

**MINUTES**  
**STATE HEALTH FACILITIES COUNCIL**  
**APRIL 4, 2012**  
**LUCAS STATE OFFICE BUILDING**  
**5<sup>TH</sup> FLOOR, ROOMS 517-518**  
**321 EAST 12<sup>TH</sup> STREET, DES MOINES**

**I. 8:30 AM ROLL CALL**

**MEMBERS PRESENT:** Bill Thatcher, Chairperson, Bob Lundin, Roberta Chambers and Vergene Donovan. Marc Elcock arrived at 8:45 AM.

**STAFF PRESENT:** Barb Nervig; Heather Adams, Counsel for the State

**II. PROJECT REVIEW**

1. Friendship Village, Waterloo, Black Hawk County: Add 5 nursing facility beds in existing space at no cost.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Velda Phillips, administrator; and Sharon K. Holdiman, director of nursing. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

A motion by Lundin, seconded by Chambers, to Grant a Certificate of Need carried 5-0.

2. Wesley Retirement Services, Pella, Marion County: Build 64-bed nursing facility - \$10,007,537.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Rob Kretzinger; Amy Stolfuss, social worker; and Nancy Hamilton, executive director of Hearthstone. The applicant made a presentation and answered questions posed by the Council. Bob Kroese, CEO of Pella Regional Health Center, spoke of the process (nationwide search) the hospital engaged in to select Wesley Retirement Services for this project.

A motion by Donovan, seconded by Chambers, to enter exhibits presented in support of oral testimony into the record carried 5-0.

No affected parties appeared at the hearing.

A motion by Donovan, seconded by Chambers, to Grant a Certificate of Need carried 5-0.

3. Spurgeon Manor, Dallas Center, Dallas County: Add 13 nursing facility beds, relocate 19 beds and build a new kitchen - \$5,744,880.

Staff report by Barb Nervig. The applicant was represented by Katie Cownie and Adam Freed of Brown, Winick; Maureen Cahill, administrator of Spurgeon Manor; Cheryl Wolfe, director of

nursing; and Bob Bisenius of Shive-Hattery. The applicant made a presentation and answered questions posed by the Council.

A motion by Lundin, seconded by Chambers, to enter items presented in support of oral testimony into the record carried 5-0.

Appearing as an affected party in opposition to the proposal was Larry Hinman. Dan Boor of Scottish Rite Park; Rob Kretzinger of Wesley Retirement; and Gib Wood, developer of CCRC Grimes and Ames, all identified themselves as affected parties, but did not take a position or speak on this proposal.

A motion by Chambers, seconded by Donovan, to Grant a Certificate of Need carried 5-0.

4. CCRC of Ames, Inc., Ames, Story County: Build 38-bed nursing facility as part of new CCRC - \$3,917,000.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Gib Wood and Karen Beck, director of nursing at the CCRC in Grimes. The applicant made a presentation and answered questions posed by the Council.

A motion by Chambers, seconded by Lundin, to enter exhibits presented in support of oral testimony into the record carried 5-0.

No affected parties appeared at the hearing.

A motion by Donovan, seconded by Chambers, to Grant a Certificate of Need carried 5-0.

5. Integrated Care Surgery Center, Bettendorf, Scott County: Establish outpatient surgery center - \$163,000.

Staff report by Barb Nervig. The applicant was represented by Nancy Jipp, ARMP, Gina Johnson, BSN and Chamein Clark-Witter, D.C. The applicant made a presentation and answered questions posed by the Council.

A motion by Chambers, seconded by Lundin, to deny the submittal of exhibits presented at hearing into the record, carried 3-2. Elcock and Thatcher voted no.

Affected parties appearing in opposition to the proposal were Doug Gross of Brown Winick, representing Trinity Terrace Park; Michele Dane representing Genesis Health System; Ken Watkins of Davis Law and Michael Patterson representing Mississippi Valley Surgery Center.

A motion by Donovan, seconded by Elcock, to accept the submittal of exhibits presented at hearing by Mississippi Valley Surgery Center in support of oral testimony into the record, carried 4-1. Chambers voted no.

Nat Kongtahworn of Wellmark Blue Cross Blue Shield of Iowa provided testimony regarding the reimbursement for the proposed services. Dr. John Dooley, representing himself, spoke about

the difficulty chiropractors experience in finding a place to do MUA of the spine and that other doctors are not trained to do this procedure.

Chambers asked for reconsideration of earlier vote that rejected documents and made a motion to acceptance all the documents presented by the applicant into the record. After brief discussion, the motion was amended to accept all exhibits except Exhibit "D". This amended motion was seconded by Elcock and carried 5-0.

A motion by Lundin, seconded by Chambers, to DENY a Certificate of Need carried 5-0.

#### **IV. EXTENSIONS OF PREVIOUSLY APPROVED PROJECTS:**

1. University of Iowa Hospitals & Clinics, Iowa City, Johnson County: Construct 11-story addition for Children's Hospital, adding 31 pediatric beds – \$284,973,751.

Staff reviewed the progress on this project. A motion by Elcock, seconded by Chambers to Grant a one year extension carried 5-0.

2. Carrington Place of Toledo, Toledo, Tama County: Add 5 nursing facility beds in existing space - \$25,000.

Staff reviewed the progress on this project. A motion by Chambers, seconded by Lundin to Grant a one month extension carried 5-0. The Council asked that the applicant be present at the May meeting to discuss and provide evidence on the status and progress of this project.

3. Healing Passages Birth and Wellness Center, Des Moines, Polk County: Establish a birth center -- \$75,100.

Staff reviewed the progress on this project. A motion by Lundin, seconded by Chambers to Grant a one month extension carried 5-0. The Council asked that the applicant be present at the May meeting to discuss and provide evidence on the status and progress of this project.

4. Dave's Place Ankeny, Ankeny Polk County: Build a 48-bed intermediate care facility for persons with mental illness (ICF/PMI) – \$8,635,541.

Staff reviewed the progress on this project. Katie Cownie of Brown Winick came forward on behalf of the applicant.

A motion by Chambers, seconded by Lundin, to DENY an extension failed 3-2. Elcock, Donovan and Thatcher voted no.

A motion by Donovan, seconded by Elcock to Grant a one month extension carried 3-2. The Council asked that the applicant be present at the May meeting to discuss and provide evidence on the status and progress of this project.

5. Arbor Court Fairfield, Fairfield, Jefferson County: Establish 65-bed nursing facility -- \$3,100,000.

Staff reviewed the progress on this project. Doug Gross of Brown, Winick spoke on behalf of the applicant. A motion by Lundin, seconded by Donovan to Grant a nine-months extension carried 5-0.

**V. REQUESTS FOR DETERMINATION OF NON-REVIEWABILITY AND THE DEPARTMENT'S RESPONSE**

The purpose of the Council's review under this portion of the agenda is to determine whether it affirms the Department's determination that a project is or is not subject to review under Iowa Code chapter 135. The Council reviewed the Department's determination as to whether a project is exempt from review.

1. Sioux Center Community Hospital/Health Center, Sioux Center, Sioux County: Replacement of critical access hospital in same town and county with no additional beds or new services.

Staff report by Barb Nervig. A motion by Chambers, seconded by Lundin, to affirm the Department's determination carried 5-0.

2. Ellsworth Municipal Hospital, Iowa Falls, Hardin County: Replacement of critical access hospital in same town and county with no additional beds or new services.

Staff report by Barb Nervig. A motion by Donovan, seconded by Chambers to affirm the Department's determination carried 5-0.

**VI. APPROVE MINUTES OF PREVIOUS MEETING (OCTOBER 2011 & JANUARY 2012)**

A motion by Chambers seconded by Donovan to approve the minutes of the October, 2011 and the January 2012 electronic meeting passed by voice vote.

The meeting was adjourned at 3:30 PM.

The Council's next two scheduled meetings are Wednesday, May 23, 2012 and Friday, October 5, 2012.

**IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL**

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
  
ARBOR COURT FAIRFIELD )  
  
FAIRFIELD, IOWA )

**DECISION**

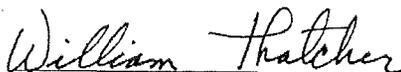
This matter came before the State Health Facilities Council for review on Wednesday, April 4, 2012.

The project, the establishment of a 65-bed nursing facility, was originally approved on January 29, 2009 at an estimated cost of \$2,300,000. A six-month extension was granted on December 2, 2009; a second six-month extension was granted on June 15, 2010 and a one year extension was granted on November 3, 2010. On April 12, 2011, the Council approved a modification to the original Certificate of Need increasing the cost by \$1,000,000 for a new total project cost of \$3,300,000.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 to Grant an Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The decision is based upon the finding that adequate progress is being made.

The extension is valid for one year from the date of these findings.

Dated this 8<sup>th</sup> day of August 2012

  
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William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: Health Facilities Council  
Department of Inspections & Appeals, Health Facilities Division

**IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL**

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
CARRINGTON PLACE OF TOLEDO )  
TOLEDO, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for review on Wednesday, April 4, 2012.

The project, the addition of five nursing facility beds, was originally approved on April 12, 2011 at an estimated cost of \$25,000.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 to Grant a one month Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The Council has requested that a representative of the applicant be present at the May23, 2012 meeting to discuss the progress of this proposal.

The extension is valid for one month from the date of these findings.

Dated this 8<sup>th</sup> day of August 2012

  
\_\_\_\_\_  
William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: Health Facilities Council  
Department of Inspections & Appeals, Health Facilities Division



with separate bedrooms, two of which would only be used as semi-private rooms if someone within the community needs nursing facility level of care and there are no other beds available or if there are spouses who wish to share a room.

4. All 38 nursing facility beds will be certified for Medicare and Medicaid. The applicant is projecting about 3 of the 38 beds will be occupied by a Medicaid recipient and 2 beds will be occupied by a Medicare recipient in the first year and by year three 11 beds will be occupied by Medicaid recipients and 5 beds by Medicare recipients.
5. To demonstrate need, the applicant relies on the fact that there are no CCRCs in the city of Ames that offer services on a monthly rental basis and the calculated bed need for Story County.
6. The applicant states that there are four free-standing nursing facilities in Ames. Two of these, Green Hills and Northcrest, are part of CCRC projects that have significant endowment fees; in addition, Northcrest is not certified for Medicare or Medicaid and only accepts residents from within its community. The other two facilities, Abington and Riverside Manor are older and based on the medical model.
7. The seven-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,432 beds. The total underbuild for Story County is 324 beds. See the following table for additional bed information:

**Nursing Facility Beds by County**  
**Number Needed by CON Formula/Number Licensed/Difference**

County	Projected 2016 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of March 2012	Difference – Formula vs. Licensed & Approved*
Story	11,191	828	504 <sup>1</sup>	-324
Boone	4,332	310	377	+67
Hamilton	2,823	199	238	+39
Hardin	3,624	253	399	+146
Jasper	6,523	463	355 <sup>2</sup>	-108
Marshall	7,300	517	349	-168
Polk	56,693	3,356	2,272 <sup>3,4</sup>	-1084
<b>Totals</b>	<b>92,486</b>	<b>5,926</b>	<b>4,494</b>	<b>-1,432</b>

\*A positive (+) number means the county is overbuilt and a negative (-) indicates an underbuild  
<sup>1</sup>6 beds approved in November 2010 in Ames; <sup>2</sup>24 beds approved in October 2011 in Newton; <sup>3</sup>16 beds approved in August 2011 in Pleasant Hill; <sup>4</sup>25 beds approved in October 2011 in Urbandale

8. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, the seven-county area has 80 hospital-based NF beds (all in Story County) and 50 hospital-based SNF beds (19 of these in Story County).
9. Over the span of the last three years the total number of beds in the seven-county area has decreased by 7 beds. See the following table for additional detail:

**Nursing Facility Beds by County  
Difference in Number Between March 2009 and March 2012**

<b>County</b>	<b># of NF Beds (facilities) as of March 2009</b>	<b># of NF Beds (facilities) as of March 2012</b>	<b>Difference in # of NF Beds</b>
Story	498(7)	498(7)	0
Boone	379(4)	377(4)	-2
Hamilton	238(3)	238(3)	0
Hardin	399(6)	399(6)	0
Jasper	334(6)	331(6)	-3
Marshall	355(4)*	349(4)*	-6
Polk	2227(26)	2231(28)	+4
<b>Totals</b>	<b>4,430(56)</b>	<b>4,423(58)</b>	<b>-7</b>

\*plus 702 beds at Iowa Veteran's Home

10. There are currently 4,494 licensed and approved nursing facility beds in the seven counties, 427 beds (9.5% of all beds) in dedicated CCDI units. Beds at the Iowa Veterans Home are not included in this calculation.

**Number of CCDI Beds by County**

<b>County</b>	<b># of CCDI Beds (facilities)</b>
Story	48(2)
Boone	56(2)
Hamilton	15(1)
Hardin	50(3)
Jasper	18(1)
Marshall	96(2)*
Polk	222(9)**
<b>Totals</b>	<b>505(20)</b>

\*78 of these at the Iowa Veterans Home

\*\* includes 12 beds approved in Urbandale, not built yet

Data Sources: Department of Inspections & Appeals –  
Summary of Long Term Care Facilities

11. The applicant feels the proposal will reduce travel time, expense and inconvenience for the Ames senior population, their family and friends as the applicant believes several seniors are now leaving Ames to find the living environment they seek.
12. The applicant feels there are no less costly alternatives in staffing, scheduling design or services sharing to achieve the quality of care envisioned for this community.
13. The applicant owns and operates a CCRC in Iowa Falls and recently opened a CCRC in Grimes. The applicant states they are well ahead of the projected 18 month lease-up schedule for the Grimes CCRC. The IL now has a waiting list, the AL has 19 of 34 units occupied and the nursing facility opened in December 2011 with 3 residents and now has 12 (10 private pay and 2 Medicaid).

14. In a phone survey of facilities conducted in March 2012, four of the seven freestanding facilities in the County reported occupancies above 87%, the County as a whole reported 77% occupancy. Additional details from the phone survey are in the following table.

<b>Facility by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>STORY COUNTY</b>			
Bethany Manor Story City	180	34	69%
Green Hills Health Care Center Ames	40	2	95%
Mary Greeley Medical Center Ames	11	8	27%
Northcrest Health Care Center Ames	54	3	94%
Riverside Manor Ames	37	1	97%
Rolling Green Village Nevada	69	9	87%
Story County Hospital NF Nevada	80	25	69%
The Abington On Grand Ames	70	31	56%
Zearing Health Care, LLC Zearing	40	18	55%
<b>TOTALS</b>	<b>581</b>	<b>131</b>	<b>77%</b>
<b>BOONE COUNTY</b>			
Eastern Star Masonic Home Boone	76	0	100%
Madrid Home For The Aging Madrid	155	50	68%
Ogden Manor Ogden	46	4	91%
Westhaven Community Boone	100	0	100%
<b>TOTALS</b>	<b>377</b>	<b>54</b>	<b>86%</b>
<b>HAMILTON COUNTY</b>			
Crestview Manor Webster City	84	29	65%
Southfield Wellness Community Webster City	88	18	80%
Stratford Nursing & Rehab Ctr. Stratford	66	18	73%
<b>TOTALS</b>	<b>238</b>	<b>65</b>	<b>73%</b>

<b>HARDIN COUNTY</b>			
Eldora Nursing & Rehab Center Eldora	49	10	80%
Heritage Care Center Iowa Falls	66	10	85%
Hubbard Care Center Hubbard	60	1	98%
Scenic Manor Iowa Falls	82	13	84%
The Presbyterian Village of Ackley Ackley	70	16	77%
Valley View Nursing & Rehab Center Eldora	72	27	63%
<b>TOTALS</b>	<b>399</b>	<b>77</b>	<b>81%</b>
<b>JASPER COUNTY</b>			
Baxter Health Care Center Baxter	44	14	68%
Careage Of Newton Newton	53	23	57%
Heritage Manor Newton	62	17	73%
Nelson Manor Newton	36	2	94%
Newton Health Care Center Newton	70	12	83%
Wesley Park Centre Newton	66	17	74%
<b>TOTALS</b>	<b>331</b>	<b>85</b>	<b>74%</b>
<b>MARSHALL COUNTY</b>			
Iowa Veterans Home Marshalltown	548	41	93%
Grandview Heights Marshalltown	109	18	83%
Southridge Nursing & Rehab Center Marshalltown	82	10	88%
State Center Nursing & Rehab Center State Center	48	12	75%
Villa Del Sol Marshalltown	110	10	91%
Marshalltown Medical & Surgical Ctr. Marshalltown	15	9	40%
<b>TOTALS</b>	<b>912</b>	<b>100</b>	<b>89%</b>
<b>POLK COUNTY</b>			
Altoona Nursing and Rehab Altoona	106	9	92%

Bishop Drumm Care Center Johnston	150	2	99%
Calvin Manor Des Moines	59	2	97%
Deerfield Retirement Community Urbandale	30	9	70%
Fleur Heights Ctr. For Wellness & Rehab Des Moines	120	11	91%
Fountain West Health Center West Des Moines	140	34	76%
Genesis Senior Living Center Des Moines	80	10	88%
Iowa Jewish Senior Life Center Des Moines	72	20	72%
Karen Acres Healthcare Center Urbandale	37	1	97%
Kennybrook Village Grimes	34	21	68%
Manorcare Health Services WDM West Des Moines	116	25	78%
Mill Pond Retirement Community Ankeny	60	5	92%
Parkridge Nursing & Rehab Ctr. Pleasant	74	5	93%
Polk City Nursing And Rehab Polk City	68	8	88%
Prime Nursing And Rehab Center Des Moines	44	5	89%
QHC Mitchellville, LLC Mitchellville	65	8	88%
Ramsey Village Des Moines	78	18	77%
Rehabilitation Center Of DsM Des Moines	74	11	85%
Scottish Rite Park Health Care Des Moines	41	11	73%
Sunny View Care Center Ankeny	94	5	95%
Trinity Center At Luther Park Des Moines	120	0	100%
Union Park Health Services Des Moines	83	16	81%
University Park Nursing & Rehab Des Moines	108	1	99%

Urbandale Health Care Center Urbandale	130	38	71%
Valley View Village Des Moines	79	10	87%
Wesley Acres Wesley	80	8	90%
Iowa Lutheran Hospital Des Moines	16	2	88%
<b>TOTALS</b>	<b>2,158</b>	<b>295</b>	<b>86%</b>

15. The following table displays other levels of service available in the seven-county area. The number of assisted living units in Story County (552) and Polk County (2,571) is noteworthy compared to the other counties in the area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Story	24(3)	1	30(1)	482(7)	70(1)
Boone	125(1)	1	54(2)	174(3)	0
Hamilton	0	1	0	132(2)	0
Hardin	40(1)	1	0	93(2)	0
Jasper	0	2	28(1)	120(2)	0
Marshall	113(1)*	1	25(1)	44(1)	96(2)
Polk	201(5)	11	52(2)	1,151(14)	1,420(14)
<b>TOTALS</b>	<b>503(11)</b>	<b>18</b>	<b>189(7)</b>	<b>2,196(31)</b>	<b>1,586(17)</b>

\*Iowa Veterans Home

Data source: DIA web site

16. Four letters of opposition were received by the deadline for submittal, one letter was received after the deadline. The four letters received timely were from Jill George, administrator of The Abbingdon on Grand; Kristine Tomash, administrator of Rolling Green Village in Nevada; Bruce Boehm, Sr., administrator of Riverside Manor; and Randy Downey, administrator of Baxter Healthcare Center. The first three are in Story County and Baxter is in Jasper County. These letters speak of available beds at existing facilities and the investment some have made toward renovation.

17. Ten letters of support for the proposal were submitted. The majority of these are from city or chamber of commerce officials and businesses in Ames. There is an additional letter from the city administrator of Grimes commending the applicant on the facility that was constructed in Grimes and expressing appreciation for the applicant's spirit of cooperation.

18. The applicant states that the proposal will be funded through borrowing \$3,090,000 and \$1,325,000 cash on hand. The application includes a letter from Green Belt Bank and Trust in Iowa Falls indicating conditional approval of financing in the amount of \$10,414,000 (the cost of the entire CCRC is estimated at \$14,600,000) for the construction of the project. This is based on the bank's successful relationship with the applicant over the years.

19. The proposal involves the construction of 22,937 square feet (this does not include the common areas) at a facility cost of \$3,188,000. In addition there are site costs of \$215,000, land improvements of \$129,000, movable equipment totaling \$240,000 and financing costs of \$146,000. The average cost per bed (turn key) is \$103,079.
20. The applicant anticipates an operating deficit of \$466,000 the first year of operation. By year two a profit of \$96,000 is anticipated. The applicant projects that by year three the 38 nursing facility beds will be 91% occupied with about 48% of the residents will be private pay, about 29% will be Medicaid recipients and 14% will be Medicare recipients. Revenue and expense assumptions are based on the assumption of 24 months to reach stabilized occupancy. The applicant indicates a proposed private pay rate of \$170 to \$185 per day with additional charges for supplies and level of care.
21. The applicant projects the need for 32.7 FTEs to staff the proposed 38 nursing facility beds. Twenty-two of these would be in the nursing category; 3.8 RNs, 1.4 LPNs and 16.8 nurse aides. Dietary, housekeeping, laundry, maintenance and some of the administrative duties will be shared with the other "neighborhoods" (independent and assisted living) within the project. Total new jobs (FTEs) for the entire CCRC would be 49.8.

#### CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considers the eighteen criteria listed in Iowa Code § 135.64(1)(a)-(r). In addition, the legislature has provided that the Council may grant a certificate of need only if it finds the following four factors exist:

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
- b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;
- c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;
- d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that of the four free-standing nursing facilities in Ames, two are older and based on the medical model and two are part of CCRC projects that have significant endowment fees. The Council concludes that there are no CCRCs in the city of Ames that offer services on an monthly rental basis. The Council further concludes that continuing care

retirement communities appropriately include different levels of care for efficiency. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council concludes that the independent living and assisted living components of the planned continuing care retirement community will serve as feeders for the nursing facility beds and thus have minimal impact on existing facilities. The facility is to be built in Story County, a county that is statistically underbuilt. The bed need formula indicates a significant underbuild for Story County at 324 beds. The Council traditionally requires utilization rates over 85% to indicate appropriate utilization of existing long term care facilities. However, the Council notes that four of the seven freestanding facilities in Story County report occupancies above 87% and that the applicant offered rationale regarding the lower occupancies experienced by the remaining facilities, including significant regulatory issues experienced by some of these facilities. The Council questioned whether the 77% occupancy rate for Story County was a valid reflection absent any opposition at the hearing to make such an argument. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves new construction of 22,937 square feet for the nursing facility portion of the CCRC. The Council further concludes that the town center approach does allow for some sharing of services among the different levels of care to be provided. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that proposed service. The Council gives significant weight to the lack of CCRCs in Ames that do not have significant endowment fees for entrance and that Ames residents, aware of the applicant's facility in Grimes, asked the applicant to look at Ames for a similar project. The Council concludes that residents desiring an affordable CCRC option in Ames will experience problems obtaining this type of care absence the proposed service. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2011), led the Council to find that a Certificate of Need should be awarded.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2011).

It is required in accordance with Iowa Administrative Code 641-202.12 that a progress report shall be submitted to the Iowa Department of Public Health six (6) months after approval. This report shall fully identify the project in descriptive terms. The report shall also reflect an amended project schedule if necessary.

The Certificate of Need is valid for a twelve (12) month period from the date of these findings. This is subject to the meeting of all requirements of the Iowa Department of Public Health. Requests for extension of a Certificate of Need must be filed in writing to the Iowa Department of Public Health from the applicant no later than forty-five (45) days prior to the expiration of the

Certificate. These requests shall fully identify the project and indicate the current status of the project in descriptive terms.

**No changes that vary from or alter the terms of the approved application including a change in the approved dollar cost shall be made unless requested in writing to the department and approved. Failure to notify and receive permission of the department to change the project as originally approved may result in the imposition of sanctions provided in Iowa Code section 135.73 (Iowa Administrative Code [641]202.14).**

Dated this 8<sup>th</sup> day of August 2012



William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: State Health Facilities Council  
Iowa Department of Inspections and Appeals:  
Health Facilities Division

**IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL**

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
DAVE'S PLACE OF ANKENY, LLC )  
ANKENY, IOWA )

**DECISION**

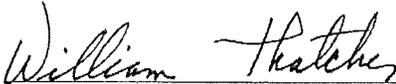
This matter came before the State Health Facilities Council for review on Wednesday, April 4, 2012.

The project, the construction of a 48-bed intermediate care facility for persons with mental illness (ICF/PMI), was originally approved on April 12, 2011 at an estimated cost of \$8,635,541.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 to Grant a one month Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The Council has requested that a representative of the applicant be present at the May 23, 2012 meeting to discuss the progress of this proposal.

The extension is valid for one month from the date of these findings.

Dated this 8<sup>th</sup> day of August 2012

  
\_\_\_\_\_  
William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: Health Facilities Council  
Department of Inspections & Appeals, Health Facilities Division

**IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL**

IN THE MATTER OF THE APPLICATION OF )  
 )  
FRIENDSHIP VILLAGE )  
 )  
WATERLOO, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Wednesday, April 4, 2012.

The application proposes the addition of five nursing facility beds in existing space at no capital cost.

Friendship Village applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ed McIntosh of Dorsey and Whitney; Velda Phillips, administrator and Sharon K. Holdiman, director of nursing were present representing the applicant. The applicant made a presentation and answered questions.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 5-0 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2011) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Friendship Village is a Continuing Care Retirement Community (CCRC) and a lifecare community campus with independent living apartments, 50 unit (capacity 100) assisted living facility and 67 skilled nursing facility beds. All of the nursing facility beds are certified for Medicaid.
2. In a lifecare community as the resident's needs change, home care, assisted living, and nursing care are available at no additional charge except for additional meals. When the applicant is unable to provide nursing facility care for one of their lifecare residents, they must purchase a room at another nursing home in the area.
3. The 67 nursing facility beds had an occupancy rate of 98.7% over the last three years.

4. In 2011, Friendship Village lifecare residents were accommodated off-campus for a total of 249 days. On one day, January 13, 2011, the applicant had seven lifecare residents in neighboring facilities due to high census. On April 3, 2012, the applicant had six residents in other facilities.
5. The applicant states they paid \$29,000 to other facilities last year to provide services to lifecare residents due to high census at the Village.
6. Between August 4, 2011 and April 4, 2012, the applicant has 12 times requested to exceed their licensed capacity by one. The Village received approval from the Department of Inspections and Appeals to exceed licensed capacity for a total of 27 days.
7. Friendship Village is proposing the addition of 5 nursing beds by using existing private rooms for semi-private rooms. The additional licensed capacity will only be used when necessary to keep a member their lifecare community on campus.
8. Friendship Village currently serves an elderly population, providing retirement living for adults age 62 and older. The average age of a resident in the independent living units is 86 years.
9. Over the last three years, all three hospitals in the Waterloo/Cedar Falls area have eliminated their skilled care beds; a total reduction of 86 beds. Prior to this elimination of beds, a post-acute care resident needing skilled care could remain in the hospital.
10. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 222 beds. The underbuild for Black Hawk County is 22 beds. See the following table for additional bed information.

**Nursing Facility Beds by County**  
**Number Needed by CON Formula/Number Licensed/Difference**

County	Projected 2016 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of March 2012	Difference – Formula vs. Licensed & Approved*
Black Hawk	20,905	1194	1172	-22
Benton	4,575	326	172	-154
Bremer	4,603	257	260	+3
Buchanan	3,508	250	136	-114
Butler	3,038	212	273	+61
Fayette	4,231	296	280	-16
Grundy	2,637	184	132 <sup>1</sup>	-52
Tama	3,409	240	312 <sup>2</sup>	+72
<b>Totals</b>	<b>46,906</b>	<b>2,959</b>	<b>2,737</b>	<b>-222</b>

\*A positive (+) number means the county is overbuilt and a negative (-) indicates an underbuild

<sup>1</sup> 8 beds approved in June 2010 in Conrad; <sup>2</sup> 5 beds approved in April 2011 in Toledo

11. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, the eight-county area has 154 hospital-based NF beds and 39 hospital-based SNF/NF beds, none of these are in Black Hawk County.
12. Over the span of the last three years the total number of beds in the eight-county area has decreased by 38 beds. There has been an increase of 6 beds in Black Hawk County in the last three years. See the following table for additional detail.

**Nursing Facility Beds by County**  
**Difference in Number Between March 2009 and March 2012**

County	# of NF Beds (facilities) as of March 2009	# of NF Beds (facilities) as of March 2012	Difference in # of NF Beds
Black Hawk	1166(11)	1172(11)	+6
Benton	172(3)	172(3)	0
Bremer	282(4)	260(4)	-22
Buchanan	137(2)	136(2)	-1
Butler	279(6)	273(6)	-6
Fayette	285(4)	280(4)	-5
Grundy	128(3)	124(3)	-4
Tama	313(5)	307(5)	-6
<b>Totals</b>	<b>2,762(38)</b>	<b>2,724(38)</b>	<b>-38</b>

13. There are currently 2,737 licensed and approved nursing facility beds in the eight counties, 106 licensed and approved beds (3.9% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

County	# of CCDI Beds (facilities)
Black Hawk	24(1)
Benton	14(1)
Bremer	30(1)
Buchanan	0
Butler	0
Fayette	24(2)
Grundy	0
Tama	36(2)
<b>Totals</b>	<b>106(6)</b>

Data Source: Department of Inspections & Appeals --  
Summary of Long Term Care Facilities

14. The applicant indicates that the primary service area for this project is the 35-acre Friendship Village campus plus a second campus located two miles southeast at Guernsey Park. All nursing facility admissions for the past three years have been campus residents.
15. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population and the need for services on their campus. The

proposed project will allow Friendship to fulfill their obligations to provide continuing care to their lifecare residents.

16. Around 1966, a group of area evangelical, interdenominational ministers and laypersons formed Friends of Faith Retirement Homes, Inc., and created Friendship Village, a lifecare retirement community, in Waterloo. The applicant is well established and well known in the area.
17. The applicant states they have a transfer agreement with both Allen Memorial Hospital and Covenant Medical Center.
18. There are ten additional freestanding nursing facilities in Black Hawk County.
19. In a phone survey of facilities conducted in March 2012, seven of the facilities in the County reported occupancies above 85%, the County as a whole reported 84% occupancy. The applicant states that the proposed additional beds are necessary for them to meet their agreement with their lifecare residents. The project is for campus residents; therefore it has little impact on the appropriate and efficient use of other nursing facilities. Additional details from the phone survey are in the following table.

<b>Facility by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>BLACKHAWK COUNTY</b>			
Cedar Falls Health Care Center Cedar Falls	68	6	91%
Country View Waterloo	134	10	93%
Friendship Village Retirement Ctr. Waterloo	67	0	100%
Harmony House Health Care Center Waterloo	122	5	96%
LaPorte City Nursing & Rehab Center La Porte City	46	1	98%
Manorcare Health Services Waterloo	97	23	76%
Martin Health Center Cedar Falls	100	2	98%
Newaldaya Lifescapes Cedar Falls	135	15	89%
Parkview Nursing & Rehab Center Waterloo	125	59	53%
Ravenwood Nursing & Rehab Center Waterloo	196	30	85%
Windsor Nursing & Rehab Center Cedar Falls	100	40	60%
<b>TOTALS</b>	<b>1,190</b>	<b>191</b>	<b>84%</b>

<b>BENTON</b>			
Belle Plaine Nursing & Rehab Ctr. Belle Plaine	66	29	56%
Keystone Nursing Care Center Keystone	45	17	62%
The Vinton Lutheran Home Vinton	61	3	95%
Virginia Gay Hospital NF Vinton	40	0	100%
<b>TOTALS</b>	<b>212</b>	<b>49</b>	<b>77%</b>
<b>BREMER COUNTY</b>			
Denver Sunset Home Denver	31	2	94%
Hillcrest Home, Inc. Sumner	71	5	93%
Tripoli Nursing Home Tripoli	32	11	66%
Woodland Terrace Waverly	126	5	96%
<b>TOTALS</b>	<b>260</b>	<b>23</b>	<b>91%</b>
<b>BUCHANAN COUNTY</b>			
Buchanan County Health Center NF Independence	39	6	85%
East Towne Care Center Independence	50	10	80%
West Village Care Center Independence	86	27	69%
<b>TOTALS</b>	<b>175</b>	<b>43</b>	<b>75%</b>
<b>BUTLER COUNTY</b>			
Clarksville Skilled Nursing & Rehab Clarksville	42	0	100%
Dumont Wellness Center Dumont	38	9	76%
Liebe Care Center Greene	39	12	69%
Maple Manor Village Aplington	50	21	58%
Rehabilitation Center Of Allison Allison	60	13	78%
Shell Rock Healthcare Center Shell Rock	44	7	84%
<b>TOTALS</b>	<b>273</b>	<b>62</b>	<b>77%</b>
<b>FAYETTE COUNTY</b>			
Good Samaritan Society West Union	71	7	90%

Grandview Healthcare Center Oelwein	93	6	94%
Maple Crest Manor Fayette	55	4	93%
Mercy Hospital SNF/NF Oelwein	35	3	91%
Oelwein Health Care Center Oelwein	61	0	100%
<b>TOTALS</b>	<b>315</b>	<b>20</b>	<b>94%</b>
<b>GRUNDY COUNTY</b>			
Grundy Care Center Grundy Center	40	6	85%
Grundy County Memorial Hospital Grundy Center	55	0	100%
Oakview Home Conrad	37	12	68%
Parkview Manor Care Center Reinbeck	46	6	87%
<b>TOTALS</b>	<b>178</b>	<b>24</b>	<b>87%</b>
<b>TAMA COUNTY</b>			
Carrington Place of Toledo Toledo	70	7	90%
Sunny Hill Care Center Tama	57	7	88%
Sunnycrest Nursing Center Dysart	50	23	54%
Sunrise Hill Care Center Traer	76	13	83%
Westbrook Acres Gladbrook	55	0	100%
<b>TOTALS</b>	<b>308</b>	<b>50</b>	<b>84%</b>

20. The following table displays other levels of service available in the eight-county area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Black Hawk	12(1)	3	52(2)	625(6)	298(2)
Benton	76(2)	2	0	156(4)	0
Bremer	0	1	0	60(1)	0
Buchanan	0	0	20(1)	20(1)	88(1)
Butler	9(1)	1	0	212(5)	0
Fayette	90(1)	2	0	130(3)	86(1)
Grundy	8(1) <sup>1</sup>	0	0	80(2)	0
Tama	40(1)	1	0	30(1)	0
<b>TOTALS</b>	<b>235(7)</b>	<b>10</b>	<b>72(3)</b>	<b>1,313(23)</b>	<b>472(4)</b>

Data source: DIA web site

21. There are seven letters of support for the proposal, all from current residents or family members of residents.
22. One letter of opposition was received from Amber Hunt, Administrator of two facilities with a total of 136 beds in Independence (27 miles from Waterloo) stating they have had 30 skilled beds consistently open in Independence.
23. The proposal to add beds in existing space utilizing furnishings that are currently owned and in storage has no costs. There will be a cost savings due to the ability to serve residents on campus as opposed to paying for a room in another facility.
24. The applicant indicates that the proposal will result in the need for one or two additional CNA FTEs for those times when the additional beds would be utilized. The current RN/LPN patient ratio is high and the applicant does not anticipate hiring additional professional staff.

### CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considers the eighteen criteria listed in Iowa Code § 135.64(1)(a)-(r). In addition, the legislature has provided that the Council may grant a certificate of need only if it finds the following four factors exist:

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
- b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;
- c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;
- d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that residents of Friendship with the lifecare option can move into skilled nursing on campus at a significant savings over private paying at outside nursing facilities. The Council concludes that the option of placing a lifecare resident in an outside facility is more costly and less efficient. The Council concludes that the proposal is an appropriate option to accommodate admissions of lifecare residents from Friendship Village who need nursing care. Additionally, the alternative to remain in the hospital following an acute care visit no longer is available since the three area hospitals eliminated their skilled care units. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates Black Hawk County is underbuilt by 22 beds; while the eight-county region is underbuilt by 222 beds. The phone survey conducted by Department staff indicates a county wide occupancy of 84% for the free standing nursing facilities Black Hawk County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council finds that eight of the eleven facilities in the county are operating at or significantly above 85%. Additionally, the Council takes note of the mitigating factors that exist in this application, including the fact that Friendship Village has not admitted anyone from outside their campus for nursing care in the last three years; therefore the Council concludes that Friendship Village has little impact on the appropriate and efficient use of other nursing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does not involve construction as the beds will be added in existing space. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that in 2011 Friendship Village lifecare residents were accommodated off-campus for a total of 249 days and the applicant received approval from the Department of Inspections and Appeals to exceed licensed capacity for a total of 27 days due to high census. The Council concludes that the high occupancy of existing nursing beds at the Village and elsewhere in the county, the significant underbuild in this service area, and the reduction in skilled care hospital beds demonstrate that patients will experience problems in obtaining care absent the proposed additional beds. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2011), led the Council to find that a Certificate of Need should be awarded.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2011).

It is required in accordance with Iowa Administrative Code 641- 202.12 that a progress report shall be submitted to the Iowa Department of Public Health six (6) months after approval. This report shall fully identify the project in descriptive terms. The report shall also reflect an amended project schedule if necessary.

The Certificate of Need is valid for a twelve (12) month period from the date of these findings. This is subject to the meeting of all requirements of the Iowa Department of Public Health. Requests for extension of a Certificate of Need must be filed in writing to the Iowa Department of Public Health from the applicant no later than forty-five (45) days prior to the expiration of the Certificate. These requests shall fully identify the project and indicate the current status of the project in descriptive terms.

**No changes that vary from or alter the terms of the approved application including a change in the approved dollar cost shall be made unless requested in writing to the department and approved. Failure to notify and receive permission of the department to change the project as originally approved may result in the imposition of sanctions provided in Iowa Code section 135.73 (Iowa Administrative Code [641]202.14).**

Dated this 8<sup>th</sup> day of August 2012



William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: State Health Facilities Council  
Iowa Department of Inspections and Appeals:  
Health Facilities Division

**IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL**

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
HEALING PASSAGES BIRTH AND WELLNESS CENTER )  
DES MOINES, IOWA )

**DECISION**

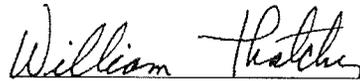
This matter came before the State Health Facilities Council for review on Wednesday, April 4, 2012.

The project, the establishment of a free-standing birth center, was originally approved on April 12, 2011 at an estimated cost of \$75,100.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 to Grant a one month Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The Council has requested that a representative of the applicant be present at the May 23, 2012 meeting to discuss the progress of this proposal.

The extension is valid for one month from the date of these findings.

Dated this 8<sup>th</sup> day of August 2012



William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: Health Facilities Council  
Department of Inspections & Appeals, Health Facilities Division



The applicant states the facility will seek Medicare certification as well as AAAHC accreditation.

2. The proposed facility will credential and privilege providers with appropriate credentials to perform MUAs. Iowa licensed Doctors of Chiropractic will be independent providers of the services that are within their scope of practice.
3. The applicant states that the Quad Cities has approximately 275 licensed chiropractic physicians and many have expressed support for the proposed facility and have stated they will utilize the facility. The applicant states that chiropractic physicians are not allowed on the medical staff of any local facility and therefore are not performing MUAs locally. The applicant states that area facilities **do** offer MUAs performed by orthopedic surgeons.
4. The proposed facility will have one procedure/operating room. The applicant projects the first year, 60 MUAs per month (about 3 per day) will be performed. By year three, 90 per month (about 4-5 per day) will be performed.
5. The applicant states that two chiropractic physicians in the area are currently taking their patients to an ambulatory surgery center in Chicago for MUAs. Some of their patients have not been able to make the trip to Chicago as it is too burdensome to travel that distance.
6. The applicant states that local facilities charge between \$1,100 and \$2,000 for similar services, while the proposed facility charges will be approximately \$500 to \$1,800. The applicant states their charges will be less due to less overhead.
7. The applicant states the proposed project will contribute to meeting the needs of the medically underserved as it will offer a sliding scale for those without means to pay.
8. The applicant anticipates 30% of patient revenue from Wellmark, 25% from other private insurance, 20% from Medicare, 15% from Medicaid, and 10% from private pay. A representative from Wellmark stated at the hearing that Wellmark would not pay for the MUA procedures intended to be provided at the proposed facility.
9. The administrator –owner of the proposed outpatient surgery facility previously operated a birth center in the Quad Cities and was affiliated with Mississippi Valley Surgery Center. Therefore, she is familiar with the existing health care system in the area.
10. The applicant plans to lease approximately 3,000 square feet in an existing building and anticipates the landlord will perform the necessary renovations to meet current codes and regulations. The budget information provided by the applicant indicates the lease payment to be \$75,000 per year with utilities adding an additional \$36,000 per year. The applicant projects a profit in year one of \$45,480, increasing to \$151,680 in year two and \$266,056 by year three.

11. The applicant states costs and charges will be less than existing facilities due to less overhead; other facilities have orthopedic and other specialty equipment, instrumentation and supplies on site.
12. In addition to the lease and utility payments mentioned above, the applicant states equipment costs will be \$163,000. The applicant states that \$50,000 is available from cash on hand and the remainder will be borrowed. A financing proposal from THE National Bank in Moline, Illinois is included in the application. It is noted that the proposal is for discussion purposes and is not a commitment to lend.
13. The administrator of Mississippi Valley provided copies of notices of federal tax liens against Ms. Jipp, the applicant. Ms. Jipp stated that these were a mistake, but did not provide any documentation. At hearing Ms. Jipp stated these are corporate debt; that she was one of the members in the birthing center corporation. She ran the business as the sole practitioner.
14. The applicant anticipates a total of 6 FTEs for the proposed facility. These include 1 FTE administrative, 1.5 FTE RN, 1.5 FTE LPN, 1FTE aide/orderly and 1 FTE office staff/receptionist.
15. The applicant states that a licensed credentialed physician will be on the premises at all times during operating hours, when patients are present.
16. There are three letters of opposition, one from Trinity Regional Health System, one from Genesis Health System and one from Mississippi Valley Surgery Center; each of these was also represented at hearing.
17. Affected parties in opposition to the proposal expressed concern about the potential for the proposed facility to expand services beyond MUAs performed by Chiropractic Physicians as an ambulatory surgery center.
18. Although the applicant presents the proposal as a facility to perform MUA, once established as an outpatient surgical facility, for CON purposes, the service provided is surgery; therefore an expansion into other types of surgery would not require additional review and approval by the Health Facilities Council.
19. Although there is a discrepancy in the number of operating rooms in the area, (ranging from 32 to 38), affected parties in opposition to the proposal state that existing operating room capacity in the area is sufficient for the needs of the population.
20. The letter from Mississippi Valley Surgery Center also provides policy coverage documents from insurance companies indicating MUA for the spine is not covered.
21. This letter also provides documentation that the International Chiropractors Association opposes the use of spinal manipulation under anesthesia claiming in its published statement that the use of anesthesia is "inappropriate and unnecessary" to the deliverance of a chiropractic adjustment.

22. Finally, this letter states that two chiropractic physicians have requested and been provided the necessary documents to apply for privileges at Mississippi Valley.

#### CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considers the eighteen criteria listed in Iowa Code § 135.64(1)(a)-(r). In addition, the legislature has provided that the Council may grant a certificate of need only if it finds the following four factors exist:

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
- b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;
- c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;
- d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are available. The Council gave significant weight to the testimony of the opposition regarding existing capacity and the testimony of the Wellmark representative regarding payment. The Council concludes that there is existing capacity at outpatient surgery centers in the Davenport area. The Council further concludes that the fiscal success of the proposal is uncertain without payment from Wellmark and potentially other third party payors. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will not continue to be used in an appropriate and efficient manner and will be impacted by this project. The Council takes note that, once established, a surgery center can expand and include additional types of surgical procedures without further review. The Council concludes that the establishment of an additional outpatient surgery facility in the area would adversely impact existing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does not involve new construction as the applicant will lease space. Iowa Code Sections 135.64(1) and 135.4(2)c.

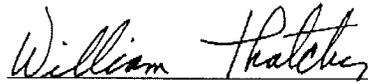
4. The Council concludes that patients will not experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council concludes that the small number of procedures projected to be performed at

the proposed facility could be accommodated at existing facilities. The council gives weight to the testimony of the existing facilities and the applicant that patients in this area are not experiencing difficulties in obtaining this type of care currently, they are simply receiving the care in a different setting, such as a hospital, a chiropractor's office, or another outpatient surgical facility. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2011), led the Council to find that a Certificate of Need should be DENIED.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2011).

Dated this 8<sup>th</sup> day of August 2012



William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: State Health Facilities Council  
Iowa Department of Inspections and Appeals:  
Health Facilities Division

**IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL**

IN THE MATTER OF THE APPLICATION OF )  
 )  
SPURGEON MANOR )  
 )  
DALLAS CENTER, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Wednesday, April 4, 2012.

The application proposes the addition of 13 nursing facility beds, the relocation of 19 beds and the construction of a new kitchen at an estimated cost of \$5,744,880.

Spurgeon Manor applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Katie Cownie and Adam Freed of Brown Winick; Maureen Cahill, administrator; Cheryl Wolfe, director of nursing; and Bob Bisenius of Shive-Hattery were present representing the applicant. The applicant made a presentation and answered questions.

Appearing as an affected party in opposition to the proposal was Larry Hinman of Signature Care. Dan Boor of Scottish Rite Park; Rob Kretzinger of Wesley Retirement; and Gib Wood all identified themselves as affected parties, but did not take a position or speak on this proposal.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 5-0 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2011) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Spurgeon Manor has provided long-term care services in Dallas Center since 1971. Its skilled nursing facility has 42 beds, including a 13-bed dementia unit referred to as the Stine Center. Spurgeon Manor also offers 19 townhomes and 6 apartments for independent living and operates a 30-bed residential care facility.
2. Spurgeon Manor's nursing facility was constructed over 40 years ago and is in need of modernization to maximize efficiencies and improve the quality of life for the residents.
3. Spurgeon Manor is proposing to construct an addition to the current building to house two 16-bed "neighborhoods;" 19 of these beds will be beds re-located from the existing building and 13 beds will be new. One 16-bed neighborhood will house the facility's current 13-bed

dementia unit with three new beds added. The other 16-bed neighborhood will house the remaining 10 new beds and six beds relocated from extremely small rooms in the facility. The current dementia unit will then be used to relocate 13 additional existing beds from small rooms.

4. In addition to the need to move residents out of the small rooms, the applicant has observed an increased demand for services in the community. Spurgeon Manor's occupancy rate has been over 96% for the past three years. During the same time period, approximately 50% of the applicant's admissions have come from its independent living and RCF units.
5. Since September 2011, the applicant has had 72 inquiries for beds.
6. The applicant has also observed an increasing demand for dementia beds. The applicant states that Legacy Point in Waukee refers residents requiring a locked dementia unit and Arbor Springs in West Des Moines refers Medicaid residents requiring dementia beds.
7. The applicant states that the 13 new beds will give them the ability to accept more Medicare skilled residents. The applicant points out that a facility such as Spurgeon Manor needs a balance of skilled and long term care residents to be financially sound and to allow it to care for Medicaid residents.
8. Dallas Center is a rural community, (population 1,623) about 26 miles outside of Des Moines. Spurgeon Manor has been providing services to the elderly for 40 plus years. Over the last three years about 40% of the residents served in the nursing facility have been Medicaid recipients. The applicant projects that number to drop to 30% after the modernization and addition of beds.
9. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 920 beds. Dallas County is overbuilt by 63 beds. See the following table for additional bed information.

**Nursing Facility Beds by County**  
**Number Needed by CON Formula/Number Licensed/Difference**

County	Projected 2016 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of March 2012	Difference – Formula vs. Licensed & Approved*
Dallas	6,776	418	481	+63
Adair	1,716	119	169	+50
Boone	4,332	310	377	+67
Greene	2,148	149	68	-81
Guthrie	2,301	160	155	-5
Madison	2,674	191	190	-1
Polk	56,693	3,356	2,272 <sup>1,2</sup>	-1084
Warren	7,891	450	521	+71
<b>Totals</b>	<b>83,531</b>	<b>5,153</b>	<b>4,233</b>	<b>-920</b>

\*A positive (+) number means the county is overbuilt and a negative (-) indicates an underbuild  
<sup>1</sup>16 beds approved in August 2011 in Pleasant Hill; <sup>2</sup>25 beds approved in October 2011 in Urbandale

10. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, the eight-county area has 85 hospital-based NF beds (Greene County) and 16 hospital-based SNF/NF beds (Iowa Lutheran in Des Moines), none of these are in Dallas County.
11. Over the span of the last three years the total number of beds in the eight-county area has increased by 7 beds. There has been an increase of 28 beds in Dallas County in the last three years. See the following table for additional detail.

**Nursing Facility Beds by County**  
**Difference in Number Between March 2009 and March 2012**

County	# of NF Beds (facilities) as of March 2009	# of NF Beds (facilities) as of March 2012	Difference in # of NF Beds
Dallas	453(8)	481(9)	+28
Adair	173(3)	169(3)	-4
Boone	379(4)	377(4)	-2
Greene	68(1)	68(1)	0
Guthrie	155(2)	155(2)	0
Madison	209(3)	190(3)	-19
Polk	2227(26)	2231(28)	+4
Warren	521(6)	521(6)	0
<b>Totals</b>	<b>4,185(53)</b>	<b>4,192(56)</b>	<b>+7</b>

12. There are currently 4,233 licensed and approved nursing facility beds in the eight counties, 521 licensed and approved beds (12.3% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

County	# of CCDI Beds (facilities)
Dallas	87(3)
Adair	12(1)
Boone	56(2)
Greene	10(1)
Guthrie	16(1)
Madison	18(1)
Polk	222(9) <sup>1</sup>
Warren	100(4)
<b>Totals</b>	<b>521(22)</b>

<sup>1</sup> includes 12 beds approved in Urbandale, not built yet  
 Data Source: Department of Inspections & Appeals –  
 Summary of Long Term Care Facilities

13. The applicant indicates that the primary service area for this project is Dallas Center and the surrounding rural community. Approximately 50% of the nursing facility's admissions over

the past three years have been from Spurgeon's independent living and residential care facilities.

14. The applicant receives numerous referrals of Des Moines and West Des Moines residents from hospital discharge planners or at the recommendation of a friend or relative with a connection to Spurgeon Manor. As noted above, other skilled nursing facilities refer dementia and Medicaid residents to Spurgeon Manor.
15. The applicant states the Board of Directors of Spurgeon Manor spent about two years considering different alternatives to the proposed project, including not making any changes to the facility, only adding a new kitchen while converting the current kitchen to an activities room, only adding one 16 bed unit and convert five of the current double rooms to private for a total of 11 new beds. The current project was chosen as it provided enough beds to care for current residents plus it allows for numerous Medicare skilled referrals that are currently turned down due to a lack of beds.
16. In operation since 1971, Spurgeon Manor is well established in the community and in the health care system of the area. The applicant is the largest employer in Dallas Center. As previously noted, other nursing facilities in the area often refer residents to Spurgeon. Also, two of the letters of support were from hospital discharge planners.
17. There are eight additional freestanding nursing facilities in Dallas County.
18. In a phone survey of facilities conducted in March 2012, five of the facilities in the County reported occupancies above 89%, three of remaining four facilities reported occupancies of 75-77% and the ninth facility reported 37% occupancy, resulting in the County as a whole, 79% occupancy. If the one low occupancy facility (outlier) was struck from the calculation, the county occupancy would be 86.8%. Additional details from the phone survey are in the following table.

<b>Facility by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>DALLAS COUNTY</b>			
Adel Assisted Living & Nursing Adel	50	12	76%
Arbor Springs of WDM LLC West Des Moines	56	0	100%
Edgewater West Des Moines	40	4	90%
Granger Nursing & Rehab Center Granger	67	17	75%
Perry Health Care Center Perry	48	11	77%
Perry Lutheran Home Perry	73	46	37%
Rowley Memorial Masonic Home Perry	57	6	89%

Spurgeon Manor Dallas Center	42	1	98%
The Village At Legacy Pointe Waukee	48	3	94%
<b>TOTAL</b>	<b>481</b>	<b>100</b>	<b>79%</b>
<b>ADAIR COUNTY</b>			
Community Care Center Stuart	77	4	95%
Good Samaritan Society Fontanelle	46	6	87%
Greenfield Manor Inc Greenfield	46	13	72%
<b>TOTALS</b>	<b>169</b>	<b>23</b>	<b>86%</b>
<b>BOONE COUNTY</b>			
Eastern Star Masonic Home Boone	76	0	100%
Madrid Home For The Aging Madrid	155	50	68%
Ogden Manor Ogden	46	4	91%
Westhaven Community Boone	100	0	100%
<b>TOTALS</b>	<b>377</b>	<b>54</b>	<b>86%</b>
<b>GREENE COUNTY</b>			
Greene County Medical Center – NF Jefferson	85	19	78%
Regencypark Nursing & Rehab Ctr. Jefferson	68	28	59%
<b>TOTALS</b>	<b>153</b>	<b>47</b>	<b>69%</b>
<b>GUTHRIE COUNTY</b>			
Panora Nursing & Rehab Center Panora	91	44	52%
The New Homestead Care Center Guthrie Center	64	1	98%
<b>TOTALS</b>	<b>155</b>	<b>45</b>	<b>71%</b>
<b>MADISON COUNTY</b>			
QHC Winterset North, LLC Winterset	75	12	84%
QHC Winterset South, LLC Winterset	45	11	76%
West Bridge Care & Rehab Winterset	70	14	80%
<b>TOTALS</b>	<b>190</b>	<b>37</b>	<b>81%</b>
<b>POLK COUNTY</b>			
Altoona Nursing and Rehab Altoona	106	9	92%

Bishop Drumm Care Center Johnston	150	2	99%
Calvin Manor Des Moines	59	2	97%
Deerfield Retirement Community Urbandale	30	9	70%
Fleur Heights Ctr. For Wellness & Rehab Des Moines	120	11	91%
Fountain West Health Center West Des Moines	140	34	76%
Genesis Senior Living Center Des Moines	80	10	88%
Iowa Jewish Senior Life Center Des Moines	72	20	72%
Karen Acres Healthcare Center Urbandale	37	1	97%
Kennybrook Village Grimes	34	21	38%
Manorcare Health Services WDM West Des Moines	116	25	78%
Mill Pond Retirement Community Ankeny	60	5	92%
Parkridge Nursing & Rehab Ctr. Pleasant	74	5	93%
Polk City Nursing And Rehab Polk City	68	8	88%
Prime Nursing And Rehab Center Des Moines	44	5	89%
QHC Mitchellville, LLC Mitchellville	65	8	88%
Ramsey Village Des Moines	78	18	77%
Rehabilitation Center Of DsM Des Moines	74	11	85%
Scottish Rite Park Health Care Des Moines	41	11	73%
Sunny View Care Center Ankeny	94	5	95%
Trinity Center At Luther Park Des Moines	120	0	100%
Union Park Health Services Des Moines	83	16	81%
University Park Nursing & Rehab Des Moines	108	1	99%
Urbandale Health Care Center Urbandale	130	38	71%
Valley View Village	79	10	87%

Des Moines			
Wesley Acres Wesley	80	8	90%
Iowa Lutheran Hospital Des Moines	16	2	88%
<b>TOTALS</b>	<b>2,158</b>	<b>295</b>	<b>86%</b>
<b>WARREN COUNTY</b>			
Carlisle Ctr. For Wellness & Rehab Carlisle	101	19	81%
Good Samaritan Society -Indianola Indianola	131	23	82%
Norwalk Nursing & Rehab Ctr. Norwalk	51	12	76%
Regency Care Center Norwalk	101	24	76%
The Village Indianola	54	3	94%
Westview Of Indianola Care Ctr. Indianola	83	18	78%
<b>TOTALS</b>	<b>521</b>	<b>99</b>	<b>81%</b>

19. The following table displays other levels of service available in the eight-county area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Dallas	123(2)	2	0	194(4)	32(1)
Adair	0	1	0	40(1)	0
Boone	125(1)	1	54(2)	174(3)	0
Greene	0	1	0	68(1)	0
Guthrie	41(1)	1	0	65(3)	128(1)
Madison	18(1)	0	0	15(1)	76(1)
Polk	201(5)	11	52(2)	1,151(14)	1,420(14)
Warren	61(3)	2	0	132(3)	204(2)
<b>TOTALS</b>	<b>569(13)</b>	<b>19</b>	<b>106(4)</b>	<b>1,839(30)</b>	<b>1,860(19)</b>

Data source: DIA web site

20. Thirty-three letters of support were received, the majority (17) from residents or family members of residents. Seven letters were received from employees, several were long-term employees. The mayor, two hospital discharge planners, and two board members were among the remaining letter writers. Several of these individuals also spoke of having family or friends as residents or former residents of the facility. A letter of support was also received from Arbor Springs, a nursing facility in West Des Moines (Dallas County).

21. Two letters of opposition were received; one from the administrator of Panora Nursing and Rehab in Guthrie County and the other from the administrator of Perry Health Care Center, both stating there is existing capacity in the geographic area served by the applicant.

22. The proposal calls for the construction and renovation of 13,893 square feet, about 56% of that in new square footage. New construction includes a “green house” addition that will have two 16-bed neighborhoods, each containing 16 beds; one of these will be a dementia unit. Of the 32 beds housed in the new construction, 19 will be relocated from small rooms in the existing facility. Part of the modernization is the relocation and enlargement of the kitchen. The current kitchen space will be converted to an activities room.
23. The land is already owned by the applicant; site costs are listed at \$330,000 including \$5,000 for demolition of existing structures. The total facility costs are \$5,414,880, with \$4,424,337 related to the green house; the remaining is for the kitchen and other modernization. The turn-key cost per bed is \$138,260.
24. The applicant states that the funds for the proposal will come from three sources. The applicant states \$700,000 is available in cash on hand. The applicant completed a capital campaign in December 2011 which generated pledges totaling \$1.1 million. The third source is in the form of a loan from a local business, Stine Seed Farm, Inc. for up to \$4.5 million.
25. The applicant currently has existing debt in a face amount of \$1,073,080, which the applicant does not plan to refinance. The majority of the existing debt (\$843,080) is scheduled to be paid off December 1, 2012. Funding for the proposed project includes borrowing \$4,000,000. The applicant has received a loan commitment from a local business, Stine Seed Farm, Inc., to loan up to \$4.5 million to the facility at an interest rate of 5.0% per annum with a final payment due on April 1, 2032. The applicant does not anticipate an increase in charges to residents as a result of this proposal.
26. The applicant does not project an operating deficit as a result of this project. The applicant states that the additional new beds make the project financially feasible; without the additional beds they would not be able to fund the costs needed to relocate the 19 beds.
27. The applicant indicates that the proposal will result in the need for an additional 3 FTEs; one LPN, one nursing aide and one in housekeeping. The applicant states they have been successful in hiring staff to meet the needs of residents without relying on temporary staffing agencies since July 2008. They do not anticipate difficulty in hiring the necessary staff.

#### CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considers the eighteen criteria listed in Iowa Code § 135.64(1)(a)-(r). In addition, the legislature has provided that the Council may grant a certificate of need only if it finds the following four factors exist:

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
- b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;

- c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;
- d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council gives significant consideration to the small size of the current double rooms (192 square feet while a typical double room has 277 square feet); the growing population of the County; the high occupancy of the applicant (over 96% for the past three years); the high occupancy of five of the nine nursing facilities in the county (all at 89% or over); and the referrals from other facilities. The Council concludes that the proposal is an appropriate option to accommodate current residents plus allow for numerous Medicare skilled referrals that are currently turned down due to a lack of beds. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates Dallas County is overbuilt by 63 beds; while the eight-county region is underbuilt by 920 beds. The phone survey conducted by Department staff indicates a county wide occupancy of 79% for the free standing nursing facilities in Dallas County; eliminating the one outlier the county occupancy jumps to 86.8%. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council notes that the facilities in Perry draw from a different market area than the applicant; that 50% of the applicant's nursing facility residents come from their lower levels of care on campus; the applicant has strong generational (family) referrals and the discharge planners from the West Des Moines Hospitals often refer to the applicant. The Council found these established referral patterns to be compelling in concluding that existing facilities will not be adversely impacted by this proposal. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves the construction and renovation of 13,893 square feet, about 56% of that in new square footage. The Council takes notes that the applicant operates near capacity. The Council concludes that new construction is the most effective alternative for this facility to provide the necessary space to accommodate current residents in small double rooms and individuals who will benefit from a designated CCDI unit and short term skilled care. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that 50% of the applicant's admissions are from their independent living or residential care facility and that the applicant often receives referrals from two other facilities in the county for CCDI or Medicaid residents. The Council concludes that

**IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL**

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
  
UNIVERSITY OF IOWA HOSPITALS & CLINICS )  
  
IOWA CITY, IOWA )

**DECISION**

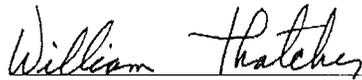
This matter came before the State Health Facilities Council for review on Wednesday, April 4, 2012.

The project, the construction of an eleven story addition for University of Iowa Children's Hospital, adding 31 pediatric beds, was originally approved on April 12, 2011 at an estimated cost of \$284,973,751.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 to Grant an Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The decision is based upon the finding that adequate progress is being made.

The extension is valid for one year from the date of these findings.

Dated this 8<sup>th</sup> day of August 2012



\_\_\_\_\_  
William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: Health Facilities Council  
Department of Inspections & Appeals, Health Facilities Division



3. In the second phase, Hearthstone will replace 59 residential beds (Hilltop Manor) with 50 assisted living units. At the time the 64 nursing facility beds are completed in phase 2, the hospital will delete 77 nursing beds on the hospital campus. The hospital will retain 15 nursing beds as a step down unit. This results in a net loss of 13 nursing beds in Pella.
4. The applicant states the cottages being proposed will feel like a real home. The homes will be staffed by blended workers in self-directed work teams and less management staff. Each household will have 16 residents, most with private bedrooms and baths around the common areas. Some semi-private rooms will be available to accommodate spouses that wish to room together.
5. WesleyLife has previous experience with this model of care. The nursing facility at Edgewater (opened in 2009) in West Des Moines has households of 10 persons and operates at close to 100% occupancy. The Village NF beds in Indianola are also based on this model of care and operate at capacity. The applicant states it is viewed as the facility of choice in Warren County.
6. The applicant states the proposed facility will provide nursing care primarily to persons who are over age 55 or handicapped. All 64 nursing facility beds will be certified for Medicare and Medicaid. The facility will not ask people to leave because their funds have run out. The applicant is projecting about one third of the 100 beds (64 in this proposal and 36 at Jefferson Place) will be occupied by Medicaid recipients.
7. The seven-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,333 beds. The underbuild for Marion County is 188 beds. Polk County, the county with the largest underbuild, has a large number of assisted living units (see table in "17."). See the following table for additional bed information:

### Nursing Facility Beds by County

#### Number Needed by CON Formula/Number Licensed/Difference

County	Projected 2016 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of March 2012	Difference – Formula vs. Licensed & Approved*
Marion	6,055	430	242	-188
Jasper	6,523	463	355 <sup>1</sup>	-108
Lucas	1,848	129	111	-18
Mahaska	3,621	259	210	-49
Monroe	1,480	104	147	+43
Polk	56,693	3,356	2,272 <sup>2,3</sup>	-1084
Warren	7,891	450	521	+71
<b>Totals</b>	<b>84,111</b>	<b>5,191</b>	<b>3,858</b>	<b>-1,333</b>

\*A positive (+) number means the county is overbuilt and a negative (-) indicates an underbuild  
<sup>1</sup>24 beds approved in October 2011 in Newton; <sup>2</sup>16 beds approved in August 2011 in Pleasant Hill; <sup>3</sup>25 beds approved in October 2011 in Urbandale

8. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, the seven-county area has 16 hospital-based SNF beds in Polk County and 92 hospital-based SNF/NF beds in Pella. As stated above, upon completion of this proposal, the Pella hospital will delete 77 nursing beds on the hospital campus and retain 15 nursing beds as a step down unit.
9. Over the span of the last three years the total number of beds in the seven-county area has increased by 3 beds. See the following table for additional detail:

**Nursing Facility Beds by County  
Difference in Number Between March 2009 and March 2012**

<b>County</b>	<b># of NF Beds (facilities) as of March 2009</b>	<b># of NF Beds (facilities) as of March 2012</b>	<b>Difference in # of NF Beds</b>
Marion	226(3)	242(4)	+16
Jasper	334(6)	331(6)	-3
Lucas	111(1)	111(1)	0
Mahaska	224(3)	210(3)	-14
Monroe	147(2)	147(2)	0
Polk	2227(26)	2231(28)	+4
Warren	521(6)	521(6)	0
<b>Totals</b>	<b>3,790(47)</b>	<b>3,793(50)</b>	<b>+3</b>

10. There are currently 3,858 licensed and approved nursing facility beds in the seven counties, 382 beds (9.9% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

<b>County</b>	<b># of CCDI Beds (facilities)</b>
Marion	32(2)
Jasper	18(1)
Lucas	0
Mahaska	10(1)
Monroe	0
Polk	222(9)**
Warren	100(4)
<b>Totals</b>	<b>382(17)</b>

\*\* includes 12 beds approved in Urbandale, not built yet

Data Sources: Department of Inspections & Appeals --Summary of Long Term Care Facilities

11. Most of the target population for this project will come from residents that currently reside in the health center at Pella Regional Health Center. Residents of the independent living and assisted living facilities that are part of the greater senior living community may also need nursing services in the future.
12. The applicant feels there are no less costly alternatives in staffing, scheduling, design, or service sharing to achieve the quality of care envisioned for this community. The hospital

made a decision to focus on acute care and therefore did not pursue developing its own long-term care campus. The hospital conducted a nationwide search and interviewed several potential candidates for the gifting of these services; the hospital determined that Wesley was the best match for the criteria they were seeking.

13. The applicant states that Pella Regional Health Center has existing assisted living and skilled nursing beds which will be replaced by this project. All hospital residents will be extended an offer by WesleyLife to transfer to the new Hearthstone community.
14. Six letters of support for the proposal were submitted including a letter from the CEO of Pella Regional Health Center in which he affirms that the hospital will delete 77 of its long-term care beds upon completion of this project. The remaining letters of support were from the Mayor of Pella; the CEO of Vermeer; the executive director of the Pella Chamber; the medical director of Hearthstone and the manager of Fair Haven West. All of these letters spoke favorably of the small house model of the proposed facility.
15. There were no letters of opposition submitted for this proposal.
16. In a phone survey of facilities conducted in March 2012, Marion County as a whole reported 86% occupancy. The project is essentially replacing existing medical model beds with a fewer number of beds in a social model. Additional details from the phone survey are in the following table.

<b>Facility by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>MARION COUNTY</b>			
Griffin Nursing Center Knoxville	75	4	95%
Jefferson Place Pella	36	1	97%
Pella Regional Health Center Pella	63	21	67%
Pleasant Care Living Center Pleasantville	53	9	83%
West Ridge Nursing & Rehab Ctr. Knoxville	78	8	90%
<b>TOTALS</b>	<b>305</b>	<b>43</b>	<b>86%</b>
<b>JASPER COUNTY</b>			
Baxter Health Care Center Baxter	44	14	68%
Careage Of Newton Newton	53	23	57%
Heritage Manor Newton	62	17	73%
Nelson Manor Newton	36	2	94%
Newton Health Care Center Newton	70	12	83%
Wesley Park Centre Newton	66	17	74%
<b>TOTALS</b>	<b>331</b>	<b>85</b>	<b>74%</b>

<b>LUCAS COUNTY</b>			
Chariton Nursing & Rehab Chariton	111	37	67%
<b>TOTAL</b>	<b>111</b>	<b>37</b>	<b>67%</b>
<b>MAHASKA COUNTY</b>			
Crystal Heights Care Center Oskaloosa	78	3	96%
Northern Mahaska Nursing & Rehab Ctr Oskaloosa	63	0	100%
Oskaloosa Care Center Oskaloosa	69	1	99%
<b>TOTALS</b>	<b>210</b>	<b>4</b>	<b>98%</b>
<b>MONROE COUNTY</b>			
Monroe Care Center Albia	60	0	100%
Oakwood Nursing & Rehab Center Albia	87	23	74%
<b>TOTALS</b>	<b>147</b>	<b>23</b>	<b>84%</b>
<b>POLK COUNTY</b>			
Altoona Nursing and Rehab Altoona	106	9	92%
Bishop Drumm Care Center Johnston	150	2	99%
Calvin Manor Des Moines	59	2	97%
Deerfield Retirement Community Urbandale	30	9	70%
Fleur Heights Ctr. For Wellness & Rehab Des Moines	120	11	91%
Fountain West Health Center West Des Moines	140	34	76%
Genesis Senior Living Center Des Moines	80	10	88%
Iowa Jewish Senior Life Center Des Moines	72	20	72%
Karen Acres Healthcare Center Urbandale	37	1	97%
Kennybrook Village Grimes	34	21	38%
Manorcare Health Services WDM West Des Moines	116	25	78%
Mill Pond Retirement Community Ankeny	60	5	92%
Parkridge Nursing & Rehab Ctr. Pleasant	74	5	93%
Polk City Nursing And Rehab Polk City	68	8	88%
Prime Nursing And Rehab Center Des Moines	44	5	89%
QHC Mitchellville, LLC Mitchellville	65	8	88%
Ramsey Village Des Moines	78	18	77%
Rehabilitation Center Of DsM Des Moines	74	11	85%
Scottish Rite Park Health Care	41	11	73%

Des Moines			
Sunny View Care Center Ankeny	94	5	95%
Trinity Center At Luther Park Des Moines	120	0	100%
Union Park Health Services Des Moines	83	16	81%
University Park Nursing & Rehab Des Moines	108	1	99%
Urbandale Health Care Center Urbandale	130	38	71%
Valley View Village Des Moines	79	10	87%
Wesley Acres Wesley	80	8	90%
Iowa Lutheran Hospital Des Moines	16	2	88%
<b>TOTALS</b>	<b>2,158</b>	<b>295</b>	<b>86%</b>
<b>WARREN COUNTY</b>			
Carlisle Ctr. For Wellness & Rehab Carlisle	101	19	81%
Good Samaritan Society -Indianola Indianola	131	23	82%
Norwalk Nursing & Rehab Ctr. Norwalk	51	12	76%
Regency Care Center Norwalk	101	24	76%
The Village Indianola	54	3	94%
Westview Of Indianola Care Ctr. Indianola	83	18	78%
<b>TOTALS</b>	<b>521</b>	<b>99</b>	<b>81%</b>

17. The following table displays other levels of service available in the seven-county area. The number of assisted living units in Polk County (2,571) is noteworthy compared to the other counties in the area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Marion	139(3)	4	0	122(1)	106(2)
Jasper	0	2	28(1)	120(2)	0
Lucas	0	3	0	70(1)	0
Mahaska	64(2)	2	0	24(1)	130(1)
Monroe	9(1)	1	0	0	0
Polk	201(5)	11	52(2)	1,151(14)	1,420(14)
Warren	61(3)	2	0	132(3)	204(2)
<b>TOTALS</b>	<b>474(14)</b>	<b>25</b>	<b>80(3)</b>	<b>1,619(22)</b>	<b>1,860(19)</b>

Data source: DIA web site

18. The applicant states that the proposal will be funded through borrowing (\$7,326,037) and gifts and contributions (\$2,681,500). The applicant is enlisting Pella community and business leaders to a capital campaign steering committee. The members of the committee will be supporting the project through personal and professional contributions as well as

utilizing their community relationships in gaining audiences with more potential donors to the project. The application includes a letter from Northland Securities indicating a commitment to underwrite and purchase revenue bonds on a best effort basis.

19. The proposal involves the construction of four buildings, each 10,615 square feet, for a total of 42,460 square feet at a facility cost of \$7,755,515. In addition there are site costs of \$1,063,059, movable equipment totaling \$523,107 and financing costs of \$665,856. The average cost per bed (turn key) is \$156,368.
20. The applicant anticipates an operating deficit of \$418,612 the first year of operation. By year two a profit of \$241,334 is anticipated. The applicant projects that about 58% of the residents will be private pay or Medicare and about 33-36% will be Medicaid recipients. Revenue and expense assumptions were provided combining the existing health care facility within the Jefferson Place building and the new campus facilities. The applicant indicates a proposed private pay rate of \$189 per day with additional charges for supplies and level of care.
21. The applicant projects the need for 64.75 FTEs to staff the proposed 64 nursing facility beds. Thirty-nine point two of these would be in the nursing category; 6.2 RNs, 2.2 LPNs and 30.8 nurse aides. The applicant anticipates that many of the new positions will be filled with existing Pella Regional Health Center employees that are currently providing services to the long-term care residents. The applicant will provide development to ensure the staff members are able to provide care in a neighborhood environment that focuses on a wellness/social model of care.

#### CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considers the eighteen criteria listed in Iowa Code § 135.64(1)(a)-(r). In addition, the legislature has provided that the Council may grant a certificate of need only if it finds the following four factors exist:

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
- b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;
- c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;
- d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that the hospital conducted a nationwide search and interviewed several potential candidates for the gifting of these services. The Council concludes that the net effect of this gift will be a reduction in the number of nursing facility beds in the area as the gifted beds move from a medical model to a social model of care, a more appropriate and efficient alternative to the existing system. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The facility is to be built in Marion County, a county that is statistically underbuilt. The Council concludes that occupancy rates (86%) for Marion County indicate efficient rates of utilization at existing facilities. The Council concludes that most of the target population for this project will come from residents that currently reside in the nursing care beds at Pella Regional Health Center and the independent living and assisted living components of the planned community will serve as feeders for the nursing facility beds in the future; thus the project will have minimal impact on other existing facilities in the county. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council takes note that the hospital plans to discontinue providing long-term nursing care; retaining a few nursing care beds as a step down unit. The Council concludes that the proposed project involves new construction of a facility that will house the majority of the nursing care beds currently located at the Pella Regional Health Center. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that proposed service. The Council gives significant weight to the plans of the hospital to discontinue providing long-term nursing care; retaining a few nursing care beds as a step down unit. The Council concludes that the proposed facility will provide care to those currently in the long-term care beds at the hospital. The existing high rates of utilization in the county and underbuild in Marion County and the surrounding counties further establish that patients may have difficulty in obtaining long term care services in the absence of this project. Iowa Code Sections 135.64(1) and 135.64(2)d

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2011), led the Council to find that a Certificate of Need should be awarded.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2011).

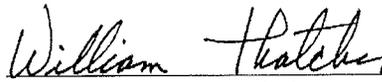
It is required in accordance with Iowa Administrative Code 641- 202.12 that a progress report shall be submitted to the Iowa Department of Public Health six (6) months after approval. This report shall fully identify the project in descriptive terms. The report shall also reflect an amended project schedule if necessary.

The Certificate of Need is valid for a twelve (12) month period from the date of these findings. This is subject to the meeting of all requirements of the Iowa Department of Public Health.

Requests for extension of a Certificate of Need must be filed in writing to the Iowa Department of Public Health from the applicant no later than forty-five (45) days prior to the expiration of the Certificate. These requests shall fully identify the project and indicate the current status of the project in descriptive terms.

**No changes that vary from or alter the terms of the approved application including a change in the approved dollar cost shall be made unless requested in writing to the department and approved. Failure to notify and receive permission of the department to change the project as originally approved may result in the imposition of sanctions provided in Iowa Code section 135.73 (Iowa Administrative Code [641]202.14).**

Dated this 8<sup>th</sup> day of August 2012



William Thatcher, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

cc: State Health Facilities Council  
Iowa Department of Inspections and Appeals:  
Health Facilities Division