

KENAI PENINSULA BOROUGH

Kenai Peninsula Borough Assembly

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Gary Knopp, Assembly President
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MEMORANDUM

TO: Gary Knopp, Assembly President
Kenai Peninsula Borough Assembly Members

FROM: Mako Haggerty, Assembly Member *M.H. by J.B.*
Linda Murphy, Assembly Member *L.M.*

DATE: January 17, 2012

RE: Resolution 2012-003, Opposition to the Issuance of a Certificate of Need for an Ambulatory Surgery Center in Kenai, Alaska

Kahtnu Ventures has filed an application for a certificate of need (CON) to construct and operate a day surgery center in Kenai, proposing to offer what it terms an "efficient, patient-centered and lower cost option" for outpatient surgical services. The owners contend that there is a need for this facility based on current capacity at Central Peninsula Hospital (CPH) and that having such an outpatient surgery center on the peninsula will reduce the "out-migration" of outpatient surgical cases to Anchorage.

On the surface, this sounds like a great idea. However, it is our considered opinion that this logic is flawed and the addition of a new outpatient facility will do great harm to our existing publicly-owned hospital's financial position.

As we all know, Central Peninsula Hospital is required to provide services to any who needs them regardless of one's ability to pay. This is not true of a privately-owned and operated facility such as the one proposed by Kahtnu Ventures. They will be able to pick and choose their patients, taking only those with good insurance coverage or the ability to fully finance their treatment. Since outpatient services provided at CPH account for a sizeable portion of its profits, luring away those who are paying full fare will have the potential of either adversely affecting the provision of other needed services that do not pay their own way or forcing the service area to raise taxes to cover the potential loss of revenue.

The contention that an outpatient facility would reduce “out-migration” is pure conjecture. People opt to travel to Anchorage and beyond to access health care services for any number of reasons, and the presence of a new outpatient facility with the same physicians currently performing these procedures at CPH will not necessarily result in fewer patients traveling outside the area for care.

In addition, a fourth operating room is scheduled to go on-line at CPH in the very near future, expanding the hospital’s capacity and, therefore, making moot the contention that another facility is needed to fully serve the needs of the community.

For these reasons, we ask that you support Resolution 2012-003 in opposition to the issuance of a certificate of need for an ambulatory surgery center in Kenai, Alaska.