

**MINUTES  
STATE HEALTH FACILITIES COUNCIL  
JUNE 15, 2010  
STATE CAPITOL BUILDING, ROOM 102  
DES MOINES, IA**

**I. 9:00 AM ROLL CALL**

**MEMBERS PRESENT:** Karen Hope, Chairperson, Chuck Follett, and Marc Elcock. Cynthia Beauman participated by phone.

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

It was agreed to amend the agenda to consider the extensions before the project review.

**II. EXTENSIONS OF PREVIOUSLY APPROVED PROJECTS**

1. CCRC of Grimes, LLC, Grimes, Polk: Build 34-bed nursing facility -- \$4,079,000.

Staff reviewed the progress on this project. A motion by Follett, seconded by Elcock to Grant a six month extension carried 4-0.

2. Arbor Court Fairfield, Fairfield, Jefferson County: Establish 65-bed nursing facility -- \$2,300,000.

Staff reviewed the progress on this project. A motion by Follett, seconded by Elcock to Grant a six month extension carried 4-0.

Councilperson Cell arrived.

3. Sunnybrook Living Care Center, L.C., Fairfield, Jefferson County: Add 50 nursing facility beds -- \$2,743,080.

Staff reviewed the progress on this project. A motion by Follett to Grant a one year extension failed for lack of a second. A motion by Elcock, seconded by Follett to Grant a six month extension carried 4-0.5-0.

4. Dave's Place, LLC, Keokuk, Lee County: Renovate existing building for 57-bed intermediate care facility for persons with mental illness (ICF/PMI) – \$2,323,000.

Staff reviewed the progress on this project. A motion by Follett, seconded by Elcock to Grant a six month extension carried 5-0.

**III. PROJECT REVIEW**

1. Oakview, Inc., Conrad, Grundy County: Convert 8 residential care beds to 8 nursing facility beds – \$500,700.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney, Sherry Hughes and Kristy Rittgers. The applicant made a presentation and answered questions posed by the Council.

Les Coulter, president of the board of directors of Oakview spoke as an affected party in support of the project. Jalissa Simmons representing Eldora Nursing and Rehabilitation Center and Brynn Eitzen of Care Initiatives representing Southridge Nursing and Rehabilitation Center in Marshalltown, State Center Care Nursing and Rehabilitation Center in State Center and Valley View Nursing and Rehabilitation Center in Eldora, appeared as affected parties opposed to the project.

A motion by Follett, seconded by Cell, to Grant a Certificate of Need carried 3-2. Beauman and Elcock voted no.

#### **IV. REQUEST FOR DETERMINATION OF NON-REVIEWABILITY AND THE DEPARTMENT'S RESPONSE**

1. Mercy Medical Center-North Iowa, Mason City, Cerro Gordo County: Modernization of emergency department with no new services - \$17,600,000.

Staff report by Barb Nervig. A motion by Elcock, seconded by Cell to support the Department's determination carried 5-0.

2. Clarinda Regional Health Center, Clarinda, Page County: Replacement of hospital with no new beds or services.

Staff report by Barb Nervig. A motion by Beauman, seconded by Elcock to support the Department's determination carried 5-0.

#### **V. APPROVE MINUTES OF PREVIOUS MEETING (DECEMBER 2009)**

A motion by Follett, seconded by Elcock, to approve the minutes passed by voice vote.

The next two meetings of the Council will be July 21, 2010 and November 3, 2010.



3. The nursing facility beds have been 92% occupied for the last three years. The applicant has obtained permission to exceed bed capacity from the Department of Inspections and Appeals on nine occasions between December 2008 and June 2009.
4. The applicant further states they have eight persons on a waiting list. The applicant states they currently have three people in the residential wing and two of the three are showing signs that within the next couple of months they will potentially need to move into nursing facility beds due to the need for increased care.
5. Oakview, Inc. currently serves an elderly rural population. The percentage of Medicaid recipients served in the last three years averaged 46%. The applicant projects that number to remain steady through the next three years. All of the beds will be certified for Medicaid.
6. Grundy County is underbuilt by 63 beds according to the formula. See the following table for additional bed information. The calculated bed need formula indicates a current overbuild in five of the eight counties surrounding the facility. The eight-county region, as calculated by the bed need formula, is overbuilt by 130 beds.

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

<b>County</b>	<b>Projected 2014 Population Age 65+</b>	<b># of NF Beds needed per bed need formula</b>	<b># of licensed NF Beds as of June 2010</b>	<b>Difference – Formula vs. Licensed &amp; Approved*</b>
Grundy	2,736	191	128	-63
Black Hawk	19,400	1,112	1,166	+54
Bremer	4,762	265	260	-5
Butler	3,109	218	273	+55
Franklin	2,062	145	150	+5
Hardin	3,653	256	399	+143
Marshall	6,727	480	349**	-131
Tama	3,374	238	310	+72
<b>Totals</b>	<b>45,823</b>	<b>2,905</b>	<b>3,035</b>	<b>+130</b>

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

\*\*Additional 702 beds at Veterans Home

7. The bed numbers in the table above and below represent the number of bed in free-standing facilities. Grundy County also has 55 NF beds that are hospital based located at Grundy County Memorial Hospital in Grundy Center. Franklin County has 25 NF beds that are hospital based at Franklin General Hospital LTC in Hampton and Marshall County has 15 SNF beds that are hospital based at Marshalltown Medical & Surgical Center in Marshalltown.
8. Over the span of the last three years the total number of beds in the eight-county area has decreased by 74 beds; there were no beds reductions in Grundy County in this time period. See the following table for additional detail.

**Nursing Facility Beds by County  
Difference in Number Between February 2007 and February 2010**

<b>County</b>	<b># of NF Beds (facilities) as of Feb. 2007</b>	<b># of NF Beds (facilities) as of Feb. 2010</b>	<b>Difference in # of NF Beds</b>
Grundy	128 (3)	128 (3)	0
Black Hawk	1,181 (11)	1,166 (11)	-15
Bremer	284 (4)	260 (4)	-24
Butler	296 (6)	273 (6)	-23
Franklin	150 (2)	150 (2)	0
Hardin	399 (6)	399 (6)	0
Marshall	358 (4)	349 (4)**	-9
Tama	313 (5)	310 (5)	-3
<b>Totals</b>	<b>3,109 (41)</b>	<b>3,035 (41)</b>	<b>-74</b>

\*\*additional 702 beds at Veterans Home

9. There are currently 3,035 licensed nursing facility beds in the eight counties (an additional 702 beds at the Veterans Home includes 78 in CCDI unit), 183 beds (6% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

<b>County</b>	<b># of CCDI Beds (facilities)</b>
Grundy	0
Black Hawk	24 (1)
Bremer	30 (1)
Butler	0
Franklin	19 (1)
Hardin	50 (3)
Marshall	18* (1)
Tama	42 (3)
<b>Totals</b>	<b>183 (10)</b>

\* additional 78 CCDI beds at Veterans Home

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

10. Of the 102 patients admitted to Oakview, Inc. in the last three years 55% were from Grundy County, 28% were from Marshall County and 13% were from Hardin County.
11. The applicant states they have determined there are no less costly or more appropriate alternatives. To demonstrate the need the applicant points to the number of times they have turned individuals away and the number of times they have requested permission to exceed their current number of licensed beds. The applicant states that proceeding with the renovation absent the 8 additional NF beds could result in an undesirable reduction in staff due to financial circumstances from the renovation and construction. The applicant takes pride in the ability to provide a high staff to resident ratio.
12. Oakview opened as a nursing facility over 30 years ago and therefore has a well established relationship with the existing health care system of the area. Oakview has developed and

maintained a strong relationship with the community, including the school district. The applicant has a transfer agreement with the Marshalltown Medical surgical Center.

13. There are two other nursing facilities in Grundy County. In addition the Grundy County Hospital has a 55-bed NF unit. Marshall County has four nursing facilities in addition to the Veterans Home. The hospital in Marshalltown has a 15-bed SNF unit.
14. A phone survey of the facilities in the eight-county area was completed by department staff and the results are in the following tables:

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
<b>GRUNDY COUNTY</b>				
GRUNDY CARE CENTER	40	5	87.5%	7
GRUNDY COUNTY MEMORIAL HOSPITAL	55	10	81.8%	7
OAKVIEW HOME	38	1	97.4%	17
PARKVIEW MANOR CARE CENTER	50	5	90.0%	NA
<b>TOTALS</b>	<b>183</b>	<b>21</b>	<b>88.5%</b>	<b>31</b>

<b>BLACKHAWK COUNTY</b>				
CEDAR FALLS HEALTH CARE CENTER	100	42	58.0%	38
CEDAR FALLS LUTHERAN HOME	135	16	88.1%	53
COUNTRY VIEW	134	16	88.1%	107
ELIZABETH E MARTIN HEALTH CENTER	100	6	94.0%	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	100%	19
MANORCARE HEALTH SERVICES	97	10	89.7%	21
PARKVIEW NURSING & REHAB CENTER	135	53	60.7%	52
RAVENWOOD NURSING & REHAB CTR	196	10	94.9%	90
WINDSOR NURSING & REHAB CENTER	100	7	93.0%	52
<b>TOTALS</b>	<b>1166</b>	<b>160</b>	<b>86.3%</b>	<b>526</b>

<b>BREMER COUNTY</b>				
DENVER SUNSET HOME	31	0	100%	11
HILLCREST HOME, INC.	71	8	88.7%	22
TRIPOLI NURSING HOME	32	2	93.8%	14
WOODLAND TERRACE	126	18	85.7%	50
<b>TOTALS</b>	<b>260</b>	<b>28</b>	<b>89.2%</b>	<b>97</b>

<b>BUTLER COUNTY</b>				
COMMUNITY NURSING HOME	42	4	90.5%	19
DUMONT WELLNESS CENTER	38	6	84.2%	24
LIEBE CARE CENTER	39	9	76.9%	7
MAPLE MANOR VILLAGE	50	6	88.0%	16
REHABILITATION CENTER OF ALLISON	60	8	86.7%	32
SHELL ROCK HEALTHCARE CENTER	44	6	86.4%	22
<b>TOTALS</b>	<b>273</b>	<b>39</b>	<b>85.7%</b>	<b>120</b>

<b>FRANKLIN COUNTY</b>				
FRANKLIN GENERAL HOSPITAL LTC	25	22	12.0%	0
REHABILITATION CENTER OF HAMPTON	105	20	81.0%	25

SHEFFIELD CARE CENTER	45	10	77.8%	16
<b>TOTALS</b>	<b>175</b>	<b>52</b>	<b>70.3%</b>	<b>41</b>
<b>Facility &amp; Phone by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
<b>HARDIN COUNTY</b>				
ELDORA NURSING & REHAB CENTER	49	13	73.5%	15
HERITAGE CARE CENTER	66	10	84.8%	30
HUBBARD CARE CENTER	60	1	98.3%	22
SCENIC MANOR	82	4	92.9%	23
PRESBYTERIAN VILLAGE OF ACKLEY	70	12	82.9%	23
VALLEY VIEW NURSING & REHAB CTR	72	28	61.1%	20
<b>TOTALS</b>	<b>399</b>	<b>68</b>	<b>83.0%</b>	<b>133</b>

<b>MARSHALL COUNTY</b>				
IOWA VETERANS HOME	702	157	77.6%	545
GRANDVIEW HEIGHTS	109	22	79.8%	57
SOUTHRIDGE NURSING & REHAB CTR	82	9	89.0%	40
STATE CENTER NURSING & REHAB CTR	48	13	72.9%	18
VILLA DEL SOL	110	8	92.7%	NA
MARSHALLTOWN MEDICAL & SURGICAL CTR	15	9	40%	0
<b>TOTALS</b>	<b>1066</b>	<b>218</b>	<b>79.5%</b>	<b>660</b>
<b>TOTALS WITHOUT VETERANS HOME</b>	<b>364</b>	<b>61</b>	<b>83.2%</b>	<b>115</b>

<b>TAMA COUNTY</b>				
CARRINGTON PLACE OF TOLEDO	70	1	98.6%	26
SUNNY HILL CARE CENTER	57	6	89.5%	25
SUNNYCREST NURSING CENTER	50	15	70.0%	18
SUNRISE HILL CARE CENTER	76	5	93.4%	23
WESTBROOK ACRES	57	9	84.2%	13
<b>TOTALS</b>	<b>310</b>	<b>36</b>	<b>88.4%</b>	<b>105</b>

15. 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
Grundy	8 (1)	0	0	66 (2)	0
Black Hawk	12 (1)	3	82 (3)	620 (6)	226 (2)
Bremer	0	1	0	60 (1)	0
Butler	14 (2)	1	0	221 (5)	0
Franklin	4 (1)	1	0	106 (3)	0
Hardin	40 (1)	1	0	93 (2)	0
Marshall	113 (1)**	2	25(1)	44(1)	96(2)
Tama	40 (1)	1	0	30 (1)	0
<b>TOTALS</b>	<b>231 (8)</b>	<b>10</b>	<b>107 (4)</b>	<b>1,240 (21)</b>	<b>322 (2)</b>

\*\* Veterans Home  
Data source: DIA web site

16. The applicant submitted 9 letters of support which included one from the Mayor of Conrad, the director of utilization review at Marshalltown Medical and Surgical Center, director of Conrad Chamber and a physician from Marshalltown.

17. Eight letters of opposition were received; four from Marshall County facilities, one from a Grundy County facility, one from a Tama County facility and two from Hardin County facilities. With the exception of the facility in State Center, all those opposing are within 20-30 minutes travel time from Conrad. Travel time from Conrad to State Center is about 38 minutes.
18. The applicant states there is no outstanding indebtedness in connection with the nursing facility however; Oakview, Inc. does have a loan of \$1,270,000 in connection with the construction of the assisted living facility which opened in 2000.
19. The application states that the total amount of borrowing for the facility renovation project is \$2,772,000. The applicant plans to finance this with a USDA rural development loan.
20. The applicant projects an operating deficit of \$78,787 the first year and \$32,468 the second year with a net income of \$37,877 projected by year three.
21. The application lists a current daily rate range of \$136-157 and a proposed daily rate range of \$172-\$178. This is a \$36/day increase at the lower end of the range. The proposed range is also smaller than the current. The current range has a \$21 difference from lower to upper, while the proposed range has a \$6 difference.
22. The applicant states that there have been no major additions or renovations to the facility in the last 30 years. Oakview originally opened in 1964; five years later an addition of six beds and a solarium was made. In 1978, the eight-bed residential wing, a new kitchen, laundry room, dining room and activity office were constructed. An activity room and office area was added in 1991.
23. Oakview is planning a major renovation at the time of the proposed conversion of RCF beds to NF beds. The plan is to divide the facility into the North neighborhood (26 beds) and the South neighborhood (20 beds). All existing rooms will be converted to 22 fully private rooms and baths and an addition will be constructed consisting of 14 private rooms with private baths and 3 semi-private rooms. A new entry and driveway will be constructed, common areas will be renovated and the existing dining room will be expanded. The existing residential wing will be converted into 4 private skilled beds, a staff room, a nurse's office, and an extension of the laundry room. There will be a total of 46 skilled and nursing facility beds. The applicant has indicated that the renovation will not proceed if the conversion of beds is not approved. Although the application states that the proposed conversion of the eight beds is estimated to cost \$500,700, the total cost of the renovation project is \$3,090,000.
24. The applicant has indicated that the renovation will not proceed if the conversion of beds is not approved. The proposed conversion of the eight beds is estimated to cost \$500,700; the total cost of the renovation project is \$3,090,000.
25. The applicant states they have \$500,700 cash on hand. This is the exact amount that is needed for the conversion portion of the overall planned renovation. The applicant plans to

borrow \$2,772, 000 for the planned renovation project. The application does not include a letter from a lender, but does indicate that both MidwestOne Bank and Farmers Saving Bank have offered conditional commitments to the financing of the project.

26. The application indicates the proposed conversion of the eight beds will require an increase in the total FTEs by 2.0; one LPN and one Aide. The applicant does not describe their plans for recruiting and employing them.

## 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 only three of the current RCF beds are occupied and two of those residents will soon need a higher level of care. The Council concludes that home and community based services are the real choice of people who previously sought RCF level of care. The Council concludes that the proposal is a more effective alternative to accommodate admissions than continuing to request waivers to admit over the licensed bed capacity. 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 a need for 63 additional beds in Grundy County and the phone survey conducted by Department staff indicates a county wide occupancy of 88.5%. 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 the fact that the applicant requested to exceed their licensed

capacity 12 times in the last 18 months; all but one request was approved. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves renovation and modernization of facility that opened in 1964 and has had no major additions or renovations in the last 30 years. 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 the applicant's waiting list and the frequency of requests to exceed current licensed capacity demonstrate that patients will experience problems in obtaining care absent the proposed service. The Council also took into consideration the applicant's inability to cash flow the needed renovation of an aging facility without the proposed conversion of eight beds and the potential for the closure of the facility, resulting in the displacement of current residents, without the renovation. 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) (2009), 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 (2009).

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 \_\_\_\_\_ day of July, 2010

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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 )  
CERTIFICATE OF NEED EXTENSION FOR )  
 )  
DAVE'S PLACE, L.C.C. )  
 )  
KEOKUK, IOWA )

**DECISION**

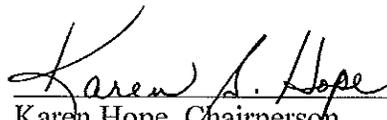
This matter came before the State Health Facilities Council for review on Tuesday, June 15, 2010.

The project, the renovation of an existing building to establish a 57-bed intermediate care facility for persons with mental illness (ICF/PMI), was originally approved on April 29, 2009 at an estimated cost of \$2,323,000.

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 six months from the date of these findings. The Council expects an update on this project, including new estimate of cost, at their meeting scheduled for November 3, 2010.

Dated this 30<sup>th</sup> day of July 2010

  
\_\_\_\_\_  
Karen Hope, 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 )  
  
CCRC OF GRIMES )  
  
GRIMES, IOWA )

**DECISION**

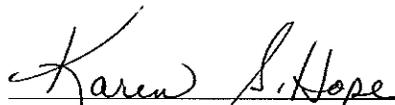
This matter came before the State Health Facilities Council for review on Tuesday, June 15, 2010.

The project, the construction of a 34-bed nursing facility, was originally approved on January 29, 2009 at an estimated cost of \$4,079,000. A six-month extension was granted on December 2, 2009.

The Council, after reading the extension request and hearing comments by staff, voted 4-0 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 six months from the date of these findings. The Council expects an update on this project at their meeting scheduled for November 3, 2010.

Dated this 30<sup>th</sup> day of July 2010

  
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Karen Hope, 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 )  
  
ARBOR COURT FAIRFIELD )  
  
FAIRFIELD, IOWA )

**DECISION**

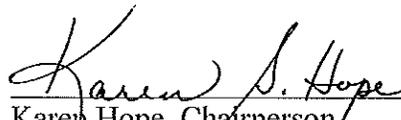
This matter came before the State Health Facilities Council for review on Wednesday, June 15, 2010.

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.

The Council, after reading the extension request and hearing comments by staff, voted 4-0 to Grant an Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The decision is based upon the finding that the project continues to be delayed due to litigation.

The extension is valid for six months from the date of these findings. The Council expects an update on this project at their meeting scheduled for November 3, 2010.

Dated this 30<sup>th</sup> day of July 2010

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

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



3. The nursing facility beds have been 92% occupied for the last three years. The applicant has obtained permission to exceed bed capacity from the Department of Inspections and Appeals on nine occasions between December 2008 and June 2009.
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5. Oakview, Inc. currently serves an elderly rural population. The percentage of Medicaid recipients served in the last three years averaged 46%. The applicant projects that number to remain steady through the next three years. All of the beds will be certified for Medicaid.
6. Grundy County is underbuilt by 63 beds according to the formula. See the following table for additional bed information. The calculated bed need formula indicates a current overbuild in five of the eight counties surrounding the facility. The eight-county region, as calculated by the bed need formula, is overbuilt by 130 beds.

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8. Over the span of the last three years the total number of beds in the eight-county area has decreased by 74 beds; there were no beds reductions in Grundy County in this time period. See the following table for additional detail.

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Bremer	284 (4)	260 (4)	-24
Butler	296 (6)	273 (6)	-23
Franklin	150 (2)	150 (2)	0
Hardin	399 (6)	399 (6)	0
Marshall	358 (4)	349 (4)**	-9
Tama	313 (5)	310 (5)	-3
<b>Totals</b>	<b>3,109 (41)</b>	<b>3,035 (41)</b>	<b>-74</b>

\*\*additional 702 beds at Veterans Home

9. There are currently 3,035 licensed nursing facility beds in the eight counties (an additional 702 beds at the Veterans Home includes 78 in CCDI unit), 183 beds (6% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

<b>County</b>	<b># of CCDI Beds (facilities)</b>
Grundy	0
Black Hawk	24 (1)
Bremer	30 (1)
Butler	0
Franklin	19 (1)
Hardin	50 (3)
Marshall	18* (1)
Tama	42 (3)
<b>Totals</b>	<b>183 (10)</b>

\* additional 78 CCDI beds at Veterans Home

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

10. Of the 102 patients admitted to Oakview, Inc. in the last three years 55% were from Grundy County, 28% were from Marshall County and 13% were from Hardin County.
11. The applicant states they have determined there are no less costly or more appropriate alternatives. To demonstrate the need the applicant points to the number of times they have turned individuals away and the number of times they have requested permission to exceed their current number of licensed beds. The applicant states that proceeding with the renovation absent the 8 additional NF beds could result in an undesirable reduction in staff due to financial circumstances from the renovation and construction. The applicant takes pride in the ability to provide a high staff to resident ratio.
12. Oakview opened as a nursing facility over 30 years ago and therefore has a well established relationship with the existing health care system of the area. Oakview has developed and

maintained a strong relationship with the community, including the school district. The applicant has a transfer agreement with the Marshalltown Medical surgical Center.

13. There are two other nursing facilities in Grundy County. In addition the Grundy County Hospital has a 55-bed NF unit. Marshall County has four nursing facilities in addition to the Veterans Home. The hospital in Marshalltown has a 15-bed SNF unit.
14. A phone survey of the facilities in the eight-county area was completed by department staff and the results are in the following tables:

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
<b>GRUNDY COUNTY</b>				
GRUNDY CARE CENTER	40	5	87.5%	7
GRUNDY COUNTY MEMORIAL HOSPITAL	55	10	81.8%	7
OAKVIEW HOME	38	1	97.4%	17
PARKVIEW MANOR CARE CENTER	50	5	90.0%	NA
<b>TOTALS</b>	<b>183</b>	<b>21</b>	<b>88.5%</b>	<b>31</b>

<b>BLACKHAWK COUNTY</b>				
CEDAR FALLS HEALTH CARE CENTER	100	42	58.0%	38
CEDAR FALLS LUTHERAN HOME	135	16	88.1%	53
COUNTRY VIEW	134	16	88.1%	107
ELIZABETH E MARTIN HEALTH CENTER	100	6	94.0%	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	100%	19
MANORCARE HEALTH SERVICES	97	10	89.7%	21
PARKVIEW NURSING & REHAB CENTER	135	53	60.7%	52
RAVENWOOD NURSING & REHAB CTR	196	10	94.9%	90
WINDSOR NURSING & REHAB CENTER	100	7	93.0%	52
<b>TOTALS</b>	<b>1166</b>	<b>160</b>	<b>86.3%</b>	<b>526</b>

<b>BREMER COUNTY</b>				
DENVER SUNSET HOME	31	0	100%	11
HILLCREST HOME, INC.	71	8	88.7%	22
TRIPOLI NURSING HOME	32	2	93.8%	14
WOODLAND TERRACE	126	18	85.7%	50
<b>TOTALS</b>	<b>260</b>	<b>28</b>	<b>89.2%</b>	<b>97</b>

<b>BUTLER COUNTY</b>				
COMMUNITY NURSING HOME	42	4	90.5%	19
DUMONT WELLNESS CENTER	38	6	84.2%	24
LIEBE CARE CENTER	39	9	76.9%	7
MAPLE MANOR VILLAGE	50	6	88.0%	16
REHABILITATION CENTER OF ALLISON	60	8	86.7%	32
SHELL ROCK HEALTHCARE CENTER	44	6	86.4%	22
<b>TOTALS</b>	<b>273</b>	<b>39</b>	<b>85.7%</b>	<b>120</b>

<b>FRANKLIN COUNTY</b>				
FRANKLIN GENERAL HOSPITAL LTC	25	22	12.0%	0
REHABILITATION CENTER OF HAMPTON	105	20	81.0%	25

SHEFFIELD CARE CENTER	45	10	77.8%	16
<b>TOTALS</b>	<b>175</b>	<b>52</b>	<b>70.3%</b>	<b>41</b>
<b>Facility &amp; Phone by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
<b>HARDIN COUNTY</b>				
ELDORA NURSING & REHAB CENTER	49	13	73.5%	15
HERITAGE CARE CENTER	66	10	84.8%	30
HUBBARD CARE CENTER	60	1	98.3%	22
SCENIC MANOR	82	4	92.9%	23
PRESBYTERIAN VILLAGE OF ACKLEY	70	12	82.9%	23
VALLEY VIEW NURSING & REHAB CTR	72	28	61.1%	20
<b>TOTALS</b>	<b>399</b>	<b>68</b>	<b>83.0%</b>	<b>133</b>

<b>MARSHALL COUNTY</b>				
IOWA VETERANS HOME	702	157	77.6%	545
GRANDVIEW HEIGHTS	109	22	79.8%	57
SOUTHRIDGE NURSING & REHAB CTR	82	9	89.0%	40
STATE CENTER NURSING & REHAB CTR	48	13	72.9%	18
VILLA DEL SOL	110	8	92.7%	NA
MARSHALLTOWN MEDICAL & SURGICAL CTR	15	9	40%	0
<b>TOTALS</b>	<b>1066</b>	<b>218</b>	<b>79.5%</b>	<b>660</b>
<b>TOTALS WITHOUT VETERANS HOME</b>	<b>364</b>	<b>61</b>	<b>83.2%</b>	<b>115</b>

<b>TAMA COUNTY</b>				
CARRINGTON PLACE OF TOLEDO	70	1	98.6%	26
SUNNY HILL CARE CENTER	57	6	89.5%	25
SUNNYCREST NURSING CENTER	50	15	70.0%	18
SUNRISE HILL CARE CENTER	76	5	93.4%	23
WESTBROOK ACRES	57	9	84.2%	13
<b>TOTALS</b>	<b>310</b>	<b>36</b>	<b>88.4%</b>	<b>105</b>

15. 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
Grundy	8 (1)	0	0	66 (2)	0
Black Hawk	12 (1)	3	82 (3)	620 (6)	226 (2)
Bremer	0	1	0	60 (1)	0
Butler	14 (2)	1	0	221 (5)	0
Franklin	4 (1)	1	0	106 (3)	0
Hardin	40 (1)	1	0	93 (2)	0
Marshall	113 (1)**	2	25(1)	44(1)	96(2)
Tama	40 (1)	1	0	30 (1)	0
<b>TOTALS</b>	<b>231 (8)</b>	<b>10</b>	<b>107 (4)</b>	<b>1,240 (21)</b>	<b>322 (2)</b>

\*\* Veterans Home

Data source: DIA web site

16. The applicant submitted 9 letters of support which included one from the Mayor of Conrad, the director of utilization review at Marshalltown Medical and Surgical Center, director of Conrad Chamber and a physician from Marshalltown.

17. Eight letters of opposition were received; four from Marshall County facilities, one from a Grundy County facility, one from a Tama County facility and two from Hardin County facilities. With the exception of the facility in State Center, all those opposing are within 20-30 minutes travel time from Conrad. Travel time from Conrad to State Center is about 38 minutes.
18. The applicant states there is no outstanding indebtedness in connection with the nursing facility however; Oakview, Inc. does have a loan of \$1,270,000 in connection with the construction of the assisted living facility which opened in 2000.
19. The application states that the total amount of borrowing for the facility renovation project is \$2,772,000. The applicant plans to finance this with a USDA rural development loan.
20. The applicant projects an operating deficit of \$78,787 the first year and \$32,468 the second year with a net income of \$37,877 projected by year three.
21. The application lists a current daily rate range of \$136-157 and a proposed daily rate range of \$172-\$178. This is a \$36/day increase at the lower end of the range. The proposed range is also smaller than the current. The current range has a \$21 difference from lower to upper, while the proposed range has a \$6 difference.
22. The applicant states that there have been no major additions or renovations to the facility in the last 30 years. Oakview originally opened in 1964; five years later an addition of six beds and a solarium was made. In 1978, the eight-bed residential wing, a new kitchen, laundry room, dining room and activity office were constructed. An activity room and office area was added in 1991.
23. Oakview is planning a major renovation at the time of the proposed conversion of RCF beds to NF beds. The plan is to divide the facility into the North neighborhood (26 beds) and the South neighborhood (20 beds). All existing rooms will be converted to 22 fully private rooms and baths and an addition will be constructed consisting of 14 private rooms with private baths and 3 semi-private rooms. A new entry and driveway will be constructed, common areas will be renovated and the existing dining room will be expanded. The existing residential wing will be converted into 4 private skilled beds, a staff room, a nurse's office, and an extension of the laundry room. There will be a total of 46 skilled and nursing facility beds. The applicant has indicated that the renovation will not proceed if the conversion of beds is not approved. Although the application states that the proposed conversion of the eight beds is estimated to cost \$500,700, the total cost of the renovation project is \$3,090,000.
24. The applicant has indicated that the renovation will not proceed if the conversion of beds is not approved. The proposed conversion of the eight beds is estimated to cost \$500,700; the total cost of the renovation project is \$3,090,000.
25. The applicant states they have \$500,700 cash on hand. This is the exact amount that is needed for the conversion portion of the overall planned renovation. The applicant plans to

borrow \$2,772, 000 for the planned renovation project. The application does not include a letter from a lender, but does indicate that both MidwestOne Bank and Farmers Saving Bank have offered conditional commitments to the financing of the project.

26. The application indicates the proposed conversion of the eight beds will require an increase in the total FTEs by 2.0; one LPN and one Aide. The applicant does not describe their plans for recruiting and employing them.

## 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 only three of the current RCF beds are occupied and two of those residents will soon need a higher level of care. The Council concludes that home and community based services are the real choice of people who previously sought RCF level of care. The Council concludes that the proposal is a more effective alternative to accommodate admissions than continuing to request waivers to admit over the licensed bed capacity. 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 a need for 63 additional beds in Grundy County and the phone survey conducted by Department staff indicates a county wide occupancy of 88.5%. 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 the fact that the applicant requested to exceed their licensed

capacity 12 times in the last 18 months; all but one request was approved. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves renovation and modernization of facility that opened in 1964 and has had no major additions or renovations in the last 30 years. 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 the applicant's waiting list and the frequency of requests to exceed current licensed capacity demonstrate that patients will experience problems in obtaining care absent the proposed service. The Council also took into consideration the applicant's inability to cash flow the needed renovation of an aging facility without the proposed conversion of eight beds and the potential for the closure of the facility, resulting in the displacement of current residents, without the renovation. 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) (2009), led the Council to find that a Certificate of Need should be awarded.

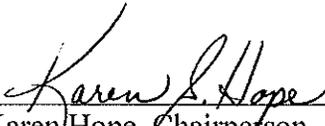
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2009).

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 30<sup>th</sup> day of July, 2010

  
\_\_\_\_\_  
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 )  
CERTIFICATE OF NEED EXTENSION FOR )  
 )  
SUNNYBROOK LIVING CARE CENTER, L.C. )  
 )  
FAIRFIELD, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for review on Wednesday, June 15, 2010.

The project, the addition of 50 nursing facility beds, was originally approved on January 29, 2009 at an estimated cost of \$2,743,000. A six-month extension was granted on December 2, 2009.

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 the project has been delayed due to litigation. The appeal period on the court decision expired May 17, 2010.

The extension is valid for six months from the date of these findings. The Council expects an update on this project at their meeting scheduled for November 3, 2010.

Dated this \_\_\_\_ day of July 2010

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

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