds).

After discussions with the architects, medical and hospital staffs, the approved plan appears to offer no growth in the acute care service and a marked reduction in the long term care service from the present 100% occupancy of 12 patients.

The hospital's new proposal addresses this problem by reducing the acute care beds to 9 beds, expandable to 12 beds upon State approval and continues the licensed long term beds at 12 with expanded capabilities to 16 beds.

Principal reasons for this plan are:

1. Population growth will occur over a 25-40 year life of the building.
2. Increased specialization in acute care services will concurrently occur with growth in the community from the existing minimal services now offered.
3. The near completion of an elderly housing project will require additional beds in the long term care facility as elderly tenants in the housing project will eventually require transfer to the hospital.
4. The average age of residents of Petersburg will increase with the resultant change in admission diagnoses, longer hospital stays and the development of new treatment services.

Petersburg City Council and Hospital Board have approved the plan to provide for future beds. Since this new proposal requires State and SEAKSA approval I have listed the alternatives that should be considered with a few details.

ALTERNATIVES -

Option 1 - Accept CON approved plan of 10 AC and 10 LTC beds, a reduction from the existing 13 AC and 12 LTC beds.

a) Immediately establish a policy that no new admissions to the LTC Facility will be accepted until a maximum of 10 patients is obtained, projecting by the time the project is completed in 2-2½ years this can be accomplished. Current occupancy is 12 patients.

b) Notify the reimbursement agencies that upon reaching a 10 bed level, a schedule of per diem increases will be submitted to offset the loss of income by the reduction of two LTC beds.

c) Send documentation to the Commissioner of Health and Human Resources, the SEAHSA, Petersburg City Council and Petersburg Hospital Board that if additional acute care or long term care beds are approved in the future, then large capital expenditures (and possibly increases in operating expenditures) will be required.

Option 2 - Proceed with a request of a grant of waiver and an expedited review recognizing that 60 days will be required by the HSA to review this request and 30 days (assumption) by the State authorizing agencies.

a) Assuming construction cost increases 15% each year, then a year's delay would increase this project by \$1,072,500, or \$89,375 per month. A three month delay would require \$268,125 additional grant over and above the estimated \$110,000 required for expansion capabilities.

b) CON Project Approval	\$7,150,000
Inflationary Factor	268,125
Expansion Capability	<u>110,000</u>
Adjusted Total Project Request	\$7,528,125

Option 3 - Seek assistance from the Governor and Commissioner's Offices to waive the 60 to 90 day hearing process.

a) Saving of estimated \$268,125

PETERSBURG GENERAL HOSPITAL

December 4, 1981

ELDERLY HOUSING SURVEY

To determine the estimated number of tenants from the near completed elderly housing project in Petersburg that would require transfer to a long term care facility.

12/3/81

1. Telephone conversation with:

- a. David Seal, Coordinator, Mt. View Apartments
Joneston (586-2520).
- b. Nadine Yates, Manager New View Terrace
Ketchikan (225-6600).
- c. Petersburg City Manager's Office (332-4511)

	<u>Tenants</u>	<u>Transferred to LTG</u>
Anticipated Completion 1982	40	
Avg. Length of Stay - (1-4 Years)	17 Tenants	Occupancy, 7/80 - 12/81 = 817
1981 - 2 Tenants	40	Yearly Avg. = 1 1/2 Tenants
1979-81 = 6 Tenants	49	Yearly Avg. = 2 Tenants

1981 - Long Term Care Occupancy

<u>DATE</u>	<u>Patients</u>
1/80 to 11/80	9
12/80 to 2/81	10
3/81 to 4/81	11
4/81 to 5/81	10
5/81 to 9/81	11
10/81 to 12/81	12

% Occupancy = 11

PETERSBURG GENERAL HOSPITAL

P. H. Telephone Survey

December 4, 1981

Page 2

SUMMARY

There are each year more tenants in elderly housing apartments requiring transfer to long term care facilities than there are patients discharged from long term care facilities.

It can be assumed that with the completion of Petersburg's elderly housing project, increasing pressure will occur for available long term care beds.

Petersburg General Hospital and Long Term Care Facility's CON approval of a reduction of 2 beds (12 to 10 beds) which appears to counter the evidence in the long run.


Craig S. Stater
Administrator, PGH

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P.O. BOX 7015 KETCHIKAN, ALASKA 99901 907-225-9681

2 December, 1981

Dave Williams, Chief
Health Resources Development Section
SHPDA
Pcuch H-01A
Juneau, Alaska 99811

Dear Dave,

I am responding herein to your phone call of December 2, by which you notified us verbally of a request for waiver of the Letter of Intent regarding Petersburg General Hospital's intent to apply for an expedited Certificate of Need review.

The SEAHSA Project Review Committee and Board will hold its next regularly scheduled meetings this Friday (December 4) and Saturday (December 5). On Tuesday December 1, while preparing for the meetings, I was initially contacted by you via phone regarding the hospital's desire to change its project plans which were reviewed by the SEAHSA Board in May of this year.

I told you that at this late date we had concerns about timing. However, I agreed that staff would recommend time be added at the Friday PRC and Saturday Board meetings for an informal presentation and discussion. The final agenda contents are always up to the pleasure of the committee and Board but this approach seemed reasonable.

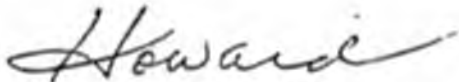
Later on December 1, I received a phone call from Craig Slater, Petersburg General Hospital's Administrator. He indicated that informal presentations and discussion was not an adequate response by SEAHSA at these meetings. He said he wanted to make a formal presentation and in fact, that he seeks a decision. Mr. Slater also indicated the application would be developed that evening and copies would be Gold Streaked today. It is now 6:00 p.m. December 2, and we have not received word on any Gold Streak. Having yet seen any written information whatsoever, I remain very uncomfortable about timing. You indicated the Commissioner requests that the review process be completed by December 14. Although this may be sufficient time for Christmas shopping, it does not seem to be adequate for a Certificate of Need review process, even an expedited one at that. This is certainly only my opinion as Executive Director. The Committee and Board may think otherwise.

December 2, 1981

In regards to the Letter of Intent waiver request, I have no objections to its being granted as long as the application does not involve new construction and as long as SEAHSA and the public have sufficient time to provide adequate review, analysis and recommendations for the Department.

The decision making process of the Certificate of Need program is not a holy matter in and of itself. It is a matter of public trust. To the extent we give the process a chance we enhance the integrity and quality of these most important decisions. Certainly the converse holds true.

Sincerely,



Howard W. Gabriel, Ph.D.
Executive Director

HWG:js
CC: SEAHSA Board
Craig Slater

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PETERSBURG GENERAL HOSPITAL

and Long Term Care Facility

Phone: (907) 772-4291

P.O. Box 589

Petersburg, Alaska 99833

January 25, 1982

Randolph Berry

Economist

Health Resources Development

Division of State Health Planning & Development

Pouch H 01A

Juneau, Alaska 99811

Dear Mr. Berry:

This letter is in answer to your letter dated January 12, 1982 requesting additional information for the Petersburg Hospital's revised CON application.

ACUTE CARE - You requested that a narrative discussion be added to explain the reduction from 10 approved acute care beds to the requested 9 beds and whether this 9 bed figure would meet future needs and be in conformance with the hospital consultant's report prepared by Dennis McNeeley.

Our answer is simply that we do not see the need for more than 9 beds for the next five years as we have not exceeded the 9 bed capacity in the past. If and when additional beds are needed we would apply for more beds as provided in this revised application. In Section IV B, we went along with McNeeley's demographic studies and added an addendum which recognizes that the hospital service area will expand from today's population of 3,000 to 6,200. Occasionally we do have 6 or more patients but we feel that the requested 9 beds expandable to 12 beds, is an economically justifiable assumption and any request for more beds would be excessive and beyond reasonable prediction. Throughout this planning process we have been concerned with operating cost and admittedly the entire concept is modest with the exception of the expandable bed capacity in the acute and long term care sections. In this instance we were attempting to avoid future capital expansion (a function of this planning process) of the possibility of being forced to add another nursing station with its associated operating costs in return for relatively few additional beds.

FEB 11 1982

Petersburg General Hospital

Mr. R. Berry
January 25, 1982

Pg. 2

To be more specific as to what point in time the hospital will need 9 plus 'x number' of beds is dependent on a number of factors. For example, at the present time Petersburg General Hospital's average length of stay is approximately 2.5 to 3 days while Sitka and Juneau hospitals experience 4.2 days. If Petersburg adds services not presently offered which require additional admissions with longer stays, then obviously there will be an accelerated need for beds over and above the straight line progression of a gradual increase in population. We assumed that 9 beds would allow for some growth and that this should be sufficient for 5 years as we are not aware of any major industry growth nor a precipitous demand for new services within the period. (See Addendum Section IV F in revised CON application).

Long Term Care. You mention three issues in the paragraph relating to the need for long term care beds; our request for 12 beds instead of the approved 10 beds, the McNeeley report projecting a need for 13 beds by 1985 and finally the justification for expansion capabilities of 4 additional beds for a total of 16 beds.

In our original CON approved application we were authorized for 10 long term care beds, a reduction of 2 beds from our present 12 beds. On reflection we wonder what was your office's bases for this reduction since we are at 100% occupancy? From our end we do not know why Mr. McNeeley arrived at 13 beds since his report was written almost two years ago and at that time we had only 9 long term care patients and most likely he was not aware of the new elderly housing project now nearing completion. In December we restudied this problem and sent our findings to you (see attached letter dated December 1, 1981) which in summary proposed that we maintain our present complement since we have already 12 patients and that the elderly housing project will require admissions to this unit and to a lesser degree to the acute care unit. As to when we would need more than 12 beds is a similar question as to when we will need more acute care beds. Best current thinking is that we would feel the pressure within 5 years based on the premise that the tenants stay in the new elderly housing project for a few years some will have to be transferred to the long term care unit. Offsetting this will be discharges from the long term care unit and the development of more acute care services which should net out initially for a need for 12 beds; however, beyond 5 years we will have to make use of the expanding capabilities of our revised plan.

Mr. R. Berry
January 25, 1982

Pg. 3

On January 14, 1982, the Hospital Architect Wayne Jensen presented the Hospital Board and Staff an updated schematic plan of the proposed hospital. Two major concerns arose that could not be anticipated in the original CON application because of the limitations imposed in the CON regulations restricting monies expended for architectural plans and drawings to brief outline sketches.

The first concern was the placement of the delivery, surgery and labor suite one floor below the maternity and birthing room areas because there was no space available on the upper level as the hospital site precluded the design of a one level pavilion plan.

In the original CON application (IV H) the report states, 'Other changing trends that are reflected in the programming of replacement facility include the provision of a 'birthing' room which was described earlier as a room for natural childbirth, yet immediately adjacent to the conventional delivery room in case complications develop'. The hospital still feels this design requirement is of primary importance to ensure the level of patient safety required of a hospital. In addition, from an operational position, aside from patient complications if more than one obstetrical patient is admitted, two separate nursing staffs will be required. The design solution to this problem will necessitate an enlargement of the upper floor birthing area with circulating corridors and partial relocation of the proposed radiology and laboratory departments.

The second concern was the dietary department which was not originally planned to be moved or renovated. Again not anticipated was the design requirement to move from the old hospital wing (unapproved construction) the mechanical and electrical equipment, maintenance shops and the emergency power generators which are planned to be relocated in the present dietary dry goods and refrigerated areas. A solution to this dilemma can be resolved if the delivery and surgical suite is moved upstairs which would then provide for this necessary function, without moving the kitchen area.

This proposed plan would increase the project square foot requirement from 24,000 sq. ft. to approximately 30,000 sq. ft. and increase the estimated project cost from the CON approved \$7,150,000 to \$9,155,000. It should be noted that \$9,500,000 was the amount filed in the House in the last session of the legislature.

The reasons for the changes in cost include the following:

1. The size of the total building was increased from 24,000 square feet in the Certificate of Need to approximately 30,000 square feet in the Schematic Design.
2. The number of beds was increased from 20 in the CON to 28 in the program (including future conversion of large private rooms to semi-private).

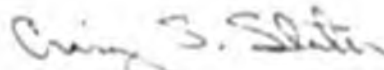
Mr. R. Berry
January 25, 1982

3. Increasing maintenance, mechanical, electrical, emergency power areas and storage space from the program.
4. Increasing the size of the existing dining area.
5. The budget for moveable equipment was increased to reflect preliminary estimates.
6. The construction cost was inflated to allow for a delay in construction.
7. Relocation of the surgical, delivery and recovery room suite.

We have enclosed a revised Construction Cost (Scheme 4) for the total project and a set of schematic drawings which are very nearly complete.

The Hospital assumes that our revised COM application is now complete pending your approval.

Sincerely yours,



Craig S. Slater
Administrator

enclosures

Construction Cost: Scheme 4

Omit cents REVISED 1/82

		Omit cents	REVISED 1/82
1. Site acquisition	New Construction	\$ 250,000	250,000
2. Estimated general construction	Renodel	4,250,000	6,900,000
3. Fixed equipment, not included in B-2		\$ 800,000	
		\$ 500,000	
4. Total construction costs (sum of items 1, 2 and 3)		\$ 5,800,000	7,150,000
5. Major movable equipment		\$ 400,000	800,000
6. Other costs:			
a. Administration expense		\$ 50,000	50,000
b. Site Survey, Soils Investigation and Materials testing		\$ 30,000	30,000
c. Architects and Engineering fees. 8% of 2.4.5.		\$ 405,000	550,000
d. Other consultation fees (Preparation of C/N. application included)		\$ 35,000	35,000
e. Legal fees		\$ 5,000	5,000
f. Land development and landscaping		\$ 30,000	30,000
g. Building permits and utility assessments (including water, sewer, electrical, phones, etc.)		\$ N/A	5,000
h. Additional project inspection fees (clerk of the works) 2% of 2.4.5.		\$ 105,000	140,000
i. Project contingency fund. 5% of 4.		\$ 290,000	360,000
j. Insurance (required during construction period)		\$ N/A	—
7. Total project cost (sum of items 4,5,6)		\$ 7,150,000	9,155,000
8. Amount to be financed		\$ 5,650,000	7,655,000
9. Difference between D-7 and B-8 (list, as Schedule I, available resources to be used, e.g., available cash, investments, grants funds, community contributions, etc.). (Grant)		\$ 1,500,000	1,500,000
10. Anticipated long-term interest rate			
11. Anticipated interim (construction) interest rate			
12. Anticipated long-term interest amount		\$ N/A	—
13. Anticipated interim interest amount		\$ N/A	—
14. Total items 7, 12, and 13		\$ 7,150,000	9,155,000

THE PRECEDING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

TO: Commissioner Helen Beirne
Department of Health and Social Services
State of Alaska
Pouch H-01A
Juneau, Alaska 99811

FROM: Craig S. Slater, Administrator
Petersburg General Hospital
Box 589
Petersburg, Alaska 99833

DATE: December 1, 1981

SUBJECT:

Letter of Intent to modify Petersburg General Hospital and Long Term Care Facility's approved Certificate of Need Application.

Further, this communication will be presented to the Commissioner to request that a Waiver of Time be considered to expedite this request. *See attached Letter of Intent dated December 1, 1981.

STATEMENT OF CHANGE AND REASON FOR CHANGE

Essentially the reason for this request is the need for expandable bed capabilities at some date in the future, recognizing that unmet bed requirements will be costly if not provided for in the basic plan at this time.

ACUTE CARE BED PROPOSAL

The existing 13 Acute Care beds have been reduced in the Certificate of Need approved plan to 10 beds. It is requested that this bed complement be further reduced to a total of 9 Acute Care beds, however, provision be made to increase to 12 Acute Care beds if necessary with State approval. This can be provided for by designing three private rooms to accommodate an extra bed in each room.

LONG TERM CARE BED PROPOSAL

For the past year the hospital with 12 Long Term Care beds has experienced 100% occupancy. The Certificate of Need approved bed allocation is 10 beds, which appears unrealistic. This proposal requests that 12 beds be provided with expansion capabilities to 16 beds. The reason for this decision is that the hospital is already at 100% occupancy and more importantly there is under construction a large elderly housing complex which will require additional Long Term Care beds when these residents can no longer provide for themselves. Increasingly, residents of Petersburg will in the future continue to maintain homes in Petersburg rather than move to out-of-Alaska retirement areas, changing the age mix of the community and increasing Long Term and Acute Care needs.

Commissioner Helen Beirne
December 1, 1981
Page 2

DIFFERENCE IN CONSTRUCTION COSTS

To provide for expandable beds would cost an estimated 111,600 additional dollars (see attached Letter of Intent). However, this cost would be far less than future cost of construction to provide for the same number of beds without assurance of any savings in operations.

PROJECTED SCHEDULE OF BED INCREASE

Difficult to access. Presumably, 5 to 10 years after the completion of the elderly housing project.

PRIVATE vs SEMI-PRIVATE BEDS

This proposal requests a majority of all rooms be private accommodations. However, future plans provide for seven rooms to be converted to semi-private or 2 bed occupancy. Aside from the fact that certain patients are best cared for in two bed facilities (i.e. husband and wife long term care), it was the decision that expansion of Acute Care and Long Term Care beds would necessitate large costs that could not be justified within the 25 to 35 year life of the facility.

Sincerely,



Craig S. Slater
Administrator

CSS:met

cc: Howard Gabriel, S.E. Alaska Health Systems
Phoobe Lindsey, Department of Health and Social Services
Dave Williams, Department of Health and Social Services

PETERSBURG GENERAL HOSPITAL
Post Office Box 589
Petersburg, Alaska 99833

December 1, 1981

Commissioner Helen Beirne
Department of Health and Social Services
State of Alaska
Pouch H-01A
Juneau, Alaska 99811

Dear Commissioner Beirne:

The Petersburg Hospital wishes to submit this Letter of Intent to modify the approved Certificate of Need Application for the Petersburg General Hospital. We also request that you grant a waiver for the time period required for the Letter of Intent and that you allow an "Expedited Review" of the proposed modification.

The proposed modification will be to change the approved bed-mix from 10 Acute Care and 10 Long Term Care to 9 Acute Care and 12 Long Term Care beds. It will also request that three (3) of the Acute Care rooms and four (4) of the Long Term Care rooms be sized to allow them to be converted to semi-private rooms to accommodate future expansion. The net result of the modification is that instead of providing 20 total rooms to accommodate 20 patients in private rooms, we would be constructing 21 rooms to accommodate up to 28 patients in 14 private and 7 semi-private rooms.

This change represents an estimated \$111,600 in construction cost over the 20 beds as approved in the Certificate of Need Application. A rough estimate of the cost implication of this proposal is about \$100 per square foot (approximately 1/2 of the average cost per square foot for the total building).

We estimate that these additional beds will be needed within the next 5 - 10 years, which should justify the additional capital construction cost.

Sincerely,



Craig Slater
Hospital Administrator

CS:met

Position Paper

House Bill 244

"An Act making special appropriations for hospital expansion and improvement in Petersburg and Wrangell; and providing for an effective date"

House Bill 244 makes special appropriations in the form of grants for hospital expansion and improvement in Petersburg and Wrangell in the respective amounts of \$7,100,000 and \$6,500,000.

The Department of Health and Social Services has for several years noted deficiencies at Petersburg and Wrangell hospitals. Most of the deficiencies relate to the physical plant of each hospital or are "operating" deficiencies resulting from the constraints of the physical plant. The department supports efforts to correct the deficiencies, many of which have possible impact upon patient life and safety.

Petersburg General Hospital

In August of 1981 the Department issued a Certificate of Need to Petersburg General Hospital approving the requested expenditure of \$7,150,000 for renovation/replacement of the hospital facility. Since the issuance of the Certificate of Need, further assessments by the hospital's architect have resulted in an increase of the estimated cost of the project to \$9,155,000. The hospital is presently requesting a modification of the existing Certificate of Need to reflect the higher estimated cost.

Chapter 50, Session Laws of Alaska 1980, appropriated \$1,500,000 for the renovation of Petersburg General Hospital. The \$7,100,000 appropriated by HB 244 when added to the available \$1,500,000 provides a total of State grant assistance for the project of \$8,600,000.

The Department views the renovation/replacement of Petersburg General Hospital as essential to the continued offering of hospital services in Petersburg. The preliminary reports of the rural hospital inventory and condition survey and past licensure/certification visits and past architectural surveys offer severe criticisms of the existing facility. The structural deficiencies of the facility have made it necessary for the Department to disallow surgery (other than emergency surgery) at the hospital. The Department has also indicated that it will not be possible to recommend continued medicare and medicaid certification of the hospital unless the facility is improved.

Wrangell General Hospital

In August of 1981 the Department issued a Certificate of Need to Wrangell General Hospital approving the requested expenditure

of \$6,870,000 for the renovation/expansion of the facility. Further progress is pending financing, since the application indicated that state assistance would be needed for this community.

Past certification/licensure visits and architectural surveys have noted several structural deficiencies at the facility. Most of the deficiencies result from space shortages in treatment, staff, and ancillary areas. The facility has some building code and life safety code violations, many of which are occasioned simply because space is short and storage areas are inadequate. The facility also has certain mechanical and electrical conditions which violate codes and should be corrected as part of the hospital's planned renovation and expansion, or separately, should the planned renovation and expansion be delayed for any significant period.

Wrangell General Hospital does have some deficiencies which require correction and this small community does not have the capability to totally undertake all needed changes or improvements to its hospital. While small and in need of renovation - and therefore state assistance - correction for Wrangell General Hospital's condition is not as urgent as is that of Petersburg. It is the position of the Department that the Petersburg General Hospital is a top priority for state assistance in replacing this structure.

As a step toward the development of a rational approach to health facility construction the Department of Health and Social Services has begun an inventory and condition survey of rural Alaskan hospitals and nursing homes. The purpose of the survey is two-fold: 1) to develop a detailed record of the current condition of each participating facility, emphasizing physical condition and functional adequacy, and 2) to identify positive means for upgrading each facility to correct any deficiencies. This survey is scheduled for completion in mid-February, 1982.

Even though the final inventory and condition survey report is not yet available to provide a justifiable estimate of the costs involved in bringing the rural Alaskan hospitals up to current standards, it is evident to the Department from a reading of the preliminary reports, past contacts with the subject facilities, and informal observations that several health care facilities around the State are in need of extensive renovation or replacement and that the associated costs will exceed the ability of the subject facilities to acquire the capital necessary to meet those costs. It would appear that in the absence of such state assistance in the form of grants, the renovation/replacement of rural hospitals and nursing homes will not be feasible.

The Department of Health and Social Services believes that State assistance for renovation, replacement, and expansion of existing hospitals and nursing homes in the form of grants may be appropriate for publicly owned or not-for-profit facilities; however, it is also realized that the availability of such grant funds may be limited. For this reason the Department supports

the concept of state grants for hospital construction, but believes that the priority for such funds should be placed on facilities which are in need of renovation, replacement, and/or expansion in order to assure the continued offering of hospital services within their respective communities, and are unable to secure other types of financing. The Department would further recommend consideration of the development of a long range health facility construction program to equitably address the construction needs of all health facilities in the State.

Recommended by:

Phoebe A. Lindsey
Phoebe A. Lindsey, Director
Division of State Health
Planning & Development

Date:

February 16 1982

Approved by:

Helen D. Beirne
Helen D. Beirne
Commissioner

Date:

2-16-82

POSITION PAPER/Department of Health & Social Services

THE LEGISLATURE OF THE STATE OF ALASKA
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill 244
 Title An Act making special appropriations for hospital expansion and
 Requested by Haugen Date February 12, 1982
*improvement in Petersburg and Wrangell..."

II. FISCAL DETAIL

Agency Affected Health and Social Services
 Program Category Affected Health
 BRU, Program, Or Subprogram(s) Affected _____
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		-0-				
200 TRAVEL		-0-				
300 CONTRACTUAL		-0-				
400 COMMODITIES		-0-				
500 EQUIPMENT		-0-				
600 LAND & STRUCTURES		-0-				
700 GRANTS, CLAIMS, ETC.		-0-				
TOTAL		-0-				

FUNDING (Thousands of Dollars)

GENERAL FUND		-0-				
FEDERAL FUNDS		-0-				
OTHER (Specify Source)		-0-				

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instruction, Section III)

This Bill, in and of itself, does not create a need for additional funding. Should several other similar requests for hospital construction funding be approved in the same year the Department may find it necessary to provide additional staffing to handle an increased workload.

IV. DATE February 12, 1982

PREPARED BY Dave W. Williams
 AGENCY DHSS DIV. OF STATE HEALTH PLANNING AND Dev.
 PHONE 465-3038

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)
 33-001 (Rev. 12/81)