



## Finding of Fact

### Certificate of Need (CON) Application Packet:

<b>Project Name:</b>	Pahrump Community Health Center, LLC
<b>Project Address:</b>	Southwest corner of Lola Lane and W. Basin Avenue, Pahrump NV
<b>County:</b>	Nye
<b>County Population:</b>	48,414
<b>City/Town Population:</b>	41,482
<b>Number of Beds:</b>	22 (4-operating, 2-procedure, and 16-recovery)
<b>Organization Type:</b>	For-profit limited liability company
<b>Application Contact:</b>	David Kilper - david.kilper@communityhdp.com
<b>Letter of Intent Contact:</b>	David Lutz - david.lutz@communityhdp.com

**Summary:** Certificate of Need is a process whereby certain proposed new construction projects must submit an application to document the needs for the project according to criteria specified in state CON law and regulations, [NRS 439A.100](#) and [NAC 439A.010](#) through [NAC 439A.675](#). The CON reviews are conducted under the Primary Care Office and final determinations are made by the Director, Nevada Department of Health and Human Services.

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# ***Attachment A:***

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Finding of Fact – Carson Valley Medical Center  
Certificate of Need Application

Department of Health and Human Services  
State of Nevada

## I. Background

Date:	Action:
5/10/2021	DHHS received a Letter of Intent (LOI) (Attachment B) from applicant
5/19/2021	DHHS sent in reply a Letter of Determination (LOD) confirming that the project required a Letter of Approval application and subsequent Certificate of Need review process (within 15 days after receipt of LOI per NAC 439A.315)
5/25/2021	Preconference with applicants and DHHS (within 15 days after LOD per NAC 439A.335)
07/14/2021	DHHS received and acknowledged a CON application and fee of \$9,500 (within 60 days from LOD per NAC 439A.355)
7/22/2021	<p>Notice of Public Hearing (Attachment C) sent to all licensed healthcare facilities within applicant's proposed project area to receive public comment and give input on the project (within 15 days after application is submitted NAC 439A.389)</p> <p>Public Hearing Notice posted on Department of Health and Human Services, Division of Public and Behavioral Health, Primary Care Office's website at <a href="http://dpbh.nv.gov/Programs/PCO/PCO_Program_Public_Hearings_Workshops/">http://dpbh.nv.gov/Programs/PCO/PCO_Program_Public_Hearings_Workshops/</a></p>
	Notice of Public Hearing provided via email to Nevada Rural Health Partners and Nevada Hospital Association
7/21/2021	Notice of Public Hearing notice posted on Nevada Public Notice website at <a href="https://notice.nv.gov/">https://notice.nv.gov/</a>
7/22/2021	Notice of Public Hearing to Health Care Quality and Compliance (HCQC) Health Facilities ListServ
8/13/2021	Presentation documentation from applicant received
8/15/2021	Submission of written information by person other than applicant (within 10 days before the date of Public Hearing per NAC 439A.395)
8/13/2021 through 8/16/2021	DHHS provided notice of hearing procedures and logistics to applicant and those persons who have submitted written information (at least 5 days before the date of the hearing per NAC 439A.415)
8/25/2021	Public Hearing (period of review with public hearing no later than 45 days after the commencement of the period of review per NAC 439A.405; with Director issuing a decision within 30 days after close of the public hearing or extending the period of review for up to 15 days if not practicable to render a decision within scheduled period) held via Zoom Webinar in accordance with Governor Sisolak's Declaration of Emergency Directive 006; a summary and minutes of the hearing is provided under Attachment D

NAC 439A.445 states the decision of the Director for a letter of approval will be supported by written findings of fact which must include:

- A. Whether a need for the proposed project exists in the community;
- B. Whether the proposed project is financially feasible;
- C. The effect of the proposed project on the cost of health care; and
- D. The appropriateness of the proposed project in the community.

NAC 439A.455 requires the Director to respond to each application for approval or disapproval, together with a copy of the written findings of fact.

NAC 439A.565 states the applicant for a letter of approval has the burden of proof to satisfy all applicable criteria for review. A finding that the applicant has failed to meet its burden of proof regarding an applicable criterion will be made if the applicant fails to provide sufficient, relevant, demonstrative evidence for a favorable determination or the evidence on the record opposing the application outweighs the evidence in support of the application regarding the criteria. The written findings of fact address the review criteria.

II. Findings of the Need for the Project (link below to application)

[Pahrump Community Health Center, LLC](#)  
[Letter of Approval Application Form](#)

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# ***Attachment B:***

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Letter of Intent

Department of Health and Human Services

State of Nevada

**State of Nevada**  
**Department of Health and Human Services**  
**CERTIFICATE OF NEED - LETTER OF INTENT**

The Certificate of Need process is coordinated by the Primary Care Office under the authority of the Director of the Department of Health and Human Services, under Nevada Revised Statutes (NRS) 439A.100. Please contact (775) 684-2232 for any questions. See NAC 439A.305 for more information about the letter of intent. Completed Letter of Intent should be mailed to Nevada Primary Care Office, 4150 Technology Way, Suite 300, Carson City, NV 89706 or emailed to [nvpc@health.nv.gov](mailto:nvpc@health.nv.gov).

Organization Name:	Pahrump Community Health Center, LLC	
Street Address:	c/o Community Health Development Partners, LLC 222 S Meramec Ave, Suite 202-1002 St. Louis, MO 63105	
Type of Organization (Type of Ownership/Profit Status):	For-profit limited liability company	
Date of Incorporation:	April 22, 2021	
Location of Incorporation:	Nevada	
Contact Person:	David Lutz	
Phone #:	402-350-8464	Cell #: 402-350-8464
Email Address:	<a href="mailto:david.lutz@communityhdp.com">david.lutz@communityhdp.com</a>	
Project Title:	Pahrump Community Health Center	
Project Address:	Lola Lane and Basin Avenue, Pahrump, NV 89048 (APN # 035-331-89)	
Project County:	Nye	
County Population:	46,523	
City/Town Population:	36,174	
Number of Beds to be added:	20	
Type of Beds to added:	3 operating room, 2 procedure and 15 pre and post operation	

**Project Description and Major Facility, Medical Equipment, and Health Services to be Included**

The Facility will consist of approximately 25,000 square feet, including three (3) outpatient surgical rooms and two (2) procedure rooms. The Facility will be properly equipped to provide comprehensive and compassionate care to patients that require specialized and general outpatient surgical treatments.

**Please define the Medicaid Provider Types and Specialties that the facility or providers in the facility will use to bill and obtain reimbursement from Medicaid or other public agencies. (see <https://www.medicaid.nv.gov/providers/BillingInfo.aspx>)**

- 20/057 - Physician / Anesthesiology
- 20/129 – Obstetrics/ Gynecology
- 20/063 - Physician / Ophthalmology
- 20/064 - Physician / Orthopedic Surgery
- 20/065 – Physician / Otolaryngology
- 20/073 – Physician / General Surgery
- 20/107 – Physician / Cardiovascular Surgery
- 20/114 – Physician / Gastroenterology
- 20/126 – Physician / Neurology
- 20/134 – Physician / Pain Management
- 20/156 – Physician / Urological Surgery
- 21/921 – Podiatrist
- 46/946 – Ambulatory Surgery Center

**Square Footage of Proposed Construction Project (NAC 439A.338):**

1. The provisions of subsection 1 of NRS 439A.100 are applicable only to a project which is not dependent on or related to a larger single project.
2. The cost for construction in which no new square footage is added is not subject to a letter of approval. The cost of construction related to the existing space must be deducted from the total capital expenditure to determine the cost of the new construction subject to a letter of approval.
3. The cost of construction attributed to space for a medical office building or an office for a health practitioner to be used solely to provide routine health services as defined in NRS 439A.017 must be deducted from the total capital expenditures to determine the cost of new construction subject to a letter of approval.

Existing square footage only:	0	square feet
New square footage only:	25,000	square feet

**Total Estimated Capital Expenditures:**

**NAC 439A.070:** Provide project information for capital expenditures made by or on behalf of a health facility including the cost of pre-developmental activities, the encumbrance of funds, leases, contractual agreements or donations for purposes which, under generally accepted accounting principles, are not properly chargeable as an expense of operation or maintenance, or both.

<b>Cost Category</b>	<b>Total Project Cost</b>	<b>Project Cost Related to New Construction</b>
Construction Costs:	\$ 6,309,722	\$ 6,309,722
Site Development:	\$ 2,223,375	\$ 2,223,375
Architecture & Engineering:	\$ 400,000	\$ 400,000
Furniture, Fixtures & Equipment:	\$ 2,730,000	\$ 2,730,000
Major Medical Equipment:	\$ 3,000,000	\$ 3,000,000
10% Contingency:	\$ 1,747,830	\$ 1,747,830
<b>TOTAL</b>	<b>\$ 16,410,957</b>	<b>\$ 16,410,957</b>

Estimated date construction begins:	11/01/2021
Estimated date of completion of the proposed project:	10/31/2022
Provide a summary and schedule of anticipated future phases of construction within the proposed project:	
No future phases are currently anticipated.	

When is the estimated financial break-even point for the project expected to occur?

Based on our modeling, the project will break even based on approximately 60 patient visits per year (less than 2 surgical procedures per week) which is substantially below the minimal surgical ASC census and very easily achieved given the population and demographics in the area. We expect to receive 60 patient visits within the first 3 months of operation. The reimbursement for procedures is based on published Medicare fees for the Pahrump area. The anticipated first year volume for a surgery center of this size and in this type of area is 6,000 patient visits per year. We expect a strong rate of growth at the start of operations.
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**Required Appendix: Attach a copy of a written estimate of the cost of construction of the proposed project, by major cost categories, from an architect or contractor**

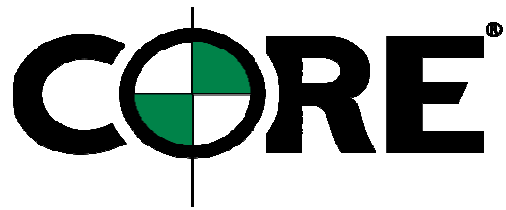
In accordance with NRS 439A.100 and accompanying regulations, I hereby certify that this Letter of Intent is correct to the best of my knowledge. I further certify that I will provide accurate and complete information necessary to the review of an application for a Letter of Approval. I



understand that the information which is submitted is public information and will be made available by the Department of Health and Human Services for public review and inspection.

**Certification: This section should be completed by the person who is authorized to commit the applicant to the project and expenditure of funds to complete the project should it be approved.**

This letter is filed on behalf of (Legal Applicant):	Pahrump Community Health Center, LLC
Name of Signatory:	David Lutz
Title:	Managing Director
Date:	May 10, 2021
Signed:	



**CHDP - PAHRUMP PROJECT BUDGET**

BASIC PARAMETERS		
Parcel No.	APN 035-571-09	
Address	1451 NV WHY 160	
Total Area	6.5	Acres
Developed Area	5	Acres
Developed Perimeter	2050	LF
Off Site Frontage	400	LF
Building Area	25000	SF
Type	New Build	

SYSTEM COSTS	
Off Site Work	\$168,000
On Site Work	\$2,223,375
Structure	\$1,391,250
Enclosure	\$692,475
Interior Finishes	\$1,758,750
Specialties	\$236,250
Equipment	\$735,000
Mechanical	\$1,863,750
Electrical	\$918,750
<b>TOTAL</b>	<b>\$9,987,600</b>

CONTINGENCIES	
Design/Estimating	\$998,760
Escalation/Market	\$499,380
Contractor Held	\$249,690
<b>TOTAL</b>	<b>\$1,747,830</b>

MARKUPS	
General Conditions	\$896,931
General Requirements	\$199,752
Bonds & Insurance	\$346,814
Fee	\$693,628
<b>TOTAL</b>	<b>\$2,137,125</b>

CONSTRUCTION ESTIMATE
<b>\$13,872,555</b>

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# *Attachment C:*

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## Proof of Publication

Department of Health and Human Services

State of Nevada

**Link to Public Notice:**  
**[Pahrump Community Health Center](#)**  
**[Application for Certificate of Need](#)**

# Nevada Public Notice Website

- Government**
- State
  - City
  - County
  - K-12
  - Higher Education
  - Special Districts

- Entity**
- Department of Conservation and Natural Resources
  - Department of Corrections
  - Department of Education
  - Department of Employment Training and Rehabilitation
  - Department of Health and Human Services**

- Public Body**
- Governor's Graduate Medical Education Task Force
  - Governor's Prescription Drug Summit Planning Committee
  - Grants Management Advisory Committee
  - Health and Human Services - Director's Office**
  - HIV Modernization Task Force

## Results for Health and Human Services - Director's Office

Subscribe to this public body's notice RSS feed

Results are limited to the last 7 days and for all dates in the future.

Notice	Date Posted	Event Date	Time	Status	Type
Public Hearing for Pahrump Community Health Center Certificate of Need Application	7/21/2021	8/25/2021	10:00AM	Scheduled	Hearing

ii TQdav's Meetinas

**Public Notice Access**  
Public Bodies wishing to post public notices must first

Sent:  
Subject:

# Give Input on Pahrump Community Health Center Project

*Public hearing on Aug. 25 to address Certificate of Need application*

Pahrump Community Health Center, LLC has submitted an application for a Certificate of Need and the Nevada Department of Health and Human Services (DHHS) will hold a public hearing on **Wednesday, Aug. 25, 2021, beginning at 10 a.m. via teleconference** to receive public comment regarding the application.

Certificate of Need is a process whereby certain proposed new construction projects must submit an application to document the needs for the project according to criteria specified in state CON law and regulations. New construction is defined as a new health facility or construction which increases the square footage in an existing facility or the redesign or renovation of an existing building which is not currently being used as a health facility. [Click here for more information.](#)

The proposed project includes new construction at Lola Lane and Basin Avenue, Pahrump, NV 89048. On July 14, 2021, DHHS received and commenced review of the application for a Letter of Approval. [Click here for an online version of the public hearing notice regarding this application.](#) There will be time at the hearing for public comment. Written information regarding this application must be received by Aug. 15, 2021 per NAC 439A.395 in advance of the meeting and sent to the Nevada Primary Care Office (PCO), Attn: Heather Mitchell via email at [nvpc@health.nv.gov](mailto:nvpc@health.nv.gov) or if unable to send via email call 775-684-2204 to make other arrangements.

[Register in advance for this online virtual meeting via Zoom videoconference at this link.](#)

After registering, you will receive a confirmation email containing information about joining the meeting.

For more updates about medical and health-related facility licensure, visit the [Bureau of Health Care Quality and Compliance blog site.](#)



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# ***Attachment D:***

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Hearing Summary and Minutes

Department of Health and Human Services

State of Nevada

**Link to Hearing Recording:**

**[Pahrump Community Health Center, LLC](#)**

**\*Hearing begins at 14:35\***

**Passcode: ^MuTs90#**



**STATE OF NEVADA**  
**DEPARTMENT OF HEALTH AND HUMAN SERVICES**  
**CON Public Hearing for Pahrump Community Health**  
**Center, August 25<sup>th</sup>, 2021**

**Speaking in Opposition:**

- Dr David Watson, Chief of Staff at Desert View Hospital, Board certified emergency specialist
- Susan Davila, CEO at Desert View Hospital
- John Forsee, Cardio-Pulmonary Manager, Desert View Hospital
- Dr Carol Rayfield, Desert View Hospital
- Rick Baker, Director of OR and ER at Dessert View Hospital
- Dr Bonnie Stolzman, Chief Nursing Officer, Desert View Hospital
- Kathie McKenna, concerned citizen, executive director for two local non-profits
- Joan Hall, Nevada Rural Hospital Partners (NRHP)

**Speaking For:**

- Nick Harrel, General Surgeon who works out of Phoenix, has been doing locum surgery in Elko
- William Resh, Managing partner of Nevada Heart and Vascular Center
- Dr Timothy Beckett, Anesthesiologist, Partner at Valley Anesthesiologist Consultants

Opposition Concerns	CHDP Responses
Duplication of services	<ul style="list-style-type: none"> <li>• Over 90% of the services the ASC will offer are not performed in Pahrump so there will be little duplication of services</li> </ul>
Where will the ASC find staff for 26 FTEs, insufficient labor pool in the community to fully staff the project	<ul style="list-style-type: none"> <li>•ASC they rely largely on specialized staff members and those specialists are not employed in large numbers by the hospital</li> <li>•They are targeting staff that are currently travelling to Las Vegas for work and giving them the opportunity to work closer to home</li> <li>•They plan to build the employer base in Pahrump in partnership with community schools and other organizations</li> </ul>
Perceived economic threat that the project presents to the hospital	<ul style="list-style-type: none"> <li>•the project will result in increased revenue for the hospital due to the referral of ancillary services such as imaging and other services</li> <li>•the vast majority of services that they are offering in the facility relate to procedures that are currently referred to surgery centers or other facilities in Las Vegas</li> <li>•Stopping the current outflow of patients to Las Vegas benefits the hospital and the entire community</li> </ul>
Inability to attract specialists to the project, and the expectation that specialists won't come to Pahrump to perform procedures. Anesthesiologists and Cardiologists are hard to find.	<ul style="list-style-type: none"> <li>•They called upon Drs. Resh and Beckett who's organizations will be bringing both cardiologists and anesthesiologists.</li> <li>•D. Lutz states that there are a large number of others that have committed as well so they are very confident that they can recruit those specialists to perform procedures in Pahrump.</li> <li>• This will not only help the project, but it will also help the hospital recruit and retain specialists for inpatient and other procedures that the hospital is able to provide.</li> </ul>
Safety concerns over ASCs	<ul style="list-style-type: none"> <li>• This concern was very generalized response to the ASC model generally. D. Lutz refers to their application which is already in the record which goes into detail in great length about the safety record of ASCs</li> </ul>
Justify building a 17,500sqft facility with 22 beds, 4 ORs, 2 procedure rooms, 16 PACU beds, when the average size for an ASC in Nevada is 3 beds with less than half of the above listed square footage	

**STATE OF NEVADA  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CON Public Hearing for Pahrump Community Health  
Center, August 25<sup>th</sup>, 2021**

**Hearing Location**

In accordance with Governor Sisolak’s Declaration of Emergency Directive 006; Subsection 1; The requirement contained in NRS 241.023 (1) (b) that there be a physical location designated for meetings of public bodies where members of the public are permitted to attend and participate is suspended.

**Members of Pahrump Community Health Center Present**

David Kilper  
David Lutz  
Tony Burns  
Jarrett Portz

**Members of the Public Present**

Jesica Ford  
Susan Davila  
Dr David Watson  
James Oscarson  
Joan Hall  
Bonnie Stolzman  
Ydenices Pino  
Linda Anderson  
Sysco Deuanepenh  
Tracey Green  
Wendy Weiss  
Timothy Beckett  
John Packham  
Kathie Mckenna  
Kevin Lutz

**Dept. of Health and Human Services Staff Present**

Heather Mitchell  
Tarryn Emmerich-Choi  
Cody Phinney  
Pierron Tackes

**Hearing Summary and Minutes**

The hearing commenced at 10:00 a.m.

1. Heather Mitchell, Health Resource Analyst for the Primary Care Office in the Nevada Department of Health and Human Services (DHHS), opened the hearing for the Certificate of Need (CON) application proposing new construction for the Elko

Community Health Center Project. She then provided an introduction of the CON process. She outlined the following:

- a. The CON process is intended to provide public review for health facility construction projects to document:
  - The need for the project in the area to be served,
  - The financial feasibility of the project,
  - The effect of the project on the cost of health care, and
  - The extent to which the project is consistent with statewide planning for healthcare.
- b. In Nevada, the criteria for a CON review includes the following:
  - The project is in a county with a population less than 100,000;
  - Or if the project is in an incorporated city or unincorporated town whose population is less than 25,000 in a county whole population is 100,000 or more and;
  - The capital expenditures for the project are greater than \$2 million
- c. Under Nevada Administrative Code 439A, section 595, the applicant of a CON project has the burden of proof to provide sufficient, relevant, demonstrative evidence for a favorable determination. If the evidence on the record opposing the application outweighs the evidence in support of the application regarding the criteria, the application may be denied.

DHHS is conducting this hearing to take public comment regarding proposed new construction for the Pahrump Community Health Center Project

H. Mitchell concluded her remarks by stating that public comment will become part of the record considered by the DHHS Director and that the hearing process does not include a dialog or a question and answer session.

2. David Kilper, President and Managing Director at Community Health Development Partners presented a summary of the Pahrump Community Health Center Project.

D. Kilper starts by explaining a bit about Community Health Development Partners (CHDP). CHDP seek to bring high quality, affordable healthcare to the places and people that need it most. This includes rural and medically underserved communities, where people consistently travel long distances to seek out medical care. The CHDP leverage their unique combination of healthcare, real estate and finance expertise, to help medical service providers expand their reach and provide convenient options in high need areas. CHDP is currently constructing a project in Elko, Nevada that is similar to the one being highlighted in this CON Presentation. A group of physicians in Pahrump learned of the project from colleagues in Elko and citing both a lack of specialty services and the distances that patients often travel to receive care, contacted CHDP to highlight the need for a new surgery center in Pahrump.

D. Kilper continues by stating several key statistics that demonstrate that the residents of Nye County will benefit from an additional care option that is close to home. A Nevada

2019 Needs Assessment conducted by the Nevada Division of Health and Human Services, showed that 77% of non-emergency hospital visits made by Nye County Residents occurred outside of Nye County. In that Needs Assessment more than 50% of Nye County respondents, the majority of which reside in Pahrump, identified access to healthcare as their priority health issue. They also cited lack of transportation as a primary obstacle to that goal, showing that travelling long distances to receive care, for many is not a viable option. Advis Healthcare Consultants, a national healthcare advisory consulting firm, further reinforced the need for additional health care resources in Pahrump. Based on an analysis of surgeries performed in Nye County, relative to the insured population requiring surgeries in the area, Advis determined that Nye county had an annual unmet need of more than 4900 surgeries in specialties that will be offered by Pahrump Community Health Center.

D. Kilper further explains that due to the above reasons, they are seeking approval to construct Pahrump Community Health Center. He describes the following features of the center:

- 7 Bed
- 17,200 sqm surgery center
- 4 operating rooms
- 2 procedure rooms
- A cardiac catheterization laboratory
- Generously sized spaces for patient pre-op and recovery
- Convenient waiting, drop off and pick up areas
- Outfitted with state-of-the-art medical equipment
- Will occupy a vacant lot at the Southwest corner of Lola Lane and Basin Avenue

Pahrump CHC intends to only provide outpatient surgeries and procedures, and its post-operation beds are not designed for overnight stays. CHDP want to be very clear that the goal of their project is not to in any way replace the local hospital or to try and put it out of business. Their goal is to provide an additional option for high quality care in Pahrump and to offer services that are not currently available in the local area. D Kilper states that Pahrump CHC is eager to foster a working relationship with the local hospital and they are hopeful that the centers location to the hospital will make it easier for them to recruit additional specialists who are interested in performing inpatient surgeries there, including the same surgeons who are practicing at Pahrump CHC. The surgery will also rely on the hospital for emergency patient transfers when patients experience unexpected complications and require overnight stays.

The new surgery center was designed with input from participating local physicians, that design is centered around simplifying each stage of the patient experience. Surgical offerings are expected to include:

- Cardiology
- Gastroenterology
- General Surgery
- Otolaryngology
- Ophthalmology

- Orthopedics
- Pain Management
- Podiatry
- Spine

Pahrump CHC foresees being able to serve up to 4,900 patients each year. D Kilper says he would like to reiterate that their goal is to increase access to specialty care options that are not currently offered in the local community, to decrease the need for surgery related travel, and to bring more specialists directly to the people of Pahrump. They estimate that nearly all of the specialties that Pahrump CHC intends to offer are not currently offered at the local hospital. They have already begun the process of recruiting physicians that are interested in performing surgeries at the proposed facility and many of them are on the line to voice their support of the project.

D Kilper continues to state that because the burden of travelling for healthcare are significantly higher for low income residents Nye Counties current out migration of patients increases both the cost of healthcare and the likelihood that residents may forgo necessary care altogether. By creating a new local option for care Pahrump CHC has the power to significantly reduce the costs, stress and logistical burdens that Nye County residents currently experience when travelling long distances to obtain surgeries. It will also give patients the ability to obtain care more frequently and increase their ability to makes choices based on cost comparisons and patient outcomes.

Because overhead costs in surgery centers are lower than in full-service hospitals, facilities like Pahrump CHC can translate their lower reimbursement rates into direct savings for both individual patients and the overall healthcare system. Surgery center patients see lower copays and insurers like Medicaid and Medicare also experience significant savings.

D Kilper then presents a table the displays the cost of procedures in an ambulatory surgical center vs a hospital setting. These costs are based on the national Medicare geographic practice costs index rates.

## Reducing the Cost of Care

### Patient Cost: ASC vs Outpatient Hospital (Medicare)

Procedure	ASC	Hospital	Savings in ASC Setting
Knee Arthroscopy (29880)	\$407	\$708	\$301
Cataract (66984)	\$316	\$524	\$208
Gall Bladder Removal (47562)	\$594	\$1,148	\$554

### Total Costs: ASC vs Outpatient Hospital (Medicare)

Procedure	ASC	Hospital	Savings in ASC Setting
Knee Arthroscopy (29880)	\$1,908	\$3,410	\$1,502
Cataract (66984)	\$1,587	\$2,627	\$1,040
Gall Bladder Removal (47562)	\$2,986	\$5,741	\$2,755

The top box shows the cost in savings the standard Medicare beneficiary would save assuming that Medicare covers 80% of the total costs and the patient is responsible for the remaining 20%. The bottom box shows the total cost of those procedures, inclusive of those amounts covered by Medicare. D Kilper continues to say that ambulatory surgical center settings show substantial savings for all three procedures. They expect that the savings in Pahrump CHC will be even greater than those evidenced by the national rates given that the local hospital is a critical access facility that is eligible for cost plus reimbursements.

Pahrump CHC is very eager to begin construction and begin making a positive impact on its community. Participating physicians have been identified, financing has been secured, design is nearly complete, and construction can begin as soon as February 2022. Pahrump CHC will offer services that are not currently available in Pahrump. This includes:

- Cardiac catheterization capabilities
- Procedures by local physicians who are not currently performing at the local hospital
- New specialties offered by non-local physicians

CHDP has already taken into account the materials and labor shortages, as well as the potential cost increases that have become more common during the COVID-19 pandemic. They have engaged with a general contractor with ample capacity to handle multiple large-scale projects at once, and the construction schedule already takes current labor constraints into account. Finished and materials are being selected with prices and availability in mind, and some raw material costs are expected to return to pre-pandemic levels towards the end of this year before construction begins. The cost of construction will have no bearing on the cost of services for patients. Reimbursement rates for procedures are set by third-party payors and patient copays are calculated as set percentages of those third-party rates.

Pahrump CHC means more than just increased access to healthcare; it is also positioned to bring economic benefits to Nye County. Based on estimates from their construction and design teams, as well as an economic modelling tool, Pahrump CHC will create approximately 128 high quality construction jobs. Once the facility is open it will employ 26 full time equivalent employees with a range of skills and expertise, in addition to its physicians. Those 26 jobs will span a wide range of backgrounds and credentials including nursing, technician and non-medical positions that are distinguishable from positions at the local hospital. Based on conversations with Pahrump area healthcare providers they expect that many employees will be current Pahrump residents who currently leave town for work but would prefer to be employed in their hometown. They also plan to offer internships to students enrolled in medical intern technician and nursing programs at Great Basin college with the hope of converting them to permanent employees upon graduation.

D. Kilper continues to say that equally important is the facilities expected economic impact on the surrounding area. According to an analysis the economic activity generated

by Pahrump CHC could spur the generation of another 29 jobs by local businesses. This is because Pahrump CHC will draw physicians, employees and patients to the area. Increasing the likelihood that they will spend money at the local restaurants, retail and other local establishments. Similarly, by reducing the rate at which Nye County residents must travel to obtain surgeries, Pahrump CHC will help bring consumer dollars back into the local economy, dollars that are currently flowing into Las Vegas and other healthcare destinations.

Before concluding the presentation D Kilper talks a bit about the CHDP team and the work that they do. Their staff includes Tony Burns CHDP director of healthcare management. Tony is a certified surgical first assistant and certified ambulatory surgical center administrator with 32 years of industry experience. He has brought more than 100 ambulatory surgical centers online nationwide. Tony Burns has been and will continue to be heavily involved in the design, development and operation of Pahrump CHC. In addition Tony is local to Las Vegas, Nevada and has previously spent time in Pahrump to help launch the ophthalmology program at Desert View Hospital.

Lastly their efforts in Pahrump will be augmented by a partner nonprofit, Community Health Development Foundation. The foundation has 3 specific charges; providing health and wellness programming that is specific to each community that CHDP serves, empowering their community and helping patients connect with other services critical to their wellbeing.

The 2019 Nevada Needs Assessment that was referenced earlier, identified that Pahrump residents, similar to their counterparts in other rural, medically underserved areas, experience higher instances of cardiovascular diseases and substance abuse disorders and lower rates of cancer screenings. To combat these problems the foundation will host free patient education programs and screenings that emphasize preventative care and aim to reverse those trends in Pahrump. The foundation will also help ensure that Pahrump CHC remains accountable to the people that it serves by recruiting an advisory board of local patients. The advisory board will empower residents to directly influence the care that is available and provide valuable insight into their communities most pressing needs. The patient advisory board will also benefit from its connections to the larger foundations board of directors which is comprised of healthcare policy makers, academic professionals, and practitioners.

Additionally, the foundation will train a patient navigator to help connect Pahrump residents to other services offered by local providers. In practice this could take the form of someone's primary care physician, recommending that a patient enroll in a health insurance plan, enlist help paying for medical services, or find affordable housing. Using a convenient online tool, the patient navigator will help that individual make appointments, follow up with reminders, complete necessary paperwork and ensure that services are received and connections are made to local agencies and local providers. The navigator's assistance would be provided free of charge. The services offered by the foundation, including community programming and patient navigation, will be available to everyone in Pahrump, not just patients of the CHC. That way CHDP and the



foundation can further their collective goal of helping the Pahrump community become healthier overall.

D Kilper concludes the formal presentation and thanks everyone for listening.

### 3. Public Comment:

Nick Harrel, (For), General Surgeon who works out of Phoenix, has been doing locum surgery in Elko for the last two months. He has been working with the local hospital and sat down with Tony to talk about what the needs are at the surgery center. N. Harrel specializes in bariatric surgery and is very much in favor of the surgery center. If you look at what is going on in the United States right now, especially with COVID, the biggest comorbidity associated with poor outcomes is a high BMI. In speaking with Tony, he knows that one of the goals of the surgery center is to provide a comprehensive bariatric program that would include surgical services as well as counseling services and nutritional services. He thinks the CHC would be a great thing for the area, whether he is involved in it or not. Having taken care of patients at the hospital, and seeing what the needs are, and being a bariatric surgeon out of Phoenix, he states that it would definitely be a benefit to the community to have those services available.

Dr David Watson, (Against), Chief of Staff Desert View Hospital, Board certified emergency specialist. He finds the entire situation bothersome. In the last 20 or 30 years, there have been hundreds and hundreds of rural hospitals that have gone bankrupt and have closed their doors permanently. He states that the Department of Health and Human Services have looked into the fact that hospital closures lead to devastation of individual communities. Having a surgery center that is basically a micro-hospital, in their own parking lot, puts the hospital at extreme risk of closure. There is not a day that goes by where they do not have life threatening emergencies at their hospital. Dr Watson works multiple days where at least 1-3 of his patients are critical, without an ER available the pressure on the community is extreme. They have patients that without an ER would have without a doubt died, Dr Watson continues to state an example where a business man recently was in cardiac arrest for 44 minutes but was able to be resuscitated, the CEO at the hospital called to ask how he had survived. Tourists that are outside of town, roll over accidents, he is given 4-6 units of blood to keep them alive. Hospital closures lead to emergency department closures, which leads to long-term horrible threat for an individual community. Dr. Watson states that that's where they would be headed in a situation like this. He continues to say that last year alone there was over 20 hospital closures nationally. The trend has gotten worse, and the Department of Human Services, which is the department involved in the Certificate of Need Program, is also ironically the same department involved in multiple census statements of avoiding closure and competition, specifically stating that hospitals within 15 miles such as the entities that are being talked about today, put hospitals at risk of closure. Dr Watson states that he would absolutely vote against this and that he thinks this is horrible for their community and that it is high risk for the community.

Susan Davila, (Against), CEO Desert View Hospital. Susan states that she is in opposition of the Pahrump CHC. Presidential candidates and other politicians have talked about the rural health crisis in the United States, but they are not telling rural Americans anything new. The residents of Nye County know all too well what it is like to not have a hospital or emergency care prior to Desert View Hospital. The residents of Tonopah know what it feels like to have their local hospital close. There is not significant patient case volume to support two surgical facilities in Pahrump, both in terms of providing financial stability to cover overhead and operating expenses, maintaining enough cases to reduce clinical variation and ensure quality outcomes. The Pahrump CHC would seriously effect Desert View Hospitals ability to operate by syphoning vital patient cases away, leading to potential closure, depriving Pahrump of vital emergency and other hospital services, critical to population health. ASC's are known to engage in 'cream skimming', selectively more profitable, less complicated, well insured patients and leaving hospitals to treat the less profitable, more complicated and uninsured patients. This practice could potentially threaten the financial stability of Desert View Hospital, by taking away their ability to subsidize the cost of complicated patients, by revenue of less complicated patients. Because of Pahrump's vicinity to Las Vegas, many specialty providers elect to carry out their practice in Las Vegas and require Pahrump residents to commute. This pattern will not change with the introduction of an ASC. An ASC may only provide procedures and services upon referral or order of another provider. If there is no primary care or specialty provider to provide referral for the patient, the ASC will no recourse but to steer patients away from Desert View Hospital. Rural residents such as Nye County have higher instances of chronic disease such as diabetes, COPD and heart disease. Because of the significant lack of primary care in Nye County, patients must often choose between waiting months for appointments at clinics or skipping specialty care altogether. Many of these patients seek care from the providers at Desert View Hospital, an ASC cannot help correct this situation. If the hospital ceases to exist, people with chronic conditions in Pahrump and Nye County without the resources to seek specialty care in Las Vegas could end up suffering needlessly without medical care, an ASC cannot help this situation. Susan continues to say that hospitals are a volume based business, there is a level of profitability that is essential to be able to survive, as it is in any business. In order for the hospital to be there for the community when they have an urgent need, the community must support it on a routine basis just like any other business. Susan states that there is absolutely nothing that this ASC will offer Nye County residents that is not clearly available through Desert View Hospital. Nye County cannot afford to lose the only hospital it has left over the clear duplication of services.

John Forsee, (Against), Cardio-Pulmonary Manager, Desert View Hospital. John states that after listening to the presentation it is obvious to him that there is not sufficient patient case volume to support two surgical centers in Pahrump. Desert View Hospital has two state of the art surgical suites, with experienced staff, it currently can acquire adequate surgeons, physicians and anesthesiologists to keep them busy. An ASC would seriously affect Desert Views ability to operate by syphoning patient cases away, this would lead to the hospital potentially closing, this would deprive his family and citizens of Pahrump vital emergency and other hospital services critical to the community. John

is concerned for the members of the community that are led down the path of empty promises. He has lived in Pahrump for over 25 years and has been in the healthcare industry for as many years, he has personally experienced many providers and specialists come and go from the town for years, each promising the community wonderful services only to find they abandon the community after a few months or a year, because they prefer to do the majority of their business in Las Vegas. He fails to understand how this CHDP with their new and improved surgical services are any better, or where their staff and specialists are going to come from. Where will the ASC patients be directed for the ancillary services, will they be direct to Desert View Hospital, many patients' insurers require them to seek ancillary services in Las Vegas currently, how is the ASC going to prevent the drive to Las Vegas. How is the ASC going to contract with the current insurers that residents have. Many providers struggle for months to get onto local insurers panels, people in Pahrump are not independently wealthy enough to be able to afford out of network services out of their own pocket. A lot of Bariatric surgeries have to be paid out of pocket as insurances do not cover them. John is also concerned about having a cath lab in Pahrump without the availability of a cardiothoracic surgeon to intervene if there is a complication during a catheter. If there is a complication and no availability to be flown out, he would not want his loved one to be driven over the mountain in an emergency. Are the community aware that they would have to pay for a diagnostic cath separately, one to diagnose the blockage and one for intervention, probably to be done in Las Vegas. John continues to state that the community needs primary care providers, they need specialty providers, cardiologists, neurologists, pulmonologists, that are willing to see patients in a clinic and not refer everyone over the mountain to Las Vegas. The community needs providers that understand rural medicine and are dedicated to the issues that it brings. He cannot begin to explain the amount of primary providers that have tried to operate in Pahrump over the last 25 years that he has been in town, that then left to go back to Las Vegas after 6 months, he believes that the community deserves better. He closes his statement by saying that there is a national healthcare shortage. Rural communities like Pahrump face higher challenges in maintaining adequate health workforce. This makes it difficult to meet patient care, or adequate staffing requirements for rural facilities. Pahrump healthcare agencies already have a difficult time recruiting professionals, adding an ASC that claims to be recruiting 26 full time employees will drain an already small labor pool of healthcare employees that Pahrump has to offer that would cripple an already fragile system.

Dr Carol Rayfield (Against), Desert View Hospital, Dr Rayfield has spent the last 47 years in the acute healthcare marketplace and has several concerns that she would like to share. While ASCs provide an advantage for patients seeking routine procedures, she thinks it is important for the community to know that ASCs can pose serious safety risks for patients seeking more complicated procedures, like joint replacement or upper spine procedures listed in the application for certificate of need. A 2018 investigative report from Kaiser Health revealed that more than 260 patients have died due to procedure complications at ASCs since 2013 primarily from routine procedures such as tonsillectomies or colonoscopies. At least 10% of these patients died within 24 hours of being released from an ASC and ASCs may not have the tools necessary in a medical

emergency due to high medical device costs or lack of specialized training. According to the study, hospital providers are more likely than surgery center providers, to have experience with trauma patients and emergency measures and interventions. ASCs do not legally have the same staffing and emergency equipment as hospitals which the Kaiser report indicated could lead to higher patient safety risk and life-threatening situations. In thousands of such cases the Kaiser Health report discovered that ASC personnel had to call 911 for an emergency hospital transfer. Currently Medicaid requires surgery centers to maintain a patient transfer agreement with a local facility to transport patients in an emergency, Carol states that no one from the CHC has ever reached out to Desert View Hospital to make any such arrangements, and she finds this disturbing. The nature of outpatient surgeries means that a patient may be sent home too soon after a surgery without proper observation. Many surgery centers keep regular business hours, unlike hospitals, which are open 24 hours. Patients undergoing procedures toward the end of the day may not be monitored for long enough to determine whether it is truly safe to discharge them home. The Kaiser Health study cited several cases in which patients were found unresponsive upon arriving home. Not all surgery centers in the United States are required to report to State or Federal organizations. The popularity with outpatient surgery centers with patients lies in their perceived convenience and low cost, but physicians appreciate them for different reasons. Federal law allows physicians to refer patients to their own surgery centers, which offers much greater financial incentive than hospital referrals. The financial incentives particularly for complicated procedures such as upper spine surgery or joint replacements will lead physicians to take on patients who have a higher risk for complication, simply for the potential personal financial gain. ASCs are also known to engage in 'cream skimming', selectively treating more profitable, less complicated, well insured patients, leaving the hospital to treat less profitable, more complicated and under-insured patients. This practice threatens the financial stability of the hospital by taking away their ability to subsidize the costs of complicated patients by revenue of less complicated patients. The US Department of Health and Human Services Office of Inspector General, released a September 2019 data brief on ASCs which found that infection control remains an issue at many ambulatory surgery centers. The report found that 77% of the ASCs had at least one violation and 25% had serious deficiencies. The study cited that all ASCs with deficiencies, at least 55% were related to surgical equipment that was not sanitized properly. The report also found that multiple ASCs in several States did not meet survey requirements and many facilities went without any State survey for at least 6 years, nor did they follow safety protocols such as infection control or anesthesia administration. With ASCs now being approved for a growing number of complex surgeries, Dr. Rayfield states that it is frightening to think of the amount of risk the community members may undertake because of the potential lack of compliance within the ASCs. Community members may see an ASC as a fantastic opportunity, however there should be nothing appealing about an ASC infection control and prevention approach of office grade cleaning that isn't good enough for the community members.

Rick Baker, (Against), Director of OR and ER at Desert View Hospital, states that after listening to the presentation he has several concerns that come to mind. R. Baker

continues to say that there is not significant patient case volume to support two surgical facilities in Pahrump. Desert View Hospital currently has two state of the art surgical suites with fully upgraded equipment, along with an experienced surgical staff. Unfortunately, many of the surgeons that occasionally come out to see patients in Pahrump prefer to funnel their business into Las Vegas. It is more convenient for them to perform all of their cases in one spot rather than splitting their time. Rick states that he finds it hard to believe that there would suddenly be a plethora of providers ready and willing to go to Pahrump, perform their clinic and all of their cases out there. R. Baker continues to say that he also has questions about how the CHC is planning on staffing the facility. The CHC states that they will require 26 full time staff equivalents, R. Baker would like to know where they think these staff members will come from and what is the CHCs plan to acquire anesthesiologists, which is a very difficult specialty to obtain, especially in a rural community. Nevada is in the middle of a healthcare staffing crisis, experienced OR staff do not grow on trees, especially in a rural setting, they will need to be mentored for many months, sometimes in excess of a year. Care is about more than a fancy ASC with shiny new equipment, it is about medical professionals taking care of the patients, if you don't have the staff to do that, people are going to die. R. Baker states that pilfering staff from an already struggling town is not going to enhance growth, it will cripple their healthcare even further. One of the statements in the CON document read 'large hospitals like DVH can profit heavily from high reimbursement rates regardless of patient outcomes', R. Baker continues to comment that DVH is not a large hospital, it's a 25 bed critical access hospital which does not meet the definition of large, and DVH does not profit heavily from high reimbursement rates. Critical Access Hospitals are reimbursed solely on cost not on profit margin, they also take pride in the fact that they have exemplary quality metrics in patients' outcomes. Desert View Hospital has exemplary quality standards, R. Baker states that they have had zero surgical infections for greater than 4 years. R. Baker states that he is perplexed in the mathematics involved in the size of the facility that is being proposed. He asks how the CHDP can justify building a 17,500sqft facility with 22 beds, 4 ORs, 2 procedure rooms 16 PACU beds, when the average size for an ASC in Nevada is 3 beds with less that half of the above listed square footage. Why would an ASC need 16 recovery room beds in a rural area when many of the larger urban surgical hospitals across Nevada do not have that many PACU beds. R. Baker continues to say that while the theory of having a cardiac cath lab in a rural may sound enticing to the community members, he asks if anyone is going to tell them that in reality many of them may be having to a diagnostic cath as a pre-op for pre-procedure clearance, and then be required to seek care in an urban setting if there are more serious blockages found for a second cath. R. Baker states that he has experience working in cardiac recovery, and he questions what a rural cath lab would do if there were serious complications during the cath. There isn't a cardiothoracic surgeon in Pahrump, nor anesthesia, how would the patient make it over the mountain if there was a perforation. R. Baker says that in his opinion community members deserve the truth, and not be sold a fairytale. He states that he and his family have lived in the Pahrump community for over 5 years, and in that time, he personally has had 5 different primary care providers, and not due to anything he has said or done, but due to the fact that no one will stay in the area. It is hard to manage a physician practice in an area where the patient population is high percentages

of patients with lower paying government coverage. Because of the shortage, many patients utilize the services of physicians associated with the hospital to meet their healthcare needs. If the hospital ceased to exist, patients will be without much needed medical services.

Dr Bonnie Stolzman, (Against), Chief Nursing Officer, Desert View Hospital. B Stolzman states that nearly 1 in 5 Americans who live in rural areas like Pahrump depend on their local hospital for care. Over the past 10 years 120 hospitals spread across 31 States have closed. As of 2021 another 430 are at risk of closing. B. Stolzman states that the introduction of an ASC in Pahrump will not produce the positive results that the CHDP proposed. The surgery center will not take on daily around the clock emergency services, that the hospital does, D. Stolzman says the ASC will however duplicate services that the hospital already offers. The group reports that they can provide lower cost services to the community, but D. Stolzman states that this is not true for all community members, and that their patients deserve the truth. There had to be a large profit in creating freestanding ASCs and cath labs otherwise they would not be able to attract the capital needed to build facilities in the first place. She states that this is not about creating a community or community needs, but about creating a profit. The proposed center will most certainly have physician investors, the physician owners will create a profitable business by targeting patients that are healthier and have good health insurance, and by targeting highly reimbursable surgical procedures. They will leave the underinsured and uninsured population to Desert View Hospital. The proposed ASC will syphon off resources to Desert Views Hospitals continued ability to meet the need of the broader community including the poor, the uninsured and the sicker patients. The issue is not that full service rural critical access hospitals do not want to compete based on quality, cost or efficiency, hey do that everyday in their market driven economy. Rural hospitals simply cannot compete with a system riddled with potential conflict of interest where some physician owners reward themselves for referring wealthier, well insured patients to themselves, in a facility in which they share ownership. Rural full service community hospitals must rely on physicians for their referrals, but cannot pay them for those referrals. If a community hospital were to pay physicians to refer patients to their hospital this would be considered a violation of the Stark Law which is considered a felony. Physician owned ASCs however have found a way to circumvent the issue by taking advantage of a loophole and the whole hospital exception to the anti-referral and ethics in medicine law. Self-referral allows a physician to profit not only from the fee for service, but also from the facility fee that the ASC draws as they have ownership. Instead of promoting fair competition, free standing ASCs stifle it. Physician self-referral breeds conflict of interest, when physicians have ownership in ASCs to which they refer patients, their decisions about when to provide care and where to send patients are subject to competing interests. Unproper financial motive simply do not serve the best interest of the patients and threaten to undermine the vital services that Desert View Hospital offers to Pahrump and Nye County. Critical Access Hospitals were created and sustained by their respective communities to serve all patients regardless of their health status or ability to pay. Having an ASC duplicating services will rob DVH's ability to meet that mission and will risk patient access to essential medical services. D. Stolzman closes by saying that the bravery and dedication that

Americas healthcare workers have displayed on the front page newspaper stories across the county throughout the COVID-19 pandemic, however the pandemic has also been a huge strain on nurses and the healthcare system, due in part to the limited staff and resources. The nursing shortage facing America began long before the pandemic propelled it into headlines once again. The nursing shortage has become a plague in the United States and rural communities are hit harder than the urban counterparts. In 2020 Nevada employed 28,400 RNs, this means there are only 9.2 RNs per 1000 population in the state of Nevada. Pahrump healthcare businesses such as the hospital, clinics, skilled nursing facilities, home health agencies, already have a difficult time recruiting professionals even during non COVID times. Adding an ASC that is reporting needing 26+ FTEs will drain the already small labor pool of available healthcare employees that Pahrump has to offer, it will literally cripple the already fragile healthcare system.

Tony Burns (CHDP) says that he appreciates all the comments from the employees at Desert View Hospital, he states that he understands that a proposal like this can appear threatening. He would like the hospital to know that they are interested in working with them and starting a conversation with them to address their individual concerns. He would like William Resh to make a few comments about his group's commitment to the area and the type of care his group is going to bring. T. Burns states that they also have Dr. Timothy Beckett on the line who is the managing partner of Valley Anesthesia Associates and he would like him to comment too.

William Resh, (For), Managing partner of Nevada Heart and Vascular Center, a 25-cardiology person group in Las Vegas, they also run a clinic with Dr. Alan Rhodes who runs close to a full time clinic in Pahrump. William Resh states that his only comments will be directed at their specialty and service in cardio-vascular medicine. He states that he has an exception with what was mentioned before about how doctors who own ASCs have a conflict of interest, cant made good and objective decisions, he continues to say that he thinks that is totally false and that surgery centers exist everywhere. He recognizes the nuances of the rural situation make it somewhat different than the majority of his partners' practice in Las Vegas, but it is the same concept. W. Resh continues to say that the surgery centers are completely legal, they provide an incredible service, they do it at a cheaper price than a typical hospital, and patient satisfaction is traditionally higher. Lastly W. Resh says that outcomes are the same, it is perfectly safe. He states that he is not going to speak on surgery as he is a cardiologist, but the data is clear in the cath lab setting outside of the hospital it is perfectly safe to do PCI or elective angioplasty, or stenting (called PCI). The data on that is clear, the American college of cardiology has signed off on that in expert consensus statements. This is what drove CMS to have a code and allow PCI in an ASC setting as of January 1<sup>st</sup> 2021. He states that the data and science is clear and indisputable. W. Resh closes to say he will not speak of the nuances of rural as he is not an expert on that, but he knows that it can be done safely, it is perfectly legal, and traditionally the patients have a better satisfaction and is cheaper. He states that his all makes sense other CMS would not have been so supportive of surgery centers through the years. W. Resh also mentions that Pahrump is a large place, there are lots of people that have to travel into Las Vegas, his practice sees these patients every single day in the cath labs in Las Vegas. This is

obviously a big inconvenience to the patient having to travel as well as the cost and logistical inconvenience to family and guests.

Dr Timothy Beckett, (For), Anesthesiologist, Partner at Valley Anesthesiologist Consultants, he would like to address the earlier conversation where it was mentioned that it is often difficult to draw physicians and in particular anesthesiologists to smaller towns. Dr. Beckett states that they recognize this and there is a great shortage of providers and anesthesiologists all over the country. He states that they have formed a partnership with CHDP in which they will follow them to pretty much any location in which they will be creating new surgical centers or healthcare centers. They are doing the same thing in Elko and they have already committed to providing all anesthesiologist coverage in Pahrump should this endeavor occur. Dr. Beckett continues to say that any other place that they plan to go, they will follow them there as well. He states that they have about 50 providers at his group now, and they are currently growing. They cover a range of cases, and even some of the cardiology cases being done in Las Vegas at another ASC. As far as skill level and the ability to recruit anesthesiologists, that is not at all a concern with CHDP and they plan on participating in any way they can.

Kathie McKenna (Mostly Against) concerned citizen, executive director for two local non-profits. She states that she is not a doctor and not in healthcare, she states that it is very difficult to find doctors in the community, especially specialty doctors. She found it interesting that the last two doctors that spoke said they were excited to go to Pahrump, and is curious why they weren't in Pahrump already because there is a facility they could work at. That is what she has found when trying to get a doctor, they most they can get is a specialty doctor that is willing to go out to Pahrump a day a week or a day every two weeks, but they have very short hours there and it creates a problem. K. McKenna does not think that an ASC will suddenly bring an influx of specialty doctors let alone regular doctors, there are many people who have gone through numerous doctors because Pahrump cannot keep regular doctors let alone specialty doctors. She states that an ASC will not do them any good if they lose the hospital. K. McKenna continues to say that quite often in the discussion they referred to Nye County, sometimes people forget that they are the third largest county in the United States and cover 18,000 square miles, have a facility in Pahrump is really serving Pahrump. K. McKenna continues to say that Tonopah is sadly three hours away from Pahrump, almost equal distance from Pahrump and Las Vegas, and considering it is so hard to find doctors in Pahrump, those individuals will go to Las Vegas, and they also use the hospital out of Bishop California as it is closest. K. McKenna says that if anyone needs the service it would be Tonopah, and that it would be nice to see a hospital or even an ASC open up there because they are drastically in need. Continuing K. McKenna talks about the discussion of referral counties, she is unsure who the referral counties would be as Nye County is very large, to the west is California and there is not a lot of population between the California/Nevada border. North of Nye County is too far, and to the East is Clark County and she cannot see people coming from Clark County out to Pahrump especially for surgery, as she is sure the cost would be higher as most physicians and anesthesiologists would live in the concentrated Las Vegas area, which



would meant they would have to travel to Pahrump which she imagines would have to increase their cost. K. McKenna says there was one thing that did sound very enticing, at the end of the presentation that the ASC was looking to become some sort of mental health and substance abuse facility, this she states is extremely exciting. From what she has read on ASCs she doesn't believe that that is normally an ASC function. If they are bringing psychologists and psychiatrics in, perhaps a detox facility within the ASC, a 24/7 detox facility or a psychiatry facility, she thinks that is great and should be fleshed out a little further but she doesn't think that is really what the ASC is looking to obtain.

Joan Hall, (Against) Nevada Rural Hospital Partners. NRHP has historically testified before the Nevada legislature in favor of the CON statute. They believe that the statutes and the process assist in ensuring access to care in rural Nevada. J. Hall continues to say that the Critical Access Hospital (CAH) designation is a status implemented by CMS in the early 1990s, in response to the large number of hospital closures in rural America at the time, an unfortunate trend that is reemerging in the past few years. The CAH designation is designed to reduce the financial vulnerability of rural hospitals and to improve the access to healthcare by keeping essential services in rural communities. CAHs in rural Nevada including Desert View Hospital, are typically the sole provider of 24/7 care in their community, providing inpatient care, emergency services and diagnostic services. These diagnostic services are needed to treat patients presenting with heart attacks or stroke symptoms, as well as other emergent health issues. Having these services available 24/7 provides care during that critical time frame to save muscle, tissue and lives. Nationally when independent diagnostic centers or ambulatory surgical centers are in small communities, they take the cream off the top of the healthcare services provided by the CAH, which causes both financial and workforce disruption. When there is a duplication of diagnostic services offered by the hospital, there is often migration of hospital staff to the outpatient provider, who would not want to work Monday through Friday, 9-5, versus 24 hour staffing operations needed and the on-call needed by hospitals. Respiratory therapists, lab technologists and imaging staff, are always difficult to recruit and they are vital to the hospital to provide this 24/7 care. For many years the community of Pahrump worked diligently to get healthcare delivery provided locally to their community, the finally celebrated the groundbreaking of Desert View Hospital in 1994. Desert View is credentialed with Medicare, Medicaid, and most of the commercial insurance providers in the region, and they serve all patients, regardless of their ability to pay. The potential of losing this vital resource would be devastating to the community. J. Hall states that specific parts of the application that need due consideration are where will they get the 26 FTEs, what are the diagnostic capabilities that are going to be included in this project, will the be duplicative of what the hospital currently provides. J. Hall states that 22 beds seems like a large number for an ASC, ASCs in Nevada can only keep patients for 24 hours, and per NRS 449.019 are only allowed to provide limited medical services. This applicant is stating that it will provide patient navigation services and health and wellness programing, not typical of an ASC. If this application is approved, what else will they be providing. For these reasons NRHP respectfully opposes this application as it has the real possibility of actually decreasing access to care in the community versus the stated goal of increasing the access.

4. Community Health Development Partners are then given time to provide a summation of their position following the public comments.

David Lutz, senior managing director, begins by thanking everyone for attending today's meeting and voicing their opinions on the project. As an organization D. Lutz states that they are solely focused on bringing needed healthcare to the Pahrump community and that they are committed to being good partners with local organizations and existing facilities, and engaging with the residents of Pahrump to provide the additional healthcare services that they need. He states the CON application determination is based on facts and although the hospital has offered up the views of many of its' employees that have expressed generalized concerns over certain aspects of application, their written response and the testimony today do not set forth much in the way of any specific factual support that refutes the need for the project in Nye County. D. Lutz says that Nye County is primarily the focus because the certificate of need statute is written specifically to County population and needs within a specific County. He confirms that Nye County is a large county, and their facility is in Pahrump, which is why they are focused mainly on Pahrump is their remarks today. D. Lutz would like to respond briefly to some of the concerns brought up by the hospital and its' employees, some of these being originally addressed in their presentation. The current healthcare scape in Pahrump is fractured, because a significant amount of the surgical volume is going to Las Vegas, that is an undisputed fact that is substantiated by the Department of Health and Human Services, by third party consultants, by physicians who currently practice in Las Vegas. By keeping employees, patients, doctors and the resulting economy in Pahrump, everyone benefits. D. Luz continues to say that the determination on the CON application is not a choice between the hospital and the ASC project, even though the hospital would like you to believe that the ASC project threatens their very existence. The CHDP hope that the hospital will partner with them going forward so that they can all work together to benefit the Pahrump community. D. Lutz states that he would like to briefly respond to four major categories that were expressed by the hospital employees:

- The perceived economic threat that the project presents to the hospital:
  - As emphasized in the application and throughout the hearing, the vast majority of services that they are offering in the facility relate to procedures that are currently referred to surgery centers or other facilities in Las Vegas. That number is in excess of 90%, which means there will not be a negative impact on the financial performance of the hospital. They believe the project will result in increased revenue for the hospital due to the referral of ancillary services such as imaging and other services, they also believe the hospital will have additional revenue that directly result from the ASCs ability to attract specialists and other healthcare professionals to the area. They recognize that they can't replace the hospital, and they have no desire to. Stopping the current outflow of patients to Las Vegas benefits the hospital and the entire community. D. Lutz would also like to note that their cardiologists have already set up a transfer agreement tertiary care with Valley Hospital, a

hospital in the same system as Desert View. He would also like to note that a lot of the concerns raised by the hospital employees are generalized to ASCs generally and to rural hospitals generally. Some of the statistics going back to 2013 are nationwide and really do not focus on the specific community that they are dealing with, nor do they focus on the specific economics and profitability of the hospital. If CHDP thought they were actually going to close the hospital they would certainly carefully consider that, and they have carefully considered that. There is no evidence on the record that supports the scare tactics that the hospital is employing by saying that their hospital is going to close and there is going to be no emergency care in Pahrump. D. Lutz reiterates that 90% of their services are not currently performed in Pahrump, they are providing additional services and they hope that the hospital will enjoy additional revenue as a result of that ongoing partnership.

- The second concern raised by the hospital is the perceived inability to attract specialists to the project, and the expectation that specialists won't come to Pahrump to perform procedures.
  - D. Lutz states that he is thankful that both Dr Resh and Dr Beckett were able to join the call to showcase just a couple of the specialties that they have already recruited, and will be provided services in Pahrump. D. Lutz states that there are a large number of others that have committed as well so they are very confident that they can recruit those specialists to perform procedures in Pahrump. This will not only help the project but it will also help the hospital recruit and retain specialists for inpatient and other procedures that the hospital is able to provide.
- The third concern raised by the hospital is the perceived insufficient labor pool in the community to fully staff the project
  - As stated in their presentation as an ASC they rely largely on specialized staff members and those specialists are not employed in large numbers by the hospital. In addition, they are targeting staff that are currently travelling to Las Vegas for work and giving them the opportunity to work closer to home. They intend to build the employer base in Pahrump in partnership with community schools and other organizations and D. Lutz has no doubt that they can fully staff their project without a detrimental impact to the hospital. Keeping jobs and the resulting dollars in Pahrump will benefit the entire community.
- D. Lutz wanted to briefly touch on the safety concerns over ambulatory surgery centers
  - D. Lutz states that this concern was very generalized response to the ASC model generally. D. Lutz refers to their application which is already in the record which goes into detail in great length about the safety record of ASCs

- The final concern to address is the duplication of services
  - D. Lutz states that this is a common thread, as they have stated a number of times, over 90% of the services they offer are not performed in Pahrump so there will be little duplication of services. They have substantiated the massive volume of procedures and cases that are leaving Pahrump, meaning that will be a no net negative for the hospital and they believe that it will be a benefit to the hospital by keeping all of those patients and healthcare professionals within the local community. They do not believe there will be any duplicative services because a large majority of their services are simply not offered at the hospital, so the ASC is filling that gap, both in terms of specialties offered and in terms of capturing that case volume that is currently leaving for Las Vegas.

D. Lutz notes in his closing statement that limiting competition in a competitive marketplace especially in healthcare should be an incredibly high bar. The certificate of need process is not designed to eliminate competition but is intended to ensure that additional healthcare services are delivered only when there is a demand for them. D. Lutz thinks that the record is full of factual conclusions and statements that support the fact that there is a need in the community for the services that they are providing. They are confident that these facts have demonstrated a clear need that they hope to fill for the people of Pahrump, a need that has also been substantiated by the Department of Health and Human Services when they concluded that access to specialized care is a clear need in Pahrump and the highest healthcare priority. D. Lutz thanks people for listening, and states that they look forward to serving Pahrump for years to come.

5. The meeting is closed by Heather Mitchell at 11:21AM

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# ***Attachment E:***

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Hearing Presentation or Materials

Department of Health and Human Services

State of Nevada

**Link to Applicants Presentation:**

**[Pahrump Community Health Center, LLC Presentation](#)**

**Link to Evidence Received for:**

**[Pahrump Community Health Center, LLC Proposed Project](#)**