

MINUTES
STATE HEALTH FACILITIES COUNCIL
APRIL 12, 2011
IOWA LABORATORY FACILITY
CONFERENCE CENTER, ROOM 208
DMACC CAMPUS, ANKENY

I. 8:00 AM ROLL CALL

MEMBERS PRESENT: Karen Hope, Chairperson, Chuck Follett, Marc Elcock and Bill Thatcher. Recently appointed member Roberta Chambers was present to observe. Also present were Bob Lundin and Vergene Donovan, new members whose terms begin May 1, 2011.

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

II. PROJECT REVIEW

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 report by Barb Nervig. The applicant was represented by Brandt Echternacht, Assistant Director of Planning; Jean Robillard, M.D., Vice President of Medical Affairs; Tom Scholz, M.D., Interim Head of Pediatrics; Debra Waldron, M.D.; Jody Kurtt, RN; Ken Fisher, CFO; Ken Kates, CEO; and John Staley, Senior Associate Director. The applicant made a presentation and answered questions posed by the Council.

A motion by Follett, seconded by Thatcher, to enter the presentation slides into the record carried 4-0.

No affected parties appeared at the hearing.

A motion by Follett, seconded by Elcock, to Grant a Certificate of Need carried 4-0.

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

Staff report by Barb Nervig. The applicant was represented by Adam Garff. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

A motion by Follett, seconded by Thatcher, to Grant a Certificate of Need carried 4-0.

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

Staff report by Barb Nervig. The applicant was represented by Cosette Boone, Jessica Bottenfield-Biehn and Kari Ward. The applicant answered questions posed by the Council.

No affected parties appeared at the hearing.

A motion by Follett, seconded by Elcock, to Grant a Certificate of Need carried 4-0.

4. Suites of West Des Moines, West Des Moines, Polk County: Build a 64-bed skilled nursing facility – \$9,205,579.

Staff report by Barb Nervig. The applicant was represented by Lyle L Simpson of Simpson, Jensen, Abels, Fischer and Bouslog; John Beaudette, Senior Living Management; Matt Eller, Pro-Commercial; Mike Stott and Omar Barrientos both with Stott/Barrientos & Associates; and Ron Hickman, Pathways Recovery, LLC. The applicant made a presentation and answered questions posed by the Council. Appearing in support of the proposal were Scott Etzel, a financial advisor; Susan Hogan a nurse from Ames and Steve Burgason from Ames.

Motion by Follett, seconded by Thatcher, to enter documents in support of oral testimony of applicant into the record carried 4-0.

Appearing in opposition to the proposal were the following individuals: Kris Lange, General Manager of Crystal, Inc.; Doug Fulton of Brick, Gentry, Bowers, Swartz & Levis, P.C. representing Crystal, Inc. (Regency in Norwalk, Genesis in Des Moines and Karen Acres in Urbandale); Daniel J Boor of Scottish Rite Park; Larry Hinman with Signature Care (The Village at Legacy Pointe in Waukee); David Armington and Jodie Stoker, RN with Fleur Heights Center for Wellness and Rehab; Ed McIntosh of Dorsey & Whitney, representing the following four area facilities; Stephen Blend, Iowa Jewish Senior Life Center; Gary Tiemeyer, Fountain West Health Center; Amy Barth, Arbor Springs, LLC; and Mark Teigland, Calvin Community.

A motion by Follett to Grant a Certificate of Need failed for lack of a second.

A motion by Follett, seconded by Thatcher, to DENY a Certificate of Need carried 4-0.

5. 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 report by Barb Nervig. The applicant was represented by Alan Israel, Jason Israel and Theresa Hemann. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

A motion by Thatcher, seconded by Follett, to Grant a Certificate of Need carried 4-0.

6. Arbor Court Fairfield, Fairfield, Jefferson County: Re-review of project approved 1/29/09 to establish 65-bed nursing facility at a cost of \$3,300,000. Cost Over-run of \$1,000,000 (43.5% of approved \$2,300,000).

Staff report by Barb Nervig. The applicant was represented Doug Gross of Brown, Winick, Graves, Gross, Baskerville and Schoenebaum, PLC. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

A motion by Follett seconded by Elcock, to approve the cost over-run of \$1,000,000 carried 4-0.

III. REQUEST 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 will review the Department's determination as to whether a project is exempt from review.

1. University of Iowa Hospitals & Clinics, Iowa City, Johnson County: Replace cyclotron.

Staff report by Barb Nervig. A motion by Follett, seconded by Thatcher to support the Department's determination carried 4-0.

2. Cass County Memorial Hospital, Atlantic, Cass County: Modernization of facility with no new services or beds.

Staff report by Barb Nervig. A motion by Thatcher, seconded by Follett to support the Department's determination carried 4-0.

3. Orange City Area Health System, Orange City, Sioux County: Replace two nursing facilities with one nursing facility in the same county, no change in total beds.

Staff report by Barb Nervig. A motion by Follett, seconded by Elcock to support the Department's determination carried 4-0.

IV. APPROVE MINUTES OF PREVIOUS MEETINGS (NOVEMBER 3 & 10, 2010)

A motion by Follett, seconded by Elcock, to approve the minutes of the November 3, 2010 meeting passed by voice vote.

A motion by Follett, seconded by Thatcher, to approve the minutes of the November 10, 2010 meeting passed by voice vote.

A motion by Hope, seconded by Follett, to adjourn passed by voice vote.

The next meeting of the council will be Wednesday, July 20, 2011.

4. The applicant feels that an additional five beds would allow the admittance of Medicaid recipients during peak time and seasons when demand for long term care facilities is high. The applicant states that they currently do not have a waiting list for Medicaid residents, but notes that this is not a peak season for them.
5. In response to an email survey on April 6, 2011, the administrator of Carrington Place reported 6 empty beds that day and a Medicaid population of 21 residents (32.8% of occupied beds). The results from that same survey for all facilities in Tama County are displayed in the following table.

TAMA COUNTY	Licensed Beds	Empty Beds	Percent Occupied	Medicaid Recipients
CARRINGTON PLACE OF TOLEDO TOLEDO	70	6	91.4%	21
SUNNY HILL CARE CENTER TAMA	57	11	80.7%	26
SUNNYCREST NURSING CENTER DYSART	50	18	64.0%	20
SUNRISE HILL CARE CENTER TRAER	76	8	89.5%	21
WESTBROOK ACRES GLADBROOK	54	5	90.7%	15
TOTALS	307	48	84.4%	103

6. These same facilities were surveyed by CON in June 2010 and October 2010. In June 2010 there were 310 licensed beds in the county and 36 beds (88.4%) were empty. In October 2010, the county had 307 licensed beds and 34 were empty (88.9%). In both of these previous surveys, Carrington Place reported one empty bed.
7. In 2008 Carrington Place had 30 new admissions and in 2010 that number nearly doubled with 59 new admissions. The applicant states that the average length of stay is 39 days for short term residents. The applicant has 20 residents long term.
8. The eight-county region, as calculated by the bed need formula, is underbuilt by 227 beds. Tama County is overbuilt by 69 beds. See the following table for additional bed information.

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

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed NF Beds as of March 2011	Difference – Formula vs. Licensed & Approved*
Tama	3,374	238	307	+69
Benton	4,452	320	172	-148
Black Hawk	19,400	1,112	1,166	+54
Grundy	2,736	191	128	-63
Iowa	2,753	196	229	+33
Jasper	6,473	461	352	-109
Marshall	6,727	480	349**	-131
Poweshiek	3,608	254	322	+68
Totals	49,523	3,252	3,025	-227

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

9. 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, Benton County has 49 hospital-based NF beds, Grundy County has 55 hospital-based NF beds, and Marshall County has 15 hospital-based SNF beds.
10. Over the span of the last three years the total number of beds in the eight-county area has decreased by 13 beds. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number Between March 2008 and March 2011

<i>County</i>	# of NF Beds (facilities) as of March 2008	# of NF Beds (facilities) as of March 2011	Difference in # of NF Beds
Tama	313(5)	307(5)	-6
Benton	176(3)	172(3)	-4
Black Hawk	1,181(11)	1,166(11)	-15
Grundy	128(3)	128(3)	0
Iowa	229(4)	229(4)	0
Jasper	334(6)	352(6)	+18
Marshall	355(4)	349(4)**	-6
Poweshiek	322(5)	322(5)	0
Totals	3,038(38)	3,025(38)	-13

**additional 702 beds at Veterans Home

11. There are currently 3,025 licensed nursing facility beds in the eight counties, 154 beds (5.1% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Tama	42(3)
Benton	14(1)
Black Hawk	24(1)
Grundy	0
Iowa	0
Jasper	40(2)
Marshall	18(1)**
Poweshiek	16(1)
Totals	154(9)

**additional 78 at Veterans Home

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

12. The applicant indicates that their primary service area is Tama County. In the last three years, Carrington Place admitted 122 patients and 112 (91.8%) lived in Tama County prior to their admission to the facility. Five patients (4%) were from Marshall County and the remaining five were each from a different county.
13. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population.

14. Carrington Place of Toledo is an existing nursing facility with an established relationship to the health care system of the area. Carrington Place currently has transfer agreements with Marshalltown Medical & Surgical Center, Grinnell Regional Medical Center and Mercy Medical Center—Cedar Rapids.

15. There are four other free-standing nursing facilities in Tama County and no hospital-based long-term care units.

16. In a survey of facilities of facilities conducted March 2011, the average occupancy of the five facilities in Tama County was 84.4%. A survey of the same facilities in October 2010 resulted in an average occupancy of 88.4% for Tama County. The response for the March 2011 survey for contiguous counties was not 100% so the following table also displays the results for the October 2010 survey. County totals are only presented when 100% of the facilities in the County responded.

**Survey of Nursing Facilities Located in Tama County
& Counties Contiguous to Tama County
Conducted March 2011
Conducted October 2010**

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
BENTON COUNTY				
BELLE PLAINE NURSING & REHAB CTR	66	15 17	77.2 74.2	23 26
KEYSTONE NURSING CARE CENTER	45	8	82.2	14
THE VINTON LUTHERAN HOME	61	3	95.1	30
VIRGINIA GAY HOSPITAL NF	49	13	73.5	17
TOTALS	221	41	81.4	87
BLACKHAWK COUNTY				
CEDAR FALLS HEALTH CARE CENTER	100	11 42	89.0 58.0	37 38
CEDAR FALLS LUTHERAN HOME	135	7 16	94.8 88.1	53 53
COUNTRY VIEW	134	16	88.1	107
MARTIN HEALTH CENTER	100	6 6	94.0 94.0	39 38
FRIENDSHIP VILLAGE RETIREMENT CTR	67	0	100	3
HARMONY HOUSE HEALTH CARE CTR	56	0	100	53
LAPORTE CITY NURSING & REHAB CTR	46	0 0	100 100	16 19
MANORCARE HEALTH SERVICES	97	15 10	84.5 89.7	25 21
PARKVIEW NURSING & REHAB CENTER	135	56 53	58.5 60.7	51 52
RAVENWOOD NURSING & REHAB CTR	196	10	94.9	90
WINDSOR NURSING & REHAB CENTER	100	7	93.0	52
TOTALS	1166	160	86.3	526
GRUNDY COUNTY				
GRUNDY CARE CENTER	40	8 5	80.0 87.5	7 7
GRUNDY COUNTY MEMORIAL HOSPITAL	55	3 10	94.5 81.8	21 7
OAKVIEW HOME	38	1	97.4	17
PARKVIEW MANOR CARE CENTER	50	5	90.0	NR
TOTALS	183	21	88.5	31
IOWA COUNTY				
COLONIAL MANOR OF AMANA	60	1	98.3	29
ENGLISH VALLEY CARE CENTER	67	8	88.1	22
HIGHLAND RIDGE CARE CENTER	44	0	100	16
ROSE HAVEN NURSING HOME	58	2 2	96.6 96.6	24 22
TOTALS	229	11	95.2	89

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
JASPER COUNTY				
BAXTER HEALTH CARE CENTER	44			
CAREAGE OF NEWTON	53	24	54.7	20
HERITAGE MANOR	62			
NELSON MANOR	36			
NEWTON HEALTH CARE CENTER	91	4	95.6	29
PARK CENTRE	66			
TOTALS	352			
MARSHALL COUNTY				
IOWA VETERANS HOME	702	37 157	94.8 77.8	305 545
GRANDVIEW HEIGHTS	109	20 22	81.7 79.8	67 57
SOUTHRIDGE NURSING & REHAB CTR	82	6 9	92.7 89.0	48 40
STATE CENTER NURSING & REHAB CTR	48	13	72.9	18
VILLA DEL SOL	110	8	92.7	NA
MARSHALLTOWN MEDICAL & SURGICAL CTR - SNF	15	11 9	26.7 40.0	2 0
TOTALS	1066	218	79.5	660
TOTALS WITHOUT VETERANS HOME	364	61	83.2	115
POWESHIEK COUNTY				
BROOKLYN COMMUNITY ESTATES	60	16	73.3	20
FRIENDSHIP MANOR CARE CENTER	75	40 34	46.7 54.7	21 26
MAYFLOWER HEALTH CARE CENTER	60	8 4	86.7 93.3	23 23
MONTEZUMA NURSING & REHAB CTR	49	10 13	79.6 73.5	27 22
ST FRANCIS MANOR	78	1	98.7	37
TOTALS	322	68	78.9	128
TAMA COUNTY				
CARRINGTON PLACE OF TOLEDO	70	6 1	91.4 98.6	21 21
SUNNY HILL CARE CENTER	57	11 6	80.7 91.2	26 NR
SUNNYCREST NURSING CENTER	50	18 15	64.0 76.0	20 21
SUNRISE HILL CARE CENTER	76	8 5	89.5 92.1	21 5
WESTBROOK ACRES	54(57)	5 9	90.7 81.5	15 14
TOTALS	307 310	48 36	84.4 88.4	103 105

17. 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
Tama	40(1)	1	0	30(1)	0
Benton	76(2)	2	0	156(4)	0
Black Hawk	12(1)	3	52(2)	644(6)	298(2)
Grundy	8(1)	0	0	66(2)	0
Iowa	2(1)	1	0	166(3)	0
Jasper	0	2	28(1)	114(2)	0
Marshall	113(1)**	1	25(1)	44(1)	96(2)
Poweshiek	73(2)	1	0	17(1)	52(1)
TOTALS	324(9)	11	105(4)	1,237(20)	446(5)

** Veterans Home Data source: DIA web site

18. One letter of opposition was received from Westbrook Acres in Gladbrook, Tama County. Westbrook Acres reduced their licensed capacity by 3 beds last fall due to census issues.

19. The applicant currently has existing debt in the amount of \$2,781,868 at an interest rate of 4.83%. The annual debt service on this existing debt is \$165,949. The applicant states the \$25,000 needed for this proposal will be paid with cash on hand.
20. The proposal does not call for any construction or renovation.
21. The applicant states that the source of funds is cash on hand. The \$25,000 cost for the project is all in the purchase of furnishings for the rooms.
22. The daily rate for care will not change as a result of this project; \$145 for a private room and \$135 for a semi-private room.
23. The applicant indicates that the proposal will result in the need for an additional 3.0 FTEs; all in the nursing aide category.

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 current owner of the facility purchased the facility in 2007; three years after the decision was made by the previous to owner convert ten semi-private rooms to private rooms. The Council concludes that the proposal is an appropriate option to accommodate admissions of individuals during peak seasons. 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 Tama County is overbuilt by 69 beds; however the eight-county region is underbuilt by 227 beds. The March 2011 survey conducted by Department staff indicates a county wide occupancy of 84.4% for Tama County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council takes note and gives significant weight to two previous surveys of the facilities in Tama County which indicated a county wide occupancy of 88.4% in June 2010 and 88.9% in October 2010. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does not involve construction. The Council takes note that the applicant will be converting rooms that previously held two beds and are currently private rooms back to double rooms. 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 the applicant experiences occupancies of 98% or better during peak seasons. The Council concludes that patients will experience serious problems in obtaining care, particularly during peak seasons, 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.

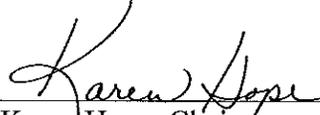
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2011).

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 20th day of June 2011

A handwritten signature in cursive script, appearing to read "Karen Hope", written over a horizontal line.

Karen Hope, 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)
)
HEALING PASSAGES BIRTH AND WELLNESS CENTER) **DECISION**
)
DES MOINES, IOWA)

This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2011.

The application proposes the establishment of a free-standing birth center at an estimated cost of \$75,100.

Healing Passages Birth and Wellness Center 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. Cosette Boone, Jessica Bottenfield-Biehn and Kari Ward were present representing the applicant. The applicant answered questions posed by the Council.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 4-0 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. The applicant proposes the establishment of a birth center, with one birthing room, in Des Moines. Currently, the only operating birth center in Iowa is located in rural Corydon, Wayne County. Iowa does not require licensure of birth centers.
2. A birth center is defined in Iowa Code as a facility or institution, which is not an ambulatory surgical center or a hospital or in a hospital, in which births are planned to occur following a normal, uncomplicated, low-risk pregnancy. Iowa Code § 135.61(2). Birth centers are traditionally staffed by certified nurse midwives (“CNM”). In Iowa, CNM’s are registered with the Iowa Board of Nursing as Advanced Registered Nurse Practitioners (“ARNP”). 655 Iowa Administrative Code chapter 7.

3. Birth centers are expressly included in the definition of institutional health facilities in Iowa Code section 135.61(14), and hence birth center services may not be offered or developed in this state without receipt of a certificate of need from the State Health Facilities Council. Iowa Code § 135.63(1).
4. Birth centers are required to be licensed in 38 states. Prior to 2002, birth centers were required to be licensed and inspected in Iowa pursuant to Iowa Code chapter 135G. Iowa Code chapter 135G was repealed by 2002 Acts, ch 1162, section 79. There is no longer a licensure requirement for birth centers in Iowa.
5. Healing Passages Birth and Wellness Center will be a nurse-midwifery owned and operated, free standing birth center. The birth center is an expansion of a home birth practice that began April of 2001 called Willowsong Midwifery Care, owned and operated by Cosette Boone, certified nurse midwife.
6. In 2010, Willowsong opened a new gynecology division called, Beyond Birth, LLC and hired Kari Ward, CNM who has worked for Willowsong for 8 years as an independent contractor. They became in-network with major insurance companies for well-woman gynecology care.
7. The applicant plans to incorporate Healing Passages Birth and Wellness Center as a for profit entity with three partnering nurse-midwives. The applicant has a goal to apply for accreditation by the Commission for the Accreditation of Birth Centers.
8. The applicant states that out-of-hospital birth caters to a very unique, growing clientele; attracted to high autonomy and low intervention.
9. The applicant considers their service area to include Polk, Dallas, Madison, Guthrie, Warren and Story counties. There is currently no operational freestanding birth center in this geographic service area as an alternative to hospital or home birth.
10. The applicant will bring rural women who are desiring an out-of-hospital birth experience into the Des Moines metro area, making it safer for mother and baby who will then be within the 'safe zone' for transfers.
11. The project represents an alternative to hospital and home births. Without the birth center, the applicant could continue to attend home births for those women choosing not to deliver in a hospital. Willowsong does not currently go beyond a 30 mile radius of Des Moines metro to do home birth. This leaves many women, beyond this radius, with little to no options for birthing outside the hospital.
12. The applicant states that for many years they have received referrals from local OB/GYNs and the midwifery group at Iowa Methodist Medical Center, and Willowsong has in turn helped women find where they need to be.
13. Both of the nurse midwives have had hospital privileges in Des Moines in years past and therefore have a comfort with presenting for care. If a transfer to a hospital is need while in

labor or in the first few hours after birth, their whole team goes with the family and helps to facilitate a seamless transfer of care to the receiving physician. This includes handing over to the hospital team, the client's whole chart and reporting off to the attending physician.

14. Dr. Larry Lindell, OB/GYN, at Broadlawns Medical Center has been receiving transfers from Willowsong for several years. Broadlawns is Willowsong's hospital of choice for transfer.
15. The applicant has contracts/working relationships with Mercy clinical laboratory, which has processed all of their labs since 2001, and Iowa Methodist Medical Center sterilization, which handles all of the applicant's instruments for sterilization.
16. The facilities designated as providing maternity services within the applicant's service area are Broadlawns Medical Center, Iowa Lutheran Hospital, Iowa Health—Methodist and Mercy Medical Center all in Des Moines; Methodist West Hospital and Mercy West Lakes both in West Des Moines and Mary Greeley Medical Center in Ames.
17. Home birth services in this area are offered by three separate independent CNM practices.
18. There are currently no births occurring in a freestanding birth center in this area. The only operating freestanding birth center in Iowa is in Corydon.
19. No letters of opposition were received for this application.
20. The applicant plans to lease space from Indigo Dawn, LLC which is 100% owned by Chaden Halfhill.
21. The applicant states their fees to be \$4,500 for professional services, \$1,500 for newborn care and \$2,500 for use of the birth center for a total of \$8,500. As a comparison, the professional fee for prenatal care, labor and birth, and postpartum care by a physician ranges from \$4,000 to \$6,000; the median charge at a local hospital for vaginal delivery without complications is \$8,337; and the normal newborn care median charge is \$3,529 (for initial hospitalization) for a total of \$15,866-\$17,866.
22. The applicant anticipates 30% of patient revenue from private pay, 10% from Medicaid, 25% from Wellmark and 35% from other insurance.
23. Healing passages Birth and Wellness Center will be owned and operated by nurse-midwives. A licensed nurse will be on the premises at all times when a patient is in the facility. A certified nurse-midwife will be present at all times when a woman is in active labor and until the woman/newborn are stabilized following birth at the facility.

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 concludes that freestanding birth centers typically charge between 40-50% less than similar inpatient hospital services. Additionally, there are no other birth centers in this service area and hence there are no existing alternatives for women who desire an out-of-hospital birth but do not want to, or cannot, give birth at home. 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 takes note of the fact that currently there are no operating birth centers in the area. The Council concludes that the proposed facility would serve individuals who desire an out-of-hospital birth experience and many are not currently utilizing existing facilities for their care. 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 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 some patients are currently choosing home birth as a birth center is not currently available in the area. The Council further concludes that individuals living outside the safe zone for transfers are experiencing problems in obtaining an out of hospital birth experience. 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.

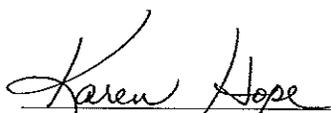
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2011).

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 20th day of June 2011



Karen Hope, 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)
)
THE SUITES OF WEST DES MOINES)
)
WEST DES MOINES, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2011.

The application proposes the construction of a 64-bed skilled care facility at an estimated cost of \$9,210,000.

The Suites of West Des Moines 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 relationship to review criteria. Lyle L Simpson of Simpson, Jensen, Abels, Fischer and Bouslog; John Beaudette, Senior Living Management; Matt Eller, Pro-Commercial; Mike Stott and Omar Barrientos both with Stott/Barrientos & Associates; and Ron Hickman, Pathways Recovery, LLC were present representing the applicant. The applicant made a presentation and answered questions.

Appearing in support of the proposal were Scott Etzel, a financial advisor; Susan Hogan a nurse from Ames and Steve Burgason from Ames.

Appearing in opposition to the proposal were the following individuals: Kris Lange, General Manager of Crystal, Inc.; Doug Fulton of Brick, Gentry, Bowers, Swartz & Levis, P.C. representing Crystal, Inc. (Regency in Norwalk, Genesis in Des Moines and Karen Acres in Urbandale); Daniel J Boor of Scottish Rite Park; Larry Hinman with Signature Care (The Village at Legacy Pointe in Waukee); David Armington and Jodie Stoker, RN with Fleur Heights Center for Wellness and Rehab; Ed McIntosh of Dorsey & Whitney, representing the following four area facilities; Stephen Blend, Iowa Jewish Senior Life Center; Gary Tiemeyer, Fountain West Health Center; Amy Barth, Arbor Springs, LLC; and Mark Teigland, Calvin Community.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 4-0 to DENY 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. The applicant is proposing the construction of a 64-suite multi-faceted skilled nursing recovery center in West Des Moines. The 64 suites will be divided as follows: 30 short-term skilled recovery suites with an average length of stay of 11-14 days; 12 secured suites for dementia care with an average length of stay of 11-12 months; 10 chronic ventilator dependent suites with an average length of stay of 12-24 months; and 12 “traditional” long-term care suites with an average length of stay of 11-12 months.
2. The applicant states the focus of the facility will be to provide care for complex higher acuity skilled patients, chronic ventilator dependent patients, dementia patients, bariatric skilled patients, and a small number of long-term residents.
3. The facility will have a neighborhood design. All rooms will be individual suites with a full private bathroom, a family sitting area including a small couch, television, telephones, a refrigerator, a microwave, and a counter with a sink. The entire facility will be set up for wireless internet service. Among other services, the facility will also have an aquatic therapy center.
4. The Suites of WDM will provide care primarily to those individuals age 55 years or greater who need skilled care due to a medical condition or physical impairment and to those that need a short transition stay following a hospitalization. The applicant states that the typical stay in the skilled beds will be 14 days.
5. The applicant states that the facility will be certified for Medicare and Medicaid with the exception that the 12 long-term care beds will not be Medicaid certified. The applicant anticipates the majority of the ventilator patients will be Medicaid recipients.
6. The calculated bed need formula indicates a current underbuild in Polk County by 942 beds. The eight-county region, as calculated by the bed need formula, is underbuilt by 1,114 beds. See the following table for additional bed information. Note in item 13 the large number of assisted living units in Polk as well as the number of assisted living units designated for dementia care.

Nursing Facility Beds by County

Number Needed by CON Formula/Number Licensed/Difference

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 03/11	Difference – Formula vs. Licensed & Approved*
Polk	53,749	3,189	2,247	-942
Boone	4,079	294	377	+83
Dallas	6,034	370	481	+111
Jasper	6,473	461	352	-109
Madison	2,499	179	209	+30
Marion	5,818	414	262	-152
Story	9,837	730	498	-232
Warren	7,392	424	521	+97
Totals	95,881	6,061	4,947	-1,114

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

7. In addition to the beds in free-standing nursing facilities listed in the above table, the following table displays hospital-based nursing care units in the eight-county area.

County	Hospital based NF	Hospital based SNF	Hospital based SNF/NF
Polk		16	
Boone			
Dallas			
Jasper			
Madison			
Marion			92
Story	80	19	
Warren			
Totals	80	35	92

8. Over the span of the last three years the total number of beds in the eight-county area has increased by 274 beds. See the following table for additional detail.

**Nursing Facility Beds by County
Difference in Number Between March 2008 and March 2011**

County	# of NF Beds (facilities) as of 03/08	# of NF Beds (facilities) as of 03/11	Difference in # of NF Beds
Polk	2,037(26)	2,247(27)	+210
Boone	379(4)	377(4)	-2
Dallas	453(8)	481(9)	+28
Jasper	334(6)	352(6)	+18
Madison	209(3)	209(3)	0
Marion	226(3)	262(4)	+36
Story	514(7)	498(7)	-16
Warren	521(6)	521(6)	0
Totals	4,673(63)	4,947(66)	+274

9. There are currently 4,947 licensed nursing facility beds in the eight counties, 612 beds (12.4% of all beds) in dedicated CCDI units. Polk County also has 1,131 assisted living units dedicated to dementia care.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Polk	263(10)
Boone	56(2)
Dallas	87(3)
Jasper	40(2)
Madison	18(1)
Marion	0
Story	48(2)
Warren	100(4)
Totals	612(24)

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

10. Department staff conducted a phone/email survey of all NF facilities in the eight-county area. The results are in the following table.

Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
POLK COUNTY				
DEERFIELD RETIREMENT COMMUNITY	30	2	93.3%	0
ALTOONA NURSING AND REHAB	106	2	98.1%	69
BISHOP DRUMM CARE CENTER	150	3	98.0%	71
CALVIN MANOR	59	7	88.1%	14
FLEUR HEIGHTS CTR FOR WELLNESS & REHAB	120	15	87.5%	45
FOUNTAIN WEST HEALTH CENTER	140	31	77.9%	60
GENESIS SENIOR LIVING CENTER	80	9	88.7%	64
IOWA JEWISH SENIOR LIFE CENTER	72	16	77.8%	8
KAREN ACRES HEALTHCARE CENTER	38	2	94.7%	19
MANORCARE HEALTH SERVICES OF WDM	120	59	50.8%	24
MILL POND RETIREMENT COMMUNITY	60	8	86.7%	17
MITCHELL VILLAGE CARE CENTER	65	7	89.2%	37
ON WITH LIFE	26	4	84.5%	11
PARKRIDGE NURSING & REHAB CTR	74	5	93.2%	46
POLK CITY NURSING AND REHAB	68	16	76.4%	30
PRIME NURSING AND REHAB CENTER	44	14	68.2%	12
RAMSEY VILLAGE	78	12	84.6%	12
THE REHAB CTR OF DES MOINES	74	9	87.8%	43
SCOTTISH RITE PARK HEALTH CARE CENTER	41	5	87.8%	3
SUNNY VIEW CARE CENTER	94	5	94.7%	36
UNION PARK HEALTH SERVICES	83	16	80.7%	49
UNIVERSITY PARK NURSING & REHAB CTR	108	13	87.9%	65
URBANDALE HEALTH CARE CENTER	180	64	64.4%	32
VALLEY VIEW VILLAGE	79	13	83.5%	34
WESLEY ACRES	80	4	95.0%	10
TRINITY CENTER AT LUTHER PARK	120	2	98.3%	58
IOWA LUTHERAN HOSPITAL	16	4	75.0%	NR
TOTALS	2205	337	84.7%	869
BOONE COUNTY				
EASTERN STAR MASONIC HOME	76	2	97.3%	19
WESTHAVEN COMMUNITY	100	2	98%	NR
MADRID HOME FOR THE AGING	155	43	72.2%	43
OGDEN MANOR	46	5	89.1%	27
TOTALS	377	52	86.2%	89
DALLAS COUNTY				
ADEL ASSISTED LINING & NURSING	50	5	90.0%	20
ARBOR SPRINGS OF WDM L L C	56	11	80.4%	0
EDGEWATER	40	3	92.5%	0
GRANGER NURSING & REHAB CENTER	67	14	79.1%	37
PERRY HEALTH CARE CENTER	48	22	54.2%	12
ROWLEY MEMORIAL MASONIC HOME	57	3	94.7%	23
THE VILLAGE AT LEGACY POINTE	48	2	95.8%	8
PERRY LUTHERAN HOME	73	29	60.2%	26
SPURGEON MANOR	42	1	97.6%	15

TOTALS	481	90	81.3%	141
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Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
JASPER COUNTY				
BAXTER HEALTH CARE CENTER	44			
CAREAGE OF NEWTON	53	24	54.7%	20
HERITAGE MANOR	62			
NELSON MANOR	36			
NEWTON HEALTH CARE CENTER	91	4	95.6%	29
PARK CENTRE	66			
TOTALS				
MADISON COUNTY				
WEST BRIDGE CARE & REHABILITATION	70	10	85.7%	27
WINTERSET CARE CENTER NORTH	90	29	67.8%	36
WINTERSET CARE CENTER SOUTH	49	7	85.7%	17
TOTALS				
	209	46	78.0%	80
MARION COUNTY				
GRIFFIN NURSING CENTER	95			
JEFFERSON PLACE	36			
PLEASANT CARE LIVING CENTER	53	6	88.7%	17
WEST RIDGE NURSING & REHAB CTR	78			
PELLA REGIONAL HEALTH CENTER	92			
TOTALS				
STORY COUNTY				
BETHANY MANOR	180			
COLONIAL MANOR OF ZEARING	40			
RIVERSIDE MANOR	59			
ROLLING GREEN VILLAGE	69			
THE ABINGTON ON GRAND	70			
GREEN HILLS HEALTH CARE CENTER	40			
NORTHCREST HEALTH CARE CENTER	40	2	95%	0
STORY COUNTY HOSPITAL NF	80	24	70%	29
MARY GREELEY MEDICAL CENTER	21	20		0
TOTALS				
WARREN COUNTY				
CARLISLE CTR FOR WELLNESS & REHAB	101	16	84.2%	54
GOOD SAMARITAN SOCIETY -INDIANOLA	131	18	86.2%	56
NORWALK NURSING & REHAB CTR	51	42	17.6%	NR
REGENCY CARE CENTER	101	18	82.2%	55
THE VILLAGE	54	4	92.6%	9
WESTVIEW OF INDIANOLA CARE CTR	83	20	75.9%	49
TOTALS				
	521	118		223

11. The proposed facility is to be built in West Des Moines, a metropolitan area. The applicant points to the close proximity and easy access to the Interstate and feels the location could serve areas of Dallas and Warren Counties as well.
12. The applicant has determined there is no less costly or more appropriate alternative to achieve the long-term and skilled care they feel is needed in the western part of Polk County. The applicant feels that restrictions on occupancy criteria for assisted living programs results in an unmet need for

long-term care services. The applicant states that the types of services they will offer are not sufficiently available in any one facility.

13. 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
Polk	201(5)	12	52(2)	1,131(14)	1,312(13)
Boone	125(1)	1	53(2)	144(2)	0
Dallas	123(2)	2	0	194(4)	0
Jasper	0	2	28(1)	114(2)	0
Madison	18(1)	0	0	15(1)	76(1)
Marion	139(3)	4	0	83(1)	82(1)
Story	24(3)	1	30(1)	445(6)	0
Warren	61(3)	2	0	132(3)	204(2)
TOTALS	691(18)	24	163(6)	2,258(33)	1,674(17)

Data source: DIA web site

14. The applicant states that as a member of the Des Moines health care community, the Suites of WDM will obtain referral/transfer agreements and contracts with all the community acute care hospitals, local hospice organizations, and home health organizations. The applicant states they will share therapy services with Iowa Health Systems—Des Moines.
15. Letters of support were received from four area physicians; Dr. Michael O’Conner with Iowa Health Physicians & clinics, Dr. Scott Meyer with Iowa Ortho, Dr. Scott Neff with Central Iowa Orthopaedics and Dr. Stephen Taylor with Des Moines Orthopedic Surgeons. Joel Olah of Aging Resources of Central Iowa submitted a letter of support stressing the need for local resources for ventilator dependent patients. A letter from Stephen Stephenson, COO of Iowa Health expressed support for discharge options and the unique features the proposed facility will offer. A letter of support from Susan Mullin noted the applicant has designed an upscale facility for the Jordan Creek area. A letter of support from Debbie Baumgarten, a clinical resource nurse at Mercy Medical Center was subsequently rescinded.
16. Four letters of opposition were submitted from existing facilities in the area; Signature Care Centers (Arbor Springs and Legacy Pointe), Life Center, Griffin Nursing and Rehab and Fountain West. These letter writers spoke of staffing concerns, declining census and the impact of additional beds on existing occupancies as well as the impact of the assisted living alternative. In addition, as noted above, representatives of four of these facilities and six additional facilities appeared at hearing in opposition to the proposal.
17. Representatives of existing facilities in the area stressed the impact of assisted living growth on their census and indicated that there are at least 400 nursing facility beds available (empty) in the Des Moines market. All of the facilities represented at hearing offer at least one of the services proposed by the applicant and several offer more than one of the services.

18. One facility in Des Moines has eight beds for ventilator patients and stated they never have more than five patients in those beds, currently there are four.
19. The proposal involves the construction of 45,485 square feet at a facility cost of \$6,883,421. In addition there are site acquisition and preparation costs of \$1,091,579, land improvement costs of \$185,000, movable equipment totaling \$750,000 and financing costs of \$300,000. Total project costs are \$9,210,000. The average cost per bed (turn-key) is \$143,906.
20. The applicant states that the proposal will be funded through borrowing \$6,830,000, and \$2,564,000 that consists of equity that has been raised. The application includes a letter from Community Business Lenders indicating its interest in providing a first mortgage loan that is the lesser of \$4,270,000 or 50% of the stabilized value of the project. The letter states the structure contemplates a \$2,560,000 SBA 504 loan in a junior position to Community Business Lenders and \$3,300,000 of cash equity. The applicant provides an amortization schedule for a 40 year loan of \$683,000 at an interest rate of 6.5%.
21. The applicant anticipates an operating deficit of \$223,051 the first year of operation. By year two a profit of \$1,581,997 is anticipated and by year three a profit of \$2,186,304.
22. The applicant adjusted Exhibit 2B in the application to include Medicare patients with the Medicaid patients in the forecast of facility utilization, therefore a projected Medicaid only population was not provided. The applicant does state in their assumptions that Medicaid census will be low due to the facility size and being all private rooms. The Medicaid census will rise when the ventilator unit is brought on line.
23. The applicant provided rates for the various levels of service as follows: private pay - \$190/day; skilled care - \$350/day; ventilator care - \$350/day and CCDI unit care - \$225/day. The forecasted revenue and expenses appears to base the revenue forecast on an average daily date of \$322.
24. The applicant projects the need for 68.0 FTEs to staff the proposed 64 beds. Thirty-nine of these would be in the nursing category; 6 RNs, 10 LPNs and 23 nurse aides. In addition they project 7 FTEs for dietary and 2 FTEs for activities. Four administrative FTEs include an administrator, a concierge person, a business office manager and a human resource person. The nine FTEs listed under "other" in the application include a social service director and therapy positions in various disciplines, such as respiratory, physical, occupational and speech.
25. The applicant notes that not all of the FTEs will be necessary the day the facility is opened. Staff will be hired and brought on when the census levels necessitate. The applicant feels the required staffing is available as demonstrated by the high unemployment rate, the addition of the two new hospitals that were staffed and the ability of the operational managers to hire and maintain employees.

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 and the development of such alternatives is practicable. The Council concludes that existing facilities in the area have over 400 empty beds and are appropriate alternatives to building new beds. The Council further concludes that the services the applicant proposes to offer -- including care for higher acuity patients, bariatric patients, and ventilator-dependent patients -- are currently being offered at existing facilities and that the continuation of such care at existing facilities is a more appropriate alternative to the establishment of a new facility. 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 are not being used in an appropriate and efficient manner and would be negatively impacted by this project. First, the Council has previously concluded that occupancy rates of over 85 % indicate appropriate and efficient utilization of existing nursing facilities. The phone survey conducted by Department staff indicates a county-wide occupancy of 84.7 %, slightly lower than the 85 % rate historically relied on to indicate efficient utilization. In addition, the occupancy rates of Dallas and Warren counties, the other two counties the applicant proposes as part of its service area, are below 85 % at 81.3 % and 83.3 %, respectively. Second, while the bed need formula indicates Polk County is underbuilt by 942 beds, the Council takes note of the fact that there are approximately 1,500 assisting living units in Polk, Dallas, and Warren Counties (the applicant's proposed service area) and another 1,500 assisting living units for dementia residents in the same three counties. Finally, the Council also takes note and gives significant weight to the fact that there are currently over 400 empty nursing facility beds in the applicant's service area. The Council concludes that existing facilities have the capacity and capability to provide the services proposed by the applicant and that approval of this project would negatively impact their ability to operate efficiently. Iowa Code Sections 135.64(1) and 135.64(2)b.

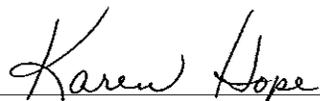
3. The Council concludes that the proposed project involves the construction of 45,485 square feet resulting in an average cost per bed (turn-key) of \$143,906. The Council concludes that an alternative to new construction exists as the number of empty existing beds in the area is high. Iowa Code Sections 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 health service, in the absence of that proposed service. The Council concludes that with 400 plus empty nursing facility beds in the proposed service area, including empty beds for ventilator patients, that patients will not experience problems in obtaining care of the type which would be furnished by the proposed project. The Council concludes that all of the proposed services to be offered by the applicant – including care for higher acuity patients, dementia patients, bariatric patients, and ventilator-dependent patients – are currently offered by existing facilities and there is not evidence that patients in this service area will experience serious problems in obtaining these 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 denied.

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

Dated this 20th day of June 2011



Karen Hope, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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

4. All 48 nursing facility beds will be certified for Medicare and Medicaid. The applicant is projecting about 36 of the 48 beds will be occupied the first year and by year three 41 of 48 beds will be occupied. The applicant projects the Medicaid population at Dave's Place Ankeny to reach 25-30%.
5. The calculated bed need formula indicates a current underbuild in Polk County by 942 beds. The eight-county region, as calculated by the bed need formula, is underbuilt by 1,114 beds. See the following table for additional bed information. Note that these numbers are for traditional nursing facility beds.

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

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 03/11	Difference – Formula vs. Licensed & Approved*
Polk	53,749	3,189	2,247	-942
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Warren	7,392	424	521	+97
Totals	95,881	6,061	4,947	-1,114

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

6. Over the span of the last three years the total number of beds in the eight-county area has increased by 274 beds. See the following table for additional detail:

Nursing Facility Beds by County
Difference in Number Between March 2008 and March 2011

County	# of NF Beds (facilities) as of 03/08	# of NF Beds (facilities) as of 03/11	Difference in # of NF Beds
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Totals	4,673(63)	4,947(66)	+274

7. There are currently 4,947 licensed nursing facility beds in the eight counties, 612 beds (12.4% of all beds) in dedicated CCDI unit:

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Polk	263(10)
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Jasper	40(2)
Madison	18(1)
Marion	0
Story	48(2)
Warren	100(4)
Totals	612(24)

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

8. Department staff conducted a phone/email survey of all NF facilities in the eight-county area. The results are in the following table.

Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
POLK COUNTY				
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RAMSEY VILLAGE	78	12	84.6%	12
THE REHAB CTR OF DES MOINES	74	9	87.8%	43
SCOTTISH RITE PARK HEALTH CARE CENTER	41	5	87.8%	3
SUNNY VIEW CARE CENTER	94	5	94.7%	36
UNION PARK HEALTH SERVICES	83	16	80.7%	49
UNIVERSITY PARK NURSING & REHAB CTR	108	13	87.9%	65
URBAN DALE HEALTH CARE CENTER	180	64	64.4%	32
VALLEY VIEW VILLAGE	79	13	83.5%	34
WESLEY ACRES	80	4	95.0%	10
TRINITY CENTER AT LUTHER PARK	120	2	98.3%	58
IOWA LUTHERAN HOSPITAL	16	4	75.0%	NR
TOTALS	2205	337	84.7%	869

Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
BOONE COUNTY				
EASTERN STAR MASONIC HOME	76	2	97.3%	19
WESTHAVEN COMMUNITY	100	2	98%	NR
MADRID HOME FOR THE AGING	155	43	72.2%	43
OGDEN MANOR	46	5	89.1%	27
TOTALS	377	52	86.2%	89
DALLAS COUNTY				
ADEL ASSISTED LINING & NURSING	50	5	90.0%	20
ARBOR SPRINGS OF WDM L L C	56	11	80.4%	0
EDGEWATER	40	3	92.5%	0
GRANGER NURSING & REHAB CENTER	67	14	79.1%	37
PERRY HEALTH CARE CENTER	48	22	54.2%	12
ROWLEY MEMORIAL MASONIC HOME	57	3	94.7%	23
THE VILLAGE AT LEGACY POINTE	48	2	95.8%	8
PERRY LUTHERAN HOME	73	29	60.2%	26
SPURGEON MANOR	42	1	97.6%	15
TOTALS	481	90	81.3%	141
JASPER COUNTY				
BAXTER HEALTH CARE CENTER	44			
CAREAGE OF NEWTON	53	24	54.7%	20
HERITAGE MANOR	62			
NELSON MANOR	36			
NEWTON HEALTH CARE CENTER	91	4	95.6%	29
PARK CENTRE	66			
TOTALS				
MADISON COUNTY				
WEST BRIDGE CARE & REHABILITATION	70	10	85.7%	27
WINTERSET CARE CENTER NORTH	90	29	67.8%	36
WINTERSET CARE CENTER SOUTH	49	7	85.7%	17
TOTALS	209	46	78.0%	80
MARION COUNTY				
GRIFFIN NURSING CENTER	95			
JEFFERSON PLACE	36			
PLEASANT CARE LIVING CENTER	53	6	88.7%	17
WEST RIDGE NURSING & REHAB CTR	78			
PELLA REGIONAL HEALTH CENTER	92			
TOTALS				
STORY COUNTY				
BETHANY MANOR	180			
COLONIAL MANOR OF ZEARING	40			
RIVERSIDE MANOR	59			
ROLLING GREEN VILLAGE	69			
THE ABINGTON ON GRAND	70			
GREEN HILLS HEALTH CARE CENTER	40			
NORTHCREST HEALTH CARE CENTER	40	2	95%	0
STORY COUNTY HOSPITAL NF	80	24	70%	29
MARY GREELEY MEDICAL CENTER	21	20		0
TOTALS				

Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
WARREN COUNTY				
CARLISLE CTR FOR WELLNESS & REHAB	101	16	84.2%	54
GOOD SAMARITAN SOCIETY -INDIANOLA	131	18	86.2%	56
NORWALK NURSING & REHAB CTR	51	42	17.6%	NR
REGENCY CARE CENTER	101	18	82.2%	55
THE VILLAGE	54	4	92.6%	9
WESTVIEW OF INDIANOLA CARE CTR	83	20	75.9%	49
TOTALS	521	118		223

9. The geographic service area will be Polk and surrounding counties as well as North Central, Northwest, and Southwest Iowa. The applicant anticipates referrals from the entire state.
10. There are two other ICFs/PMI in the state; a 25-bed facility located in Davis County in southern Iowa and a newly opened (not yet licensed) 57-bed facility located in Lee County. The distance between the existing facility in Bloomfield and the proposed facility in Ankeny is approximately 120 miles and a two hour and twenty minute trip. The distance from Keokuk to Ankeny is even greater. The facility in Bloomfield is intermediate care only (not skilled care).
11. The applicant has determined there is no less costly or more appropriate alternative to their proposal. The applicant states that due to their quality of care initiatives and lender restrictions, it was not feasible to increase the number of beds at this time. According to the letters from discharge planners, several individuals remain in the hospital due to lack of placement options in long term care facilities. Hospitalization is a more costly alternative. Dave's Place in Keokuk currently has 10-15 individuals on its waiting list. When Dave's Place in Keokuk was before the Council, the president of the Bloomfield ICF/PMI wrote that reimbursement from the county of residence is often difficult to obtain, which often prevents placement in ICF/PMI facilities for Medicaid recipients.
12. 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
Polk	201(5)	12	52(2)	1,131(14)	1,312(13)
Boone	125(1)	1	53(2)	144(2)	0
Dallas	123(2)	2	0	194(4)	0
Jasper	0	2	28(1)	114(2)	0
Madison	18(1)	0	0	15(1)	76(1)
Marion	139(3)	4	0	83(1)	82(1)
Story	24(3)	1	30(1)	445(6)	0
Warren	61(3)	2	0	132(3)	204(2)
TOTALS	691(18)	24	163(6)	2,258(33)	1,674(17)

Data source: DIA web site

13. Dave's Place of Ankeny will replicate the mission and purpose of Dave's Place in Keokuk. The applicant has submitted fourteen letters of support that were written in 2008/2009 for the Keokuk proposal. Three letters of support written in 2011 were also submitted. These three letters are from University of Iowa Hospitals and Clinics; Ryanne Wood, Lee County Central Point of Coordination; and St. Luke's Hospital in Cedar Rapids. The majority of the letters are from social workers/discharge planners expressing a real need for long term care placement options for persons with mental illness.
14. Correspondence from Griffin Nursing and Rehabilitation Center in Knoxville was received with census data from that facility and questioning the need for another SNF facility.
15. The proposal involves the construction of 40,223 square feet for Phase I (future phases are not addressed in this application) at a facility cost of \$5,998,591. In addition there are site acquisition costs of \$1,150,000, movable equipment totaling \$374,300, and financing costs of \$1,112,650 for a total of \$8,635,541. No land improvement costs were listed. The average cost per bed (turn-key) is \$179,907.
16. The facility design will incorporate three living pods with a common area. Each pod will be featuring a nurse's station, porch area, dining area and television area. All pods will lead to an area designated for families to meet.
17. The applicant states that the proposal will be funded through borrowing \$8,390,054, and \$932,228 from personal funds from the developers/owners.
18. The applicant states that the proposal will be funded through borrowing \$8,390,054, and \$932,228 from personal funds from the developers/owners. The application indicates financing would be sought from the Cedar Rapids Bank & Trust, however in a subsequent filing the applicant indicates that Great Western Bank and the Small Business Administration, (SBA Program 504) have agreed to finance the project with a 20-year fixed rate mortgage at 5.5% interest. No letter from this lender was submitted.
19. The applicant anticipates net income of \$361,665 the first year of operation. By year two a profit of \$572,964 is anticipated and by year three a profit of \$589,596. The applicant projects that about 50% of their income will be from private pay residents while the other 50% will be from Medicare and Medicaid combined.
20. The applicant indicates a proposed rate of \$425 per day. This is higher than the \$250 rate at Dave's Place in Keokuk. The applicant states that Medicaid rates for ICF/PMI are currently \$360 and the Medicare rate is currently \$270-\$300 without rehabilitation services. For Medicaid recipients, a portion of the non-federal share of ICF/PMI costs is to be paid by the Medicaid recipient's county of legal settlement. The experience of the Bloomfield ICF/PMI in the state is that more and more counties are reluctant to do this.
21. The applicant projects the need for 69.5 FTEs to staff the proposed 48 ICF/PMI beds. Thirty-four of these would be in the nursing category; 3 RNs, 9 LPNs and 22 nurse aides. In addition they

project 10 FTEs for dietary and 6 FTEs for activities. This is a larger staff than Dave's Place in Keokuk; their CON application projected the need for 68.0 FTEs (29 in the nursing category) for 57 beds. Dave's Place of Ankeny states it will offer a higher nurse to patient ratio than is usually found in most SNF environments, as their focus is on the residents and their overall health and well-being.

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 concludes that this facility will be accepting patients that are currently in a more costly, less appropriate hospital setting, and patients who are currently being placed out of state in more costly, less appropriate settings. 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 bed need formula indicates a need for 942 additional nursing facility beds in Polk County; however the Council notes that the bed need formula is a better predictor of need for traditional nursing facility care beds while this proposal is to add ICF/PMI beds. The Council further notes there are only two other ICF/PMI facilities in the state. The Council takes note and gives significant weight to the fact that the applicant will accept patients that other facilities do not accept and as a result will receive patients from a broader geographic area. The Council further notes there are only two other ICF/PMI facilities in the state and the current facility in Keokuk is operating with a waiting list. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves the construction of a 40,223 square feet building resulting in an average cost per bed (turn key) of \$179,907. The Council concludes that due to

the fact that the facility will be accepting only patients with a primary diagnosis of mental illness, sharing arrangements are not a practical alternative. 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 takes note of the reported high number of individuals in a "holding" pattern at hospitals in the state waiting for placement at a facility such as the one proposed and gives significant weight to the letters from the hospital discharge planners and the UIHC in concluding that patients are experiencing problems in obtaining the type of care the applicant proposes. 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.

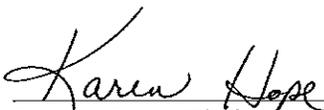
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2011).

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 20th day of June 2011



Karen Hope, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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

4. In November 2009 the department received an extension request from the applicant that indicated the initiation of the project had been delayed in part by the pending appeal. Also, the applicant states that it took longer than anticipated to resolve tax liens on the real property they are in process of purchasing. The tax liens have been resolved. As of November 2009, a total of \$110,000 had been spent on the project. A six month extension was granted by the Council and an update on the project was requested at the Council's next meeting in April 2010.
5. In a letter dated March 24, 2010, the department and Council received an update stating the appeal was heard in District Court on February 12, 2010 and no ruling had yet been received. Arbor Court delayed the project until greater legal certainty occurs.
6. On June 15, 2010, the Council voted to grant a second six month extension based upon the finding that the project continued to be delayed due to litigation.
7. On June 28, 2010, the District Court issued its decision denying the appeal of Parkview Care Center and affirming the Council's decision to grant a Certificate of Need.
8. In October 2010, the department received an extension request from Arbor Court stating they were close to finalizing the purchase agreement and intend to start construction by spring 2011. The applicant further stated that the building sustained extensive water damage because the current owner did not drain the water pipes prior to turning off the heat last winter. As of October 2010, a total of \$170,000 had been spent on the project. A completion date for the project was estimated to be the third quarter of 2011.
9. On November 3, 2010 the Council voted to grant a one year extension based on the finding that adequate progress is being made.
10. On March 23, 2011 the department received a request to approve a project cost increase from Arbor Court Fairfield. In this request the applicant states that the increase in the total project cost to construct/renovate and equip the 65-bed Arbor Court Fairfield facility is due to delays resulting from litigation filed by an affected party and failure by the current owner of the facility to protect the facility from freezing temperatures during the period of delay.
11. The applicant states that the failure of the current owner to drain the plumbing, heating, and sprinkler systems before turning off the heat resulted in these systems freezing causing serious damage. These systems now need to be repaired or replaced as a cost of approximately \$580,000.
12. The applicant states that leaking water from broken pipes also caused several ceilings in the facility to collapse, resulting in the need for substantial repair. Estimated construction costs have increased by approximately \$428,500.

13. Although Arbor Court Fairfield is hoping to negotiate a reduction in the purchase price of the facility as a result of these damages, Arbor Court Fairfield has incurred additional costs to extend its option to purchase the facility.
14. The estimated total cost of the project is now \$3,300,000, a 43.5% increase in the original total project costs.

CONCLUSION

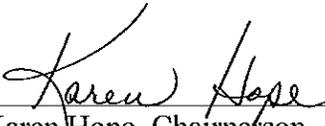
The Council concludes that the proposed change to the originally approved project represents an increase of approximately 43.5% in the cost of the project but does not substantially alter the nature and scope of the originally approved project.

Pursuant to 641 IAC 202.14, the Council therefore approves the request to modify the certificate of need originally granted January 29, 2009 to \$3,300,000 as the approved cost of the project.

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

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 20th day of June 2011



Karen Hope, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: State Health Facilities Council
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