

**MINUTES  
STATE HEALTH FACILITIES COUNCIL  
JULY 21, 2010  
IOWA LABORATORY FACILITY  
CONFERENCE CENTER, ROOM 208  
DMACC CAMPUS, ANKENY**

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

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

**MEMBER ABSENT:** Marc Elcock

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

**II. PROJECT REVIEW**

1. McFarland Clinic, P.C., Ames, Story County: Replace MRI Scanner - \$2,443,925.

Staff report by Barb Nervig. The applicant was represented by Jeb Lee, David Sosnovski, radiologist and Debra Thompson. 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 Beauman, to Grant a Certificate of Need carried 4-0.

2. Iowa Odd Fellows and Orphans (IOOF) Home, Mason City, Cerro Gordo County: Add 14 nursing facility beds to expand CCDI unit - \$150,000.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Rick Colby, RN, administrator; Linda Steere, social worker and Lawrence Shilling, board member. 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 Cell, to Grant a Certificate of Need carried 3-1. Beauman voted no.

3. Bethany Home, Dubuque, Dubuque County: Add 12 nursing facility beds for CCDI unit - \$1,716,712.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey and Whitney; Glinda Manternach, administrator; Sue DeMoss, director of nursing; Joan Hoerner, social worker and Robert B. Miller, board member. 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 Cell, to Grant a Certificate of Need received a tie vote, 2-2. Beauman and Cell voted no. The applicant asked for reconsideration of the vote. A motion by Follett, seconded by Beauman, to reconsider carried 4-0.

The applicant presented additional testimony in answer to the Council's questions and concerns regarding the proposal. A motion by Follett, seconded by Cell, to Grant a Certificate of Need carried 4-0.

4. Mary Greeley Medical Center, Ames, Story County: Purchase second linear accelerator at this location - \$1,100,000.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Brian Dieter, CEO; Sue Scoles, RN; and Larry Otteman, MD, oncologist. The applicant made a presentation and answered questions posed by the Council.

Motion by Beauman, seconded by Follett, to enter documents (floor plan and bar graphs) in support of oral testimony of applicant into the record carried 4-0.

Kandice Nedved of Mercy Medical Center—North Iowa, spoke as an affected party opposed to the project. Motion by Beauman, seconded by Follett, to enter document (map) in support of oral testimony of affected party into the record carried 4-0.

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

5. Trinity Regional Medical Center, Fort Dodge, Webster County: Establish radiation therapy services through purchase of linear accelerator and CT simulator - \$5M.

Staff report by Barb Nervig. The applicant was represented by Doug Gross of Brown Winick; Sue Thompson, CEO; Clay Beggerly, MD and Larry Otteman, MD, oncologist. The applicant made a presentation and answered questions posed by the Council.

Motion by Beauman, seconded by Follett, to enter documents (power point slides) in support of oral testimony of applicant into the record carried 4-0.

Kandice Nedved, Kris Kaiser and Kim Sojka, all of Mercy Medical Center—North Iowa, spoke as an affected party opposed to the project. Brian Dieter of Mary Greeley Medical Center in Ames stated his support of the proposal.

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

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

1. Community Memorial Hospital, Sumner, Bremer County: Replacement of critical access hospital with no new beds or services.

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

**IV. APPROVE MINUTES OF PREVIOUS MEETING (JUNE 2009)**

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

**V. CONSENT TO SALE/LEASE OF GOODS/SERVICES BY BOARD MEMBERS**

In accordance with Iowa Code section 68B.4, the Council granted consent for members of the Council to sell or lease goods and services as detailed in the “Consent to Sales and Leases of Goods and Services,” signed by the Council chairperson on July 21, 2010.

The next meeting of the Council will be November 3, 2010.

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

IN THE MATTER OF THE APPLICATION OF )  
 )  
TRINITY REGIONAL MEDICAL CENTER )  
 )  
FORT DODGE, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Wednesday July 21, 2010.

The application proposes the acquisition of a linear accelerator and computed tomography (CT) simulator to initiate radiation therapy services in Fort Dodge at an estimated cost of \$4,830,000.

Trinity Regional Medical 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. Doug Gross of Brown Winick; Sue Thompson, CEO; Clay Beggerly, MD and Larry Otteman, MD, oncologist, were present representing the applicant. The applicant made a presentation and answered questions.

Kandice Nedved, Kris Kaiser and Kim Sojka, all of Mercy Medical Center—North Iowa, spoke as affected parties opposed to the project. Brian Dieter of Mary Greeley Medical Center in Ames stated his support of the proposal.

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) (2009) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Trinity Regional Medical Center is a 200-bed, regional hospital designated as a rural referral center. The applicant is proposing the initiation of radiation therapy services at its established cancer center.
2. Trinity’s cancer center was recently re-certified by the American College of Surgeons Commission on Cancer as a Community Hospital Cancer Program. The applicant is currently able to provide its cancer patients with three of the four primary cancer treatments: surgical oncology services, chemotherapy, and support service. Radiation therapy services are not available at the Trinity campus in Fort Dodge. The closest radiation therapy service to Fort Dodge is about 22 miles away in Webster City.

3. The provision of radiation therapy services at Trinity has been in their plan for over ten years as their first CON application for this service was submitted in 1992. A second application was submitted in 1999 and a third application was submitted in 2007. The third application, an arrangement with Iowa Methodist Medical Center to transfer an existing linear accelerator located at John Stoddard Cancer Center to Trinity, never came to formal review. Trinity and Mary Greeley Medical Center began discussions in 2007 regarding possible collaboration, including the relocation of the Webster City radiation therapy service to Fort Dodge.
4. The applicant has reached an agreement with Mary Greeley Medical Center/Bliss Cancer Center to purchase the assets and operations of the Webster City radiation therapy facility.
5. The Webster City facility will continue to serve patients for a period of two years while Trinity renovates existing space at its hospital facility in Fort Dodge to house the linear accelerator. Once the renovations are complete the linear accelerator will be moved to Fort Dodge and radiation therapy services will no longer be offered in Webster City. The anticipated start date for radiation therapy services in Fort Dodge is the summer of 2012.
6. The applicant states their primary service area to be eight counties: Buena Vista, Pocahontas, Humboldt, Wright, Sac, Calhoun, Webster and Hamilton. There is significant discussion about travel distance and cost of transportation in the application. The proposal involves moving an existing service approximately 22 miles west of the present location. This will reduce distance and cost of transportation for some and increase it for others. The proposed move brings the service closer to existing radiation therapy services in Carroll and Spencer and moves it a little farther from services in Mason City.
7. Trinity has established a recognized cancer center in Fort Dodge. It would be convenient for the cancer patients seen at the center to have radiation therapy services available at the same location. Patients needing radiation therapy would have more convenient accessibility to the ancillary services provided by the Trinity cancer center.
8. Trinity Health Systems, the parent corporation of Trinity Regional Medical Center, also owns the Trimark Physicians Group. The Trimark group has 55 physicians and operates clinics in 16 counties in northwest central Iowa, including the following counties that are outside of Trinity's primary and secondary service area: Audubon, Carroll, Clay, Crawford, Dickinson, and Emmet. Trinity and MGMC have agreed to work cooperatively to coordinate the orderly transition of radiation therapy services from Webster City to Fort Dodge. The applicant expects to work with McFarland Clinic to provide radiation oncology services following the relocation of the services to Fort Dodge.
9. The applicant cites the State Health Registry prediction of approximately 1, 075 new cancer cases within the primary and secondary service area. The following table provides the new cancer data from the registry for the last four years by county. The totals have been fairly steady numbers for these four years.

**Estimated Number of New Cancers in Iowa**

County	2010	2009	2008	2007
Buena Vista	115	120	115	115
Pocahontas	60	60	65	65
Humboldt	65	70	75	75
Wright	100	100	95	95
Sac	80	80	80	80
Calhoun	75	75	85	85
Webster	235	235	230	225
Hamilton	95	95	90	95
<b>Total Primary</b>	<b>825</b>	<b>835</b>	<b>835</b>	<b>835</b>
Palo Alto	75	65	70	70
Kossuth	110	115	110	100
Greene	65	65	70	70
<b>Total Secondary</b>	<b>250</b>	<b>245</b>	<b>250</b>	<b>250</b>
<b>Grand Total</b>	<b>1075</b>	<b>1080</b>	<b>1085</b>	<b>1085</b>

Data from State Health Registry of Iowa

10. The equipment the applicant is purchasing from MGMC is a nine-year-old Varian 2100CD linear accelerator, which will be eleven years old when the relocation occurs. The applicant indicates that with available upgrades, the accelerator’s additional useful life is about eight years.
  
11. The applicant estimates a cost of \$800,000 to construct the vault to house the linear accelerator. The renovation involves relocating administrative offices and building out a radiation therapy center with a vault. The time frame for completion of renovation is approximately 2 years.
  
12. The agreed-upon purchase price of the accelerator and related assets is \$3,500,000. The cost to relocate the equipment is \$180,000 and the cost to construct the vault to house the accelerator is \$800,000. The applicant will also spend \$350,000 to purchase a CT simulator. The total project cost is \$4,830,000.
  
13. The applicant expects to launch a capital campaign to raise the necessary funds. A consulting firm hired by the applicant conducted a study that revealed a high level of interest in the community for the proposal and that the \$5M cost was a realistic goal. The applicant states that if fundraising proceeds more slowly than expected, they will use cash on hand to finance the proposed service. There will be no operating deficit as a result of the project.
  
14. The applicant provided fees for certain procedures (see below) that appear comparable to the fees MGMC provided, keeping in mind that the applicant’s provision of this service is two years in the future.

<b>HCPCS CODE</b>	<b>HCPCS CODE DESC.</b>	<b>Charge/Unit</b>
77418	Radiation treatment delivery, IMRT	\$ 1,380.00
77414	Radiation treatment delivery	\$ 420.00
77334	Radiation treatment aid(s)	\$ 836.00
77413	Radiation treatment delivery	\$ 385.00
77300	Radiation therapy dose plan	\$ 305.00
77336	Radiation physics consult	\$ 380.00

15. The applicant anticipates the addition of 6 FTEs to support its radiation therapy program: one medical physicist, one dosimetrist, 2 registered nurses and 2 radiation therapy technologists. The applicant expects that some of the staff that currently provides these services in Webster City may take the opportunity for employment in Fort Dodge. The applicant intends to promote RNs from within its staff to fill those positions. The applicant expects to contract with an independent company for the services of dosimetrists and medical physicists, negotiating with the same company that currently provides these services in Webster City. Finally, the applicant expects to work with McFarland Clinic to provide radiation oncology services following the relocation of the services to Fort Dodge.
  
16. Mercy Medical Center—North Iowa, in a letter of opposition to an earlier version of the Trinity application, indicated they are providing radiation therapy to 40 patients per day. Mercy operates two linear accelerators in Mason City. Representatives of Mercy—North Iowa appeared at the hearing in opposition to the project.
  
17. The first amended application for CON submitted by Trinity on June 2, 2010 included support letters for the proposal. There were 74 letters submitted; 56 of the letters were from cancer patients, family or friends. Eight letters were from physicians, one from a physician assistant and one from the chaplain at the hospital. The remaining eight were from hospital volunteers and concerned citizens.

#### 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 applicant has considered various options through the years to be able to bring radiation therapy services to Trinity in Fort Dodge. Trinity and MGMC have been in discussions for more than two years, including discussions related to a possible joint venture and the possibility of Trinity purchasing the services in Webster City and not relocating the services to Fort Dodge. The Council concludes that the agreement that is represented in this application is the most effective method to accomplish the applicant's long-standing goal of providing radiation therapy services in Fort Dodge as part of their existing cancer center. 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 that half of the patients receiving radiation therapy services in Webster City are from Fort Dodge or Webster County. The Council concludes that this proposal is not increasing services, but moving existing radiation therapy services 22 miles to be located in an existing cancer center which provides the other three primary cancer treatments: surgical oncology services, chemotherapy, and support service. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project includes renovation which involves relocating administrative offices and building out a radiation therapy center with a vault. 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 relocation of the linear accelerator would allow the provision of the full continuum of cancer care services in a centralized location that is the most accessible to the greatest number of cancer patients in the region. 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 November 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  
Bureau of Radiological Health, IDPH

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

IN THE MATTER OF THE APPLICATION OF )  
 )  
MARY GREELEY MEDICAL CENTER )  
 )  
AMES, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Wednesday July 21, 2010.

The application proposes the addition of a second linear accelerator at Bliss Cancer Center in Ames at an estimated cost of \$1,100,000.

Mary Greeley Medical 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. Ed McIntosh of Dorsey & Whitney; Brian Dieter, CEO; Sue Scoles, RN; and Larry Otteman, MD, oncologist, were present representing the applicant. The applicant made a presentation and answered questions.

Kandice Nedved of Mercy Medical Center—North Iowa, spoke as an affected party opposed to the project.

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) (2009) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Mary Greeley Medical Center (MGMC) is a 220 bed regional medical center owned by the City of Ames. The applicant is proposing the acquisition of a second linear accelerator at the Ames location of Bliss Cancer Center.
2. The William R. Bliss Cancer Center is a comprehensive cancer center jointly offered by MGMC and McFarland Clinic for over 20 years. Bliss Cancer Center provides medical, diagnostic, surgical and therapeutic services as well as genetic testing and counseling and clinical trials.
3. Radiation therapy services are currently provided by Bliss at two locations, MGMC in Ames and in Webster City. Both locations currently have a Varian 2100CD accelerator; this model

has a life expectancy of 12-15 years. The accelerator located in Ames is 14 years old and the one in Webster City is 9 years old.

4. The applicant plans to replace the 14-year old accelerator next year with a Trilogy and has entered into an agreement to sell the 9-year old accelerator located in Webster City to Trinity Regional Medical Center in Fort Dodge.
5. The proposed linear accelerator will be a new Varian iX with 120 multileaf collimator (MLC). This proposed accelerator has the capability of being upgraded to include respiratory gating.
6. The applicant states that a second accelerator at the Bliss Cancer Center Ames site will not only improve access, it will also enhance the capability to treat more complex cancer patients in a timely manner, improve workflow, and provide redundancy during scheduled or unscheduled equipment downtimes.
7. The applicant states that radiation therapy treatment courses at the Ames location have increased over the past three years, from 227 therapy starts in FY 2006-2007 to 324 in FY 2008-2009.
8. The applicant states that the American College of Radiation Oncology (ACRO) practice guidelines recommend 236 treatment courses per year per accelerator and a benchmark of 26.6 treatments per day per machine. The applicant further cites an industry standard of 6,783 treatments per linear accelerator per year.
9. For the most recent fiscal year completed (2008-2009), the applicant exceeds all of these benchmarks. The applicant performed 324 treatment courses, consistently exceeded 32 treatments per day and provided a total of 8,425 treatments on the accelerator at Bliss Cancer Center in Ames.
10. In addition to the increase in the number of treatment starts, the applicant is also experiencing an increase in the volume of patients requiring treatments that require more complex planning and increased treatment time.
11. The applicant states that current demands on the existing accelerator often require working into the evening hours, which is taxing to staff and the accelerator (requiring “beam on” hours that exceed the standard). This has resulted in more frequent downtime and repairs.
12. The primary geographic service area for this project, based on radiation oncology patient origins for Bliss Cancer Center, consists of Story, Marshall, Boone, Hardin and Greene Counties. This area is largely rural in nature.
13. Since the proposal is the expansion of an existing service the distance and cost of transportation are not affected as much and the convenience and accessibility. The applicant states that scheduling will be improved by adding a second accelerator and the problems associated with downtime can be resolved easier with two accelerators on site.

14. The applicant considered extending hours of operation on the current accelerator from 7:00 am to 7:00 pm on a daily basis and rejected this option because it would require an additional radiation oncologist and other staff and would shorten the life expectancy of the equipment. The applicant also reviewed available refurbished equipment and rejected that alternative as they determined that purchasing the new Varian model is the most cost effective way to meet additional capacity.
15. The existing accelerator in Ames is operating above recommended benchmarks. The accelerator in Webster City, also operated by Bliss Cancer Center, is operating below the same benchmarks. In fiscal year 2009, the Webster City accelerator had 173 treatment starts for a total of approximately 5,190 treatments.

	ACRO Benchmark	MGMC Ames	Webster City
Treatment start (courses)/year	236	324	173
Treatments/year	6,783	8,425	5,190
Treatments/day	26.6	32+	NA
Average treatments per course	28.7	26	30

16. Stoddard Cancer Center in Des Moines was the only affected party to provide utilization data. On June 14, 2007, Stoddard Cancer Center provided historical and expected utilization data for its 3 linear accelerators in response to a request from Mercy Des Moines as part of the Mercy CON application (see first two columns in table below). The Mercy Des Moines application was approved and resulted in the addition of an accelerator in the Des Moines metro. In March 2010, Stoddard Cancer Center provided data in response to this application (see last two columns in following table).

<b>2007</b>		<b>2010</b>		
<b>Calendar Year</b>	<b>Treatments</b>		<b>Calendar Year</b>	<b>Treatments</b>
2004	17,707			
2005	16,800			
2006	13,737			
2007*	14,742		2007	15,419
2008**	15,453		2008	13,328
2009**	16,900		2009	14,635
2010**	18,411		2010**	14,853
2011**	19,987		2011**	15,000
			2012**	15,500

\*2007 is four months annualized  
 \*\*Projections assume no additional CONs for linear accelerators in Greater Des Moines are granted.

\*\*Projections based on current number of linear accelerators in the region.

17. There are seven letters of support for the Bliss Cancer proposal to add an accelerator in Ames. No letters of opposition were received.

18. There are no construction costs because the applicant has an empty vault which can accommodate the proposed equipment. This was the applicant's original vault, however when their linear accelerator was purchased as a replacement, it required a larger vault. Also, at that time building a second vault allowed the Bliss Cancer Center to continue to treat patients while the new unit was being installed.
19. The applicant states that the linear accelerator will be acquired through Varian Medical Systems at a cost of \$1.1 million and has a useful life of 10 years. There will be no operating budget deficit as a result of this project.
20. The applicant states they have cash on hand for the \$1,100,000 purchase of the new accelerator. The source of funds will be cash generated from operations.
21. The applicant states that staff coverage for a second linear accelerator would require hiring 1.6 FTEs to meet the minimum staffing of 2 radiation therapists per machine. Additional physicist support will also be added. Currently, Bliss Cancer Center utilizes 1.2 radiation physicist FTEs; this will need to be increased to 1.4 FTEs.
22. The applicant states that other ancillary staffing of registered nurses, dieticians, clerical and social workers are well within requirements and therefore no increase in these disciplines is anticipated.
23. Mary Greeley Medical Center has over 50 medical specialists involved in the care of cancer patients. There are three radiation oncologists who are the physicians responsible for providing radiation treatment. These three oncologists also serve the Webster City location of Bliss Cancer Center.

#### 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 applicant considered extending hours of operation on the current accelerator on a daily basis and rejected this option because it would require an additional radiation oncologist and other staff and would shorten the life expectancy of the equipment. The Council concludes that additional upgrades to the current accelerator would not help with the increase in time and numbers of procedures. The Council concludes that the growth in volume and complexity of procedures performed on the current accelerator supports the need for a second machine. 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 that the applicant is the only provider of radiation therapy services in their primary geographic service area and that the applicant has experienced an increase of 19% a year over the last three years in the number of treatments provided. The Council notes that the one objector to the proposal is a provider that is located 91 miles away. The Council concludes that the second accelerator in Ames will enable the applicant to offer the services in an appropriate and efficient manner. 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 has an existing vault that will accommodate the new accelerator. 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 is currently treating more patients per machine than the national standards recommend. The Council concludes that a second accelerator in Ames will decrease the amount of downtime experienced with a single accelerator. In the absence of this project patients would have an increasingly difficult time obtaining these services, especially those patients which require more complex, time-intensive treatments. 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 November 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  
Bureau of Radiological Health, IDPH



3. Bethany Home is proposing the addition of a 12-bed nursing unit to be certified as a Chronic Confusion/Dementing Illness (CCDI) unit.
4. The applicant notes that Dubuque County (population approximately 93,000) currently has 28 CCDI beds; sixteen of those are in the City of Dubuque. The applicant states they have 45 persons on a waiting list for admission and approximately one half of those have Alzheimer's diagnosis or severe memory loss.
5. The applicant feels there is a need for more than 12 additional CCDI beds in the service area, but space constraints related to the construction of a building which will include additional independent living, limit the size of the unit to 12 beds.
6. Bethany Home currently serves an elderly population. The percentage of Medicaid recipients served in the last three years averaged 40%. The applicant projects that number to be the same for the proposed CCDI unit when it reaches capacity. All of the proposed beds will be certified for Medicaid.
7. The calculated bed need formula indicates a current overbuild in Dubuque County of 18 beds. The five-county region, as calculated by the bed need formula, is underbuilt by 142 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 & approved NF Beds as of 07/07/10	Difference – Formula vs. Licensed & Approved*
Dubuque	15,582	886	904	+18
Clayton	3,397	239	245	+6
Delaware	3,071	219	191	-28
Jackson	4,221	296	214	-82
Jones	3,464	247	191	-56
<b>Totals</b>	<b>29,735</b>	<b>1,887</b>	<b>1,745</b>	<b>-142</b>

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

\*\*Addition of 20 NF beds for Delaware Co. approved 10/08, not yet licensed

8. The bed numbers in the table above and below represent the number of bed in free-standing facilities. Dubuque County also has 40 NF beds located at Mercy Medical Center—Dyersville and 14 SNF/NF beds located at Mercy Medical Center—Dubuque that are hospital based.
9. Over the span of the last three years the total number of beds in the five-county area has increased by 4 beds; an additional 20 beds have been approved in Delaware County, but are not yet licensed. See the following table for additional detail.

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

<b>County</b>	<b># of NF Beds (facilities) as of 07/07</b>	<b># of NF Beds (facilities) as of 07/10</b>	<b>Difference in # of NF Beds</b>
Dubuque	899(9)	904(9)	+5
Clayton	246(4)	245(4)	-1
Delaware	171(2)	171(2)	0**
Jackson	214(3)	214(3)	0
Jones	191(2)	191(2)	0
<b>Totals</b>	<b>1721(20)</b>	<b>1725(20)</b>	<b>+4</b>

\*\*Addition of 20 NF beds for Delaware Co. approved 10/08, not yet licensed

10. There are currently 1,725 licensed nursing facility beds in the five counties, 121 beds (7% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

<b>County</b>	<b># of CCDI Beds (facilities)</b>
Dubuque	28(2)
Clayton	16(1)
Delaware	16(1)
Jackson	37(1)
Jones	24(1)
<b>Totals</b>	<b>121(6)</b>

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

11. The applicant indicates that their service area includes Jackson and Dubuque Counties in Iowa, Jo Davies County in Illinois and Grant County in Wisconsin. In the last three years, Bethany Home has had a total of 78 admissions (14 in 2007, 36 in 2008 and 28 in 2009) and all but four of those were from Dubuque County.
12. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population. Letters from area social workers, physicians and other nursing facilities state there is a need in the area for additional CCDI beds.
13. Bethany Home has had a presence in Dubuque since 1923. The applicant states they have a long history of community and family supporters as well as financial stability. The applicant states they will continue to work with the local and regional chapters of the Alzheimer’s Association, other CCDI facilities, Summit Center of the Finley Hospital and Mercy Health Center—Dubuque.
14. There are eight other free-standing nursing facilities in Dubuque County and two hospital-based long-term care units.
15. In a phone survey conducted July 2010 of facilities, two facilities in Dubuque County reported occupancies below 80% and the overall occupancy for the County was more than 88%. Additional details from the phone survey are in the following table.

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
<b>DUBUQUE COUNTY</b>				
BETHANY HOME	54	0	100%	21
DUBUQUE NURSING & REHAB CENTER	98	26	73.5%	42
ENNOBLE MANOR CARE CENTER	102	34	66.7%	39
HERITAGE MANOR	80	10	87.5%	32
LUTHER MANOR	103	3	91.1%	24
MANORCARE HEALTH SERVICES	99	19	80.8%	36
SHADY REST CARE CENTER	70	1	98.6%	23
STONEHILL CARE CENTER	177	3	98.3%	60
SUNNYCREST MANOR	121	8	93.4%	113
MERCY MEDICAL CENTER-DYERSVILLE	40	0	100%	15
MERCY MEDICAL CENTER-DUBUQUE	29	4	81.8%	1
<b>TOTALS</b>	<b>973</b>	<b>108</b>	<b>88.9%</b>	<b>248</b>
<b>CLAYTON COUNTY</b>				
ELKADER CARE CENTER	44	4	90.9%	20
GREAT RIVER CARE CENTER	50	9	82.0%	22
GUTTENBERG CARE CENTER	93	24	74.2%	30
STRAWBERRY POINT LUTHERAN HOME	58	6	89.7%	25
<b>TOTALS</b>	<b>245</b>	<b>43</b>	<b>82.4%</b>	<b>97</b>
<b>DELAWARE COUNTY</b>				
EDGEWOOD CONVALESCENT HOME	58	6	89.7%	24
GOOD NEIGHBOR HOME	113	2	98.2%	25
<b>TOTALS</b>	<b>171</b>	<b>8</b>	<b>95.3%</b>	<b>49</b>
<b>JACKSON COUNTY</b>				
CRESTRIDGE CARE CENTER	80	24	70.0%	36
MAQUOKETA CARE CENTER	66	14	78.8%	28
MILL VALLEY CARE CENTER	68	5	92.6%	26
<b>TOTALS</b>	<b>214</b>	<b>43</b>	<b>79.9%</b>	<b>90</b>
<b>JONES COUNTY</b>				
ANAMOSA CARE CENTER	76	10	86.8%	32
MONTICELLO NURSING & REHAB CTR	115	30	73.9%	34
<b>TOTALS</b>	<b>191</b>	<b>40</b>	<b>79.1%</b>	<b>66</b>

16. The following table displays other levels of service available in the five-county area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Dubuque	129(3)	2	36(2)	249(4)	216(1)
Clayton	44(1)	1	0	71(5)	38(1)
Delaware	60(1)	1	25(1)	118(2)	0
Jackson	0	1	30(1)	36(1)	63(1)
Jones	97(2)	2	0	80(2)	0
<b>TOTALS</b>	<b>330(7)</b>	<b>7</b>	<b>91(4)</b>	<b>554(14)</b>	<b>317(3)</b>

Data source: DIA web site

17. Letters of support for this proposal were received from the Alzheimer's Association, three social workers, a Dubuque physician and a board member of Bethany Home. Additionally, four facilities in Dubuque County submitted letters indicating a need for additional CCDI beds and expressing no objection to this proposal. No letters of opposition were received.

18. The applicant currently has debt in the amount of \$1,146,870 (as of 6-2-10) with a maturity date of October 1, 2013 and an interest rate of 4.92%. The applicant anticipates borrowing \$1,516,712 for the current proposal and projects an operating deficit of about \$12,000 as a result of the proposal. The breakeven point will occur by year three.
19. The proposal calls for the construction of 9,287 square feet to house a 12 bed CCDI unit connected by a walkway to the existing 54 bed nursing facility. The first floor of the three story addition will be parking, the second floor will house the CCDI unit and the third floor is not being built out at this time. It is being constructed because it would be more expensive to add a third floor at a later date.
20. The land is already owned by the applicant and site costs were listed at \$8,366 with an additional \$10,000 for landscaping. The total facility costs are \$1,604,839 with an additional \$60,000 for movable equipment and \$32,507 for financing costs for a total of \$1,716,712. That is a turn-key cost of \$143,059.
21. The applicant states that the sources of funds include \$200,000 through gifts and contributions and \$1,516,712 to be borrowed. The application includes an email from the vice president of American Trust & Savings Bank in Dubuque confirming that institution is willing to provide a loan to Bethany Home for \$1,716,712 with an interest rate of 5% amortized over 15 years.
22. The applicant projects that expenses will exceed revenues the first year the proposed addition opens by \$11,448 increasing to \$11,927 by the second year with a positive net cash flow of \$28,629 by year three.
23. The average room rate for NF rooms is projected to increase by \$4 a day, from \$156 to \$160. The proposed rate for CCDI will be \$10 a day higher than a NF room.
24. The applicant indicates that the proposal will result in the need for an additional 6.0 FTEs; all certified nursing assistants. The applicant states they currently have more than sufficient RNs and LPNs to staff the proposed 12 bed CCDI unit stating that the residents of the proposed CCDI unit will generally have fewer medical issues than residents in their other NF beds.
25. Bethany Home serves as a clinical site for Northeast Iowa Community College in Peosta for both nursing and certified nursing assistant clinical and also serves as a clinical site for the University of Dubuque Nursing program. The applicant states they offer a competitive wage and benefit package that enables them to maintain a stable work force.

#### 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 while percentage of licensed beds designated for CCDI in the five-county region is 7%, it is only 3% for Dubuque County, the most populous county in the region. The Council concludes that the proposal is an appropriate option to accommodate admissions of individuals who will benefit from a designated CCDI unit. 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 Dubuque County is overbuilt by 18 beds; however the five-county region is underbuilt by 142 beds. The phone survey conducted by Department staff indicates a county wide occupancy of 88.9% for Dubuque County while the occupancy for five-county region is 86.5%. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council takes note that no existing facility objected to the proposal and some acknowledged the need for additional CCDI designated beds. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves the construction of 9,287 square feet to house a 12 bed CCDI unit connected by a walkway to the existing 54 bed nursing facility. The Council concludes that new construction is the most effective alternative for this facility to provide the necessary space to accommodate individuals who will benefit from a designated CCDI unit. 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 has had to move people out of their facility due to CCDI related issues. The Council concludes that the applicant's waiting list and the low percentage of dedicated CCDI beds in the county demonstrate that patients will experience

problems in obtaining care absent the proposed service. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (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 November, 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 APPLICATION OF )  
 )  
IOWA ODD FELLOWS AND ORPHANS (IOOF) HOME ) **DECISION**  
 )  
MASON CITY, IOWA )

This matter came before the State Health Facilities Council for hearing on Wednesday, July 21, 2010.

The application proposes the addition of 14 nursing facility beds at an estimated cost of \$150,000.

The IOOF Home applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ed McIntosh of Dorsey and Whitney; Rick Colby, RN, administrator; Linda Steere, social worker; and Lawrence Shilling, board member were present representing the applicant. The applicant made a presentation and answered questions.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 3-1 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) (2009) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. The IOOF Home is a 76-bed nursing facility that currently has 12 of those beds certified as a CCDI unit.
2. The IOOF Home is part of the Grand Lodge of Iowa for the Order Odd Fellows and Assembly of Rebekahs. The Order has been in existence for 150 years. The applicant states their mission is the “delivery of quality services with Friendship, Love and Truth as the guiding principles in all our dealings with residents, families, community and staff.”
3. The IOOF Home in Mason City was established over 100 years ago to serve as a home for orphans and elderly of the order. Non-members began to be accepted into the facility in 1985.

4. The applicant established a 14-bed CCDI unit in 2004. Three years later, in 2007, the IOOF Home requested a reduction of bed capacity. The request was to reduce 2 beds from the CCDI unit and 12 beds from the general NF licensed beds. The occupancy rate for the year preceding this request was 59%. In the request, the IOOF Home stated that 6 private rooms would be created out of 6 semi private rooms and a family room would be created out of the 7<sup>th</sup> semi-private room. Three years later, the applicant states they are experiencing 100% occupancy of the CCDI unit.
5. The IOOF Home is proposing the addition of 14 nursing facility beds. Two of these beds will expand the existing 12-bed CCDI unit to 14 beds for higher functioning ambulatory residents. The remaining new beds will create a second CCDI locked unit for dementia residents who age out of the other unit and have additional medical issues or are no longer ambulatory. All of the beds will be in semi-private rooms.
6. The applicant states the waiting list for the dementia unit ranges from 6-14 names. The CCDI unit was originally established in 2004 as a 14 bed unit and was downsized to 12 beds in 2007. The current 12-bed unit had 14 admissions in 2007, 8 admissions in 2008 and 8 admissions in 2009 which would indicate some turnover of residents in that unit.
7. The IOOF Home currently serves an elderly population. The percentage of Medicaid recipients served in the last three years averaged 40%. The applicant projects that number to be the same for the proposed CCDI unit when it reaches capacity. All of the proposed beds will be certified for Medicaid.
8. The calculated bed need formula indicates a current underbuild in Cerro Gordo County of 92 beds. The entire nine-county region, as calculated by the bed need formula, is overbuilt by 95 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 July 2010	Difference – Formula vs. Licensed & Approved*
Cerro Gordo	8,355	591	499	-92
Butler	3,109	218	273	+55
Floyd	3,541	248	232	-16
Franklin	2,062	145	150	+5
Hancock	2,457	172	175	+3
Mitchell	2,213	155	228	+73
Winnebago	2,218	155	185	+30
Worth	1,465	103	110	+7
Wright	2,603	183	213	+30
<b>Totals</b>	<b>28,023</b>	<b>1,970</b>	<b>2,065</b>	<b>+95</b>

\*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. Cerro Gordo County also has 15 SNF beds and 11 SNF/NF beds that are hospital

based located at Mercy Medical Center—North Iowa in Mason City. Franklin County has 25 NF beds that are hospital based at Franklin General Hospital LTC in Hampton.

10. Over the span of the last three years the total number of beds in the nine-county area has decreased by 208 beds, this includes the 14 bed decrease at the IOOF Home in 2007. See the following table for additional detail.

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

<b>County</b>	<b># of NF Beds (facilities) as of July 2007</b>	<b># of NF Beds (facilities) as of July 2010</b>	<b>Difference in # of NF Beds</b>
Cerro Gordo	584(6)	499(5)	-85
Butler	291(6)	273(6)	-18
Floyd	266(4)	232(4)	-34
Franklin	150(2)	150(2)	0
Hancock	175(3)	175(3)	0
Mitchell	252(5)	228(5)	-24
Winnebago	198(3)	185(3)	-13
Worth	134(2)	110(2)	-24
Wright	223(3)	213(3)	-10
<b>Totals</b>	<b>2,273(33)</b>	<b>2,065(33)</b>	<b>-208</b>

11. There are currently 2,065 licensed nursing facility beds in the nine counties, 170 beds (8.2% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

<b>County</b>	<b># of CCDI Beds (facilities)</b>
Cerro Gordo	12(1)
Butler	0
Floyd	36(2)
Franklin	19(1)
Hancock	12(1)
Mitchell	14(1)
Winnebago	30(1)
Worth	27(2)
Wright	20(1)
<b>Totals</b>	<b>170(10)</b>

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

12. From 2007 through the first quarter of 2010, the IOOF Home has admitted 213 individuals, 183 or 86% of those from Cerro Gordo County. One woman wrote that her husband was placed in Ames until an appropriate bed was available at IOOF Home.
13. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population. Letters from area physicians, the hospital administrator and family members of persons suffering with dementia state there is a need in the area for additional CCDI certified beds.

14. The IOOF Home works with Mercy Medical Center in Mason City for referrals of patients. The applicant will be working with an Alzheimer’s consultant in the design and ongoing programming of their units.
15. There are four other free-standing nursing facilities in Cerro Gordo County with a total of 423 beds and an additional 26 hospital-based long term care beds.
16. In a phone survey conducted July 2010 of facilities, one of the free-standing facilities in Cerro Gordo County reported occupancies below 80% and the overall occupancy for the County was more than 88%. Additional details from the phone survey are in the following table.

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
<b>CERRO GORDO COUNTY</b>				
GOOD SHEPHERD HEALTH CENTER	200	13	93.5%	86
HERITAGE CARE & REHAB CENTER	87	15	82.8%	8
IOWA ODD FELLOWS & ORPHANS HOME	76	0	100%	32
MERCY MEDICAL CTR.—NORTH IOWA	26	9	65.4%	0
OAKWOOD CARE CENTER	90	7	92.2%	39
ROCKWELL COMMUNITY NURSING HOME	46	17	63.0%	10
<b>TOTALS</b>	<b>525</b>	<b>61</b>	<b>88.4%</b>	<b>175</b>
<b>BUTLER COUNTY</b>				
COMMUNITY NURSING HOME	42	2	95.2%	18
DUMONT WELLNESS CENTER	38	6	84.2%	27
LIEBE CARE CENTER	39	9	76.9%	6
MAPLE MANOR VILLAGE	50	6	88.0%	18
REHABILITATION CENTER OF ALLISON	60	10	83.3%	29
SHELL ROCK HEALTHCARE CENTER	44	10	77.3%	22
<b>TOTALS</b>	<b>273</b>	<b>43</b>	<b>84.2%</b>	<b>120</b>
<b>FLOYD COUNTY</b>				
CEDAR HEALTH	50	2	96.0%	17
CHAUTAUQUA GUEST HOME #2	67	14	79.1%	31
CHAUTAUQUA GUEST HOME #3	65	7	89.2%	28
NORA SPRINGS CARE CENTER	50	8	84.0%	17
<b>TOTALS</b>	<b>232</b>	<b>31</b>	<b>86.6%</b>	<b>93</b>
<b>FRANKLIN COUNTY</b>				
FRANKLIN GENERAL HOSPITAL	25	0	100%	23
REHABILITATION CENTER OF HAMPTON	105	31	70.5%	45
SHEFFIELD CARE CENTER	45	8	82.2%	18
<b>TOTALS</b>	<b>175</b>	<b>39</b>	<b>77.7%</b>	<b>86</b>
<b>HANCOCK COUNTY</b>				
CONCORD CARE CENTER	66	22	66.7%	17
KANAWHA COMMUNITY HOME	38	14	63.2%	9
WESTVIEW CARE CENTER	71	18	74.6%	33
<b>TOTALS</b>	<b>175</b>	<b>54</b>	<b>69.1%</b>	<b>59</b>
<b>MITCHELL COUNTY</b>				
FAITH LUTHERAN HOME	60	13	78.3%	11
GOOD SAMARITAN SOCIETY	46	5	89.1%	14
OSAGE REHAB & HEALTH CARE CTR.	51	7	86.3%	18
RICEVILLE FAMILY CARE & THERAPY CTR.	37	7	81.8%	18
STACYVILLE COMMUNITY NURSING HOME	34	13	61.8%	8
<b>TOTALS</b>	<b>228</b>	<b>45</b>	<b>80.3%</b>	<b>69</b>

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
<b>WINNEBAGO COUNTY</b>				
GOOD SAMARITAN SOCIETY	56	7	87.5%	24
LAKE MILLS CARE CENTER	78	23	70.5%	70
TIMELY MISSION NURSING HOME	51	16	68.6%	15
<b>TOTALS</b>	<b>185</b>	<b>46</b>	<b>75.1%</b>	<b>109</b>
<b>WORTH COUNTY</b>				
LUTHERAN RETIREMENT HOME	60	2	96.7%	16
MANLY NURSING & REHAB CENTER	50	14	72.0%	15
<b>TOTALS</b>	<b>110</b>	<b>16</b>	<b>85.5%</b>	<b>31</b>
<b>WRIGHT COUNTY</b>				
CAREAGE OF CLARION	76	23	69.7%	17
REHABILITATION CENTER OF BLEMOND	86	35	59.3%	27
ROTARY ANN HOME	51	10	80.4%	20
<b>TOTALS</b>	<b>213</b>	<b>68</b>	<b>68.1%</b>	<b>64</b>

17. The following table displays other levels of service available in the nine-county area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Cerro Gordo	0	2	30(1)	334(6)	0
Butler	14(2)	1	0	204(5)	0
Floyd	73(2)	1	0	98(3)	0
Franklin	4(1)	1	0	106(3)	0
Hancock	51(1)	1	0	28(1)	0
Mitchell	34(2)	1	0	106(2)	0
Winnebago	0	1	0	112(2)	0
Worth	0	1	0	88(2)	0
Wright	42(1)	1	0	68(2)	0
<b>TOTALS</b>	<b>218(9)</b>	<b>10</b>	<b>30(1)</b>	<b>1,114(26)</b>	<b>0</b>

Data source: DIA web site

18. Letters of support for this proposal were received from the Alzheimer’s Association, two Mason city physicians, two family members of residents and the CEO of the Mercy Medical Center—North Iowa.

19. Letters of opposition were received from facilities in Mason City (Good Shepherd and Heritage), Rockwell, Garner, Britt, Clear Lake and Lake Mills. Most of these recognized a need for additional CCDI certified beds, but not for additional licensed beds. The administrator of Cedar Health in Charles City clarified that his letter was not opposition but more of a concern about possible duplication of services. His facility has a 16-bed CCDI unit that is currently full, but has experienced average occupancy of 75% over the last three years and has never had a waiting list.

20. The applicant states that the project will be financed from existing reserves. The applicant states they are currently debt free.

21. The proposal calls for the construction of 660 square feet for an activity room in addition to some remodeling of existing rooms. The total facility costs are \$130,000 with an additional \$20,000 for movable equipment.
22. The applicant states that they have cash on hand to fund the \$150,000 needed for the proposal. The applicant states there will not be an operating deficit and that revenues for the CCDI unit will exceed expenses by year three of the proposed addition by \$250,149.
23. The application lists a current daily rate range of \$128 for NF and \$138 for CCDI. The average room rate for both NF and CCDI rooms is projected to increase by \$10 a day.
24. The applicant indicates that the proposal will result in the need for an additional 6.0 FTEs; all certified nursing assistants. The applicant states there is no need for additional RNs or LPNs specifically related to the proposed unit. A currently employed registered nurse unit coordinator for the existing CCDI unit will cover the proposed unit as well. The applicant currently has one nurse per shift for each wing who will cover both the existing and proposed CCDI units. Also, the applicant hired a float nurse last year who will provide assistance to the new unit.

#### 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 only other dedicated CCDI unit in the County closed in the last two years. The Council concludes that the proposal is a less costly alternative than new construction and an appropriate option to accommodate admissions of individuals who will benefit from a designated CCDI unit. 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 92 additional beds in Cerro Gordo County and the phone survey conducted by Department staff indicates a county wide occupancy of 88.4%. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council takes note that the applicant has the only designated CCDI unit in Cerro Gordo County and that the applicant's CCDI unit is 100% occupied with a waiting list of 22 individuals. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves remodeling of some rooms and new construction of 660 square feet for an activity room. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that in the last two years the applicant has admitted 21 residents from area facilities that could no longer handle the resident. The Council concludes that the applicant's waiting list and willingness to accept difficult residents demonstrate that patients will experience problems in obtaining care absent the proposed service. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (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 November, 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 APPLICATION OF )  
 )  
MCFARLAND CLINIC, P.C. )  
 )  
AMES, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Wednesday, July 21, 2010.

The application proposes the replacement of a magnetic resonance imaging (MRI) scanner at an estimated cost of \$2,443,925.

McFarland Clinic, P.C. 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. Jeb Lee, Debra Thompson and David Sosnouski were present representing the applicant. The applicant made a presentation and answered questions.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 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) (2009) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. McFarland Clinic, P.C. is a multi-specialty clinic with locations in Ames, Boone, Carroll, Eldora, Iowa Falls, Jefferson, Marshalltown, Nevada, Rockwell City, Story City and Webster City. McFarland specialists provide outreach services at 24 different locations.
2. McFarland Clinic currently operates two MRI scanners in Ames; an open 1.0T magnet located at 3600 West Lincoln Way and a 1.5T magnet located at 1215 Duff Avenue. The proposal involves the replacement of the MRI scanner located at Duff Avenue.
3. The existing 1.5T Phillips Eclipse MRI, purchased in 1998, is becoming more difficult to maintain and clinically obsolete. Parts for the current scanner are no longer available. The

condition of the scanner is the primary reason for the need to purchase a replacement. It will be removed and replaced with a 3.0T Toshiba Vantage Titan MRI scanner.

4. The proposed scanner will be placed in the same building as the existing scanner, but in a different location which will require remodeling. The current scanner will be sold back to the manufacturer of the new magnet who will be responsible for removal.
5. The geographical service area for MRI scans performed at McFarland Clinic in Ames is primarily Story and Boone Counties; 64% of the MRI patients in 2009 were from these two counties. No other county accounts for greater than 8% of the total number of scans. The target population for MRI scans will not change with the proposed replacement.
6. The applicant states that Medicare will begin requiring accreditation of healthcare suppliers performing MRI, PET, and CT exams for patients in 2012 and investigation revealed that obtaining accreditation for the current MRI scanner would be questionable because of the scanner's inability to obtain some of the required parameters. The current magnet is not able to be upgraded to meet the accreditation standards which made replacement the most viable option.
7. According to the American Healthcare Radiology Administrators Association, the industry average for replacing an MRI is about every 7-8 years. The MRI to be replaced was purchased 12 years ago. A major upgrade to the software of the current scanner was completed in 2003; at that time the upgrade was expected to provide approximately three additional years of life to the magnet.
8. Many possible scenarios were examined by the applicant including replacement with a 1.5Tesla magnet and discontinuance of MR services at the current location. MRI scanners from five vendors were evaluated and information about both 1.5T and 3.0T magnets were gathered and site visits were completed.
9. The decision to purchase the more costly 3.0T magnet was based on the increased benefits to the patients and the expectation that this is a long term solution. Also, having a variety of magnet strengths available will allow patients to obtain the best quality exam based on their individual needs and medical history.
10. Within the primary service area of Boone and Story Counties, there are three other providers of MRI scan services: a fixed site 1.5T at Mary Greeley Medical Center in Ames, a fixed site 1.5T at Boone County Hospital in Boone and a mobile MRI service on site once per week at Story County Medical Center in Nevada.
11. The scanner that is to be replaced performs 65-69% of the total scans performed by the two MRIs operated by the applicant. The number of scans performed on the scanner to be replaced declined slightly in 2009 to 2,500 from 2,721 in 2008. At the same time the number of scans performed on the open magnet operated by McFarland Clinic increased in 2009 to 1,354 from 1,243 in 2008.

12. With the new scanner, the applicant projects volume to increase by 245 scans, or approximately one per business day. An additional exam can be accommodated in the schedule, as the remodeled area for the new scanner will include additional patient prep areas which will allow some functions to be moved out of the scanner room.
13. Radiologists employed by McFarland Clinic provide professional interpretations of images at both the clinic and Mary Greeley Medical Center in Ames. McFarland Clinic and Mary Greeley Medical Center also provide back-up radiology services for the other facility if equipment is not operating due to maintenance issues. Iowa State University Student Health Center and McFarland Clinic also have a history of coordinating care.
14. A letter of support from the CEO of Mary Greeley Medical Center stated that replacing the MRI scanner will maintain access to services for McFarland Clinic patients. No letters of opposition were received.
15. The MRI scanner will be purchased directly from the vendor and has an estimated useful life of 5 years. The applicant plans to use the new scanner beyond five years. The applicant states there will be no operating deficit as a result of this project. The applicant also states that patient charges will not be increased due to the acquisition of the replacement MRI scanner. Financial projections for MRI services show revenues exceeding expenses, using estimated volumes for the new scanner.
16. The breakdown of the \$2,443,925 total cost of the project is: \$1,877,500 for the scanner, \$131,425 tax at 7% and \$435,000 for construction/remodeling. The applicant states that \$443,925 is available from cash on hand. The remaining \$2 million will be borrowed. First American Bank has offered the applicant a five year loan at 6.65% five year fixed rate or a three year fixed rate of 5.6%.
17. Two full-time technologists currently staff the MRI scanner that is to be replaced. The applicant expects to add a half time technologist to obtain increased workflow efficiencies. Although not a requirement for the successful completion of the project, a neuroradiologist has accepted a contract with McFarland Clinic and is scheduled to begin practicing in 2011. Seven board-certified radiologists work at McFarland Clinic. These are the physicians who will be directly involved in the professional use of the proposed MRI.
18. The applicant's evaluation of various scanners determined the replacement scanner will need to be relocated from the current site at the clinic due to structural issues. The location will be in the same building and the required remodeling will accommodate the scanner, holding rooms and work space. The applicant estimates the remodeling costs to be \$435,000.

#### 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 the proposal is the replacement of existing out-dated equipment. The Council takes note that parts for the existing scanner are no longer available. The Council further concludes that the 3.0T magnet is an appropriate alternative to the lower strength magnet due to the increased benefits to patients of the higher resolution images and the flexibility offered by adding this strength of magnet to the existing offering of services. 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 that the applicant is projecting a small increase in the number of scans to be performed on the new scanner; one per day. The Council concludes that the replacement scanner will not adversely impact the current utilization of other MRI services in the area. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does not involve new construction but will require remodeling an area to accommodate the scanner, holding rooms, and work space. The Council concludes that the remodeling costs are estimated to be \$435,000. 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 scanner to be replaced is used for over half of the scans performed by the applicant and parts for the current scanner are no longer available. The Council concludes that patients in Story and Boone County will experience increasing problems in obtaining MRI scans due to downtime of the current equipment. 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.

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Dated this \_\_\_\_\_ day of November 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