

**MINUTES**  
**STATE HEALTH FACILITIES COUNCIL**  
**OCTOBER 5, 2012**  
**IOWA LABORATORY FACILITY, CONFERENCE CENTER, ROOM 208**  
**DMACC CAMPUS, ANKENY**

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

**MEMBERS PRESENT:** Bill Thatcher, Chairperson, Bob Lundin, Roberta Chambers and Vergene Donovan.

**MEMBER ABSENT:** Marc Elcock.

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

**II. PROJECT REVIEW**

1. Simpson Memorial Home, Wilton, Muscatine County: Build 34-bed nursing facility as final phase of CCRC - \$3,993,700.

Staff report by Barb Nervig. The applicant was represented by Shelley Wicks, administrator; Tracey Sulzberger; and architects Doyle Harper and Alan Wieskamp. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

2. CCRC of Altoona, Altoona, Polk County: Build 38-bed nursing facility as part of new CCRC - \$3,894,500.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Gib Wood and LouAnn Loew.

A motion by Lundin, seconded by Chambers, to enter exhibits presented in support of oral testimony into the record carried 4-0. The applicant made a presentation and answered questions posed by the Council.

Carla Hall of Altoona Nursing and Rehab Center; Sandra Veville, clinical liaison for Preferred Care Partners and Ronald Osby of University Park Nursing and Rehab Center appeared as affected parties in opposition to the project. Skip Conkling, Mayor of Altoona, appeared in support of the project.

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

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

1. Stonehill Franciscan Services, Dubuque, Dubuque County: Build 16-bed Chronic Confusion and Dementing Illness (CCDI) unit – \$1,751,866.

Staff reviewed the progress on this project. A motion by Lundin, seconded by Chambers to Grant a three- month extension carried 4-0.

2. Parkridge Nursing & Rehab Center, Pleasant Hill, Polk County: Replace a 74-bed facility, adding 16 nursing facility beds -- \$10,947,165.

Staff reviewed the progress on this project. A motion by Donovan, seconded by Chambers to Grant a three- month extension carried 4-0.

3. Newton Village, Newton, Jasper County: Build a 24-bed nursing facility -- \$3,322,655.

Staff reviewed the progress on this project. The applicant was represented by Doug Gross of Brown Winick. The applicant answered questions posed by the Council. A motion by Chambers, seconded by Donovan to Grant a six- month extension carried 4-0.

4. Deerfield Retirement Community, Urbandale, Polk County: Add 25 nursing facility beds --\$3,781,250.

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

5. University of Iowa Hospitals and Clinics, Iowa City, Johnson County: Acquire proton beam radiation therapy unit. *Second extension request.*

Staff reviewed the progress on this project. The Council asked for a written update in six months. A motion by Chambers, seconded by Donovan to Grant a one-year extension carried 4-0.

6. Sunnybrook Fairfield, Jefferson County: Add 50 nursing facility beds --\$2,743,080. *Fifth extension request.*

Staff reviewed the progress on this project. The Council asked for a floor plan and financial statement breaking down costs. A motion by Lundin, seconded by Chambers to Grant a six-month extension carried 4-0.

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

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

1. Outpatient Surgery Center of Cedar Rapids, LLC, Cedar Rapids, Linn County: Expand existing surgery center to new construction across the street, annual lease – \$600,000

Staff report by Barb Nervig. Doug Gross and Kevin Hamers spoke on behalf of the surgery center. A motion by Chambers, seconded by Lundin, to table action on this request until CMS

responds carried 4-0. It was agreed that an electronic meeting will be scheduled to consider this matter once all information is obtained.

2. St. Luke's Health System, Sioux City, Woodbury County: Purchase dedicated electrophysiology equipment – \$1,305,779.

Staff report by Barb Nervig. A motion by Lundin, seconded by Chambers, to affirm the Department's determination carried 4-0.

**VI. APPROVE MINUTES OF PREVIOUS MEETING (MAY 2012)**

A motion by Lundin seconded by Chambers to approve the minutes of the May 23, 2012 meeting passed by voice vote.

The meeting was adjourned at 11:40 AM.

The Council's next scheduled meeting is Thursday, January 10, 2013; this is an electronic meeting. The next in-person meeting is Thursday, April 25, 2013.

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

IN THE MATTER OF THE APPLICATION OF )  
 )  
CCRC OF ALTOONA, LLC. )  
 )  
ALTOONA, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Friday October 5, 2012.

The application proposes the construction of a 38-bed nursing facility at an estimated cost of \$3,894,500.

CCRC of Altoona, LLC 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; Gib Wood, developer and LuAnn Loew were present representing the applicant. The applicant made a presentation and answered questions.

Carla Hall of Altoona Nursing and Rehab Center; Sandra Veville, clinical liaison for Preferred Care Partners and Ronald Osby of University Park Nursing and Rehab Center appeared as affected parties in opposition to the project. Skip Conkling, Mayor of Altoona, appeared in support of 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) (2011) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. The applicant is proposing the construction of a 38-bed neighborhood model nursing facility as part of a continuing care retirement community to be located in Altoona.
  
2. The proposed retirement community will be offering 38 independent living apartments and 34 assisted living apartments in a two story building with a combination of built-in and detached garages for the independent living. There will be about 12,000 square feet for a “town center” shared by all three levels of care. This area will have a beauty/barber shop, movie theatre, chapel, community room, administrative offices, laundry and housekeeping.

3. The skilled nursing “neighborhood” will have a separate outside entrance for guests and residents’ convenience. There will be 26 oversized private rooms and 6 semi-private rooms with separate bedrooms, two of which would only be used as semi-private rooms if someone within the community needs nursing facility level of care and there are no other beds available or if there are spouses who wish to share a room.
4. All 38 nursing facility beds will be certified for Medicare and Medicaid. The applicant is projecting 10 of the 38 beds will be filled after nine months with 2 beds occupied by a Medicaid recipient and 1 bed occupied by a Medicare recipient. By year three, the applicant is projecting 35 of the 38 beds will be filled with 11 beds occupied by a Medicaid recipient and 6 beds occupied by a Medicare recipient.
5. To demonstrate need, the applicant relies on the fact that there are no CCRCs in the city of Altoona; in fact there are currently no independent living or assisted living units for seniors in the City of Altoona. The applicant states that residents also have to leave Altoona if they seek a modern, social model nursing facility instead of the existing medical model facility that was built in 1972 with limited private rooms. Additionally, the applicant points to the fast growing population of Altoona and the large bed need for Polk County to illustrate a need for this proposal.
6. The eight-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,521 beds. The underbuild for Polk County is 982 beds. Polk County has a large number of assisted living units (see table in “h”). See the following table for additional bed information.

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 09/12	Difference – Formula vs. Licensed & Approved*
Polk	55,110	3,264	2,282 <sup>1</sup>	-982
Boone	4,699	333	377	+44
Dallas	8,278	495	494 <sup>2</sup>	-1
Jasper	6,854	485	385 <sup>3</sup>	-100
Madison	2,905	206	190	-16
Marion	5,864	417	242	-175
Story	11,939	876	542 <sup>4</sup>	-334
Warren	8,401	478	521	+43
<b>Totals</b>	<b>104,050</b>	<b>6,554</b>	<b>5,033</b>	<b>-1,521</b>

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

<sup>1</sup> 16 beds approved in August 2011 in Pleasant Hill; 25 beds approved in October 2011 in Urbandale; 10 beds approved May 2012 in Des Moines <sup>2</sup> 13 beds approved April 2012 in Dallas Center <sup>3</sup> 24 beds approved October 2011 in Newton <sup>4</sup> 38 beds approved in April 2012 in Ames

7. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, the eight-county area has 80 hospital-based NF beds (all in Story County) and 35 hospital-based SNF beds (16 in Polk County and 19 in Story County) and 92 hospital-based SNF/NF beds (all in Marion County). Most of the beds (64) in Marion County will be transitioned to free-standing beds per a CON granted in April 2012.
8. Over the span of the last three years the total number of beds in the eight-county area has decreased by 17 beds. See the following table for additional detail:

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

County	# of NF Beds (facilities) as of 09/09	# of NF Beds (facilities) as of 09/12	Difference in # of NF Beds
Polk	2,268(27)	2,231(28)	-37
Boone	397(4)	377(4)	-20
Dallas	453(8)	481(9)	+28
Jasper	352(6)	361(6)	+9
Madison	209(3)	190(3)	-19
Marion	226(3)	242(4)	+16
Story	498(7)	504(7)	+6
Warren	521(6)	521(6)	0
<b>Totals</b>	<b>4,924(64)</b>	<b>4,907(67)</b>	<b>-17</b>

9. There are currently 5,033 licensed and approved nursing facility beds in the eight counties, 604 beds (12% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

County	# of CCDI Beds (facilities)
Polk	222(9) <sup>1</sup>
Boone	56(2)
Dallas	90(3) <sup>2</sup>
Jasper	38(2)
Madison	18(1)
Marion	32(2)
Story	48(2)
Warren	100(4)
<b>Totals</b>	<b>604(25)</b>

<sup>1</sup> includes 12 beds approved in Urbandale;

<sup>2</sup> includes 3 beds approved in Dallas Center

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

10. The applicant states that currently Altoona has one stand-alone nursing facility which, although older and outdated, is often at full capacity. Altoona has no other senior housing options; no continuum of care. The applicant feels the proposal will reduce travel time, expense and inconvenience for the Altoona senior population, their family and friends.
11. The applicant feels there are no less costly alternatives in staffing, scheduling, design or sharing of services to achieve the quality of care envisioned for this community.
12. The applicant owns and operates a CCRC in Iowa Falls and opened a CCRC in Grimes in December 2011. In April 2012, the applicant received a CON to build a CCRC in Ames.
13. In a phone survey of facilities conducted in September 2012, 15 of the 26 freestanding facilities in Polk County reported occupancies above 85% (13 of these were above 90%), the County as a whole reported 86.3% occupancy. Additional details from the phone survey are in the following table.

<b>Facility by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>POLK COUNTY</b>			
Altoona Nursing and Rehab Altoona	106	2	98.1%
Bishop Drumm Care Center Johnston	150	7	95.3%
Calvin Manor Des Moines	59	2	96.6%
Deerfield Retirement Community Urbandale	30	5	83.3%
Fleur Heights Center for Wellness & Rehab Des Moines	120	20	83.3%
Fountain West Health Center West Des Moines	140	35	75.0%
Genesis Senior Living Center Des Moines	80	11	86.3%
Iowa Jewish Senior Life Center Des Moines	72	20	72.2%
Iowa Lutheran Hospital Des Moines	16	3	81.3%
Karen Acres Healthcare Center Urbandale	38	2	94.7%
Kennybrook Village Grimes	34	2	94.1%
Manorcare Health Services of WDM West Des Moines	120	38	68.3%
Mill Pond Retirement Community Ankeny	60	2	96.7%

Parkridge Nursing & Rehab Ctr. Pleasant Hill	74	8	89.2%
Polk City Nursing and Rehab Polk City	68	6	91.2%
Prime Nursing and Rehab Center Des Moines	44	10	77.3%
QHC Mitchellville, LLC Mitchellville	65	0	100%
Ramsey Village Des Moines	78	12	84.6%
Scottish Rite Park Health Care Ctr. Des Moines	41	3	92.7%
Sunny View Care Center Ankeny	94	1	98.9%
The Rehab Ctr. Of Des Moines Des Moines	74	20	73.0%
Trinity Center at Luther Park Des Moines	120	1	99.2%
Union Park Health Services Des Moines	83	23	72.3%
University Park Nursing & Rehab Ctr. Des Moines	108	6	94.4%
Urbandale Health Care Center Urbandale	130	35	73.1%
Valley View Village Des Moines	79	15	81.0%
Wesley Acres Des Moines	80	8	90.0%
<b>TOTALS</b>	<b>2,163</b>	<b>297</b>	<b>86.3%</b>
<b>BOONE COUNTY</b>			
Boone County Health Care Center Boone	14	2	85.7%
Eastern Star Masonic Home Boone	76	0	100%
Madrid Home for the Aging Madrid	155	48	69.0%
Ogden Manor Ogden	46	10	78.3%
Westhaven Community Boone	100	3	97.0%
<b>TOTALS</b>	<b>391</b>	<b>63</b>	<b>83.9%%</b>
<b>DALLAS COUNTY</b>			
Arbor Springs of WDM LLC West Des Moines	56	1	98.2%

Edgewater West Des Moines	40	3	92.5%
Granger Nursing & Rehab Center Granger	67	19	71.6%
Perry Health Care Center Perry	48	13	72.9%
Perry Lutheran Home Perry	73	28	61.6%
Rowley Memorial Masonic Home Perry	57	5	91.2%
Spurgeon Manor Dallas Center	42	0	100%
Sunnybrook of Adel Adel	50	9	82.0%
The Village at Legacy Pointe Waukee	48	4	91.7%
<b>TOTALS</b>	<b>481</b>	<b>82</b>	<b>83.0%</b>
<b>JASPER COUNTY</b>			
Baxter Health Care Center Baxter	44	13	70.5%
Careage of Newton Newton	53	11	79.2%
Heritage Manor Newton	62	16	74.2%
Nelson Manor Newton	36	2	94.4%
Newton Health Care Center Newton	70	4	94.3%
Wesley Park Centre Newton	66	10	84.8%
<b>TOTALS</b>	<b>331</b>	<b>56</b>	<b>83.1%%</b>
<b>MADISON COUNTY</b>			
QHC Winterset Care Center North Winterset	75	16	78.7%
QHC Winterset Care Center South Winterset	45	12	73.3%
West Bridge Care & Rehabilitation Winterset	70	11	84.3%
<b>TOTALS</b>	<b>190</b>	<b>39</b>	<b>79.5%</b>
<b>MARION COUNTY</b>			
Griffin Nursing Center Knoxville	75	15	80.0%
Jefferson Place Pella	36	0	100%

Pella Regional Health Center Pella	63	5	92.1%
Pleasant Care Living Center Pleasantville	53	0	100%
West Ridge Nursing & Rehab Center Knoxville	78	8	89.7%
<b>TOTALS</b>	<b>305</b>	<b>28</b>	<b>90.8%</b>
<b>STORY COUNTY</b>			
Bethany Manor Story City	180	15	91.7%
Green Hills Health Care Center Ames	46	3	93.5%
Mary Greeley Medical Center Ames	19	0	100%
Northcrest Health Care Center Ames	40	2	95.0%
Riverside Manor Ames	59	4	93.2%
Rolling Green Village Nevada	69	4	94.2%
Story County Hospital NF Nevada	80	12	85.0%
The Abington on Grand Ames	70	37	47.1%
Zearing Health Care Zearing	40	12	70.0%
<b>TOTALS</b>	<b>603</b>	<b>89</b>	<b>85.2%</b>
<b>WARREN COUNTY</b>			
Carlisle Center for Wellness & Rehab Carlisle	101	13	87.1%
Good Samaritan Society –Indianola Indianola	130	32	75.4%
Norwalk Nursing & Rehab Center Norwalk	51	10	80.4%
Regency Care Center Norwalk	101	25	75.2%
The Village Indianola	54	3	94.4%
Westview of Indianola Care Center Indianola	83	16	80.7%
<b>TOTALS</b>	<b>520</b>	<b>99</b>	<b>81.0%</b>

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Polk	201(5)	11	52(2)	1,151(14)	1,420(14)
Boone	125(1)	1	53(2)	174(3)	0
Dallas	123(2)	2	0	194(4)	32(1)
Jasper	0	2	28(1)	120(2)	0
Madison	18(1)	0	0	15(1)	76(1)
Marion	139(3)	4	0	122(1)	106(2)
Story	24(3)	1	30(1)	482(7)	70(1)
Warren	61(3)	2	0	132(3)	204(2)
<b>TOTALS</b>	<b>691(18)</b>	<b>23</b>	<b>163(6)</b>	<b>2,390(35)</b>	<b>1,908(21)</b>

Data source: DIA web site

15. Two letters of opposition were received. A letter from Andrea Kepple, provisional administrator of Baxter Healthcare Center speaks of the investment they have made toward renovation and available beds at existing facilities. Carla Hall, administrator of Altoona Nursing and Rehabilitation Center provided several graphs showing occupancy and empty beds at area facilities.
16. Sixteen letters of support for the proposal were submitted. The mayor of Altoona, the city administrator and the chamber of commerce provided letters of support. Several business interests in Altoona also wrote in support, including Prairie Meadows and Hy-Vee. Letters of support were also received from residents of Altoona, a local pastor, the developer of the land next to the proposed site and from the husband of a resident of the Grimes CCRC in which he praised the care received by his wife and the overall atmosphere of the CCRC community in Grimes.
17. The applicant states that the proposal will be funded through borrowing \$3,080,000 and \$1,322,500 cash on hand. The application includes a letter from Green Belt Bank and Trust in Iowa Falls indicating conditional approval of financing in the amount of \$10,290,000 (the cost of the entire CCRC is estimated at \$14,700,000) for the construction of the project. This is based on the bank's successful relationship with the applicant over the years. This is the same financial institution that has provided financing for the Grimes and Ames projects.
18. The proposal involves the construction of 22,937 square feet (this does not include the common areas) at a facility cost of \$3,177,000. In addition there are site costs of \$157,000, land improvements of \$135,000, movable equipment totaling \$280,000 and financing costs of \$145,500. The average cost per bed (turn key) is \$102,487.

19. The applicant anticipates an operating deficit of \$438,000 the first year of operation and \$80,000 the second year. By year three a profit of \$270,000 is anticipated. The applicant projects that by year three the 38 nursing facility beds will be 92% occupied with about 48% of the residents will be private pay, about 29% will be Medicaid recipients and 16% will be Medicare recipients. Revenue and expense assumptions are based on the assumption of 24 months to reach stabilized occupancy. The applicant indicates a proposed private pay rate of \$180 to \$195 per day with additional charges for supplies and level of care.
20. The applicant projects the need for 34.1 FTEs to staff the proposed 38 nursing facility beds. Twenty-two and four tenths of these would be in the nursing category; 4.2 RNs, 1.4 LPNs and 16.8 nurse aides. Dietary, housekeeping, laundry, maintenance and some of the administrative duties will be shared with the other "neighborhoods" (independent and assisted living) within the project. Total new jobs (FTEs) for the entire CCRC would be 50.7.

### 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 free-standing nursing facility in Altoona is based on the medical model and maintains high occupancy, and for these reasons is not a more appropriate alternative for seniors in this community. The Council concludes that there are no independent living units for seniors, assisted living units or CCRCs in the city of Altoona. The Council further concludes that continuing care retirement communities appropriately include different levels of care for efficiency and quality of care for these residents. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council concludes that the independent living and assisted living components of the planned continuing care retirement community will serve as feeders for the nursing facility beds and thus have minimal impact on existing facilities. The facility is to be built in Polk County, a county that is statistically underbuilt. The bed need formula indicates a significant underbuild for Polk County at 982 beds. The Council traditionally requires utilization rates over 85% to indicate appropriate utilization of existing long term care facilities; the overall occupancy for Polk County according to the phone survey conducted by staff is 86.3%. The occupancy for the two Polk County facilities that appeared in opposition to the proposal was 94% or greater. Iowa Code Sections 135.64(1) and 135.64(2)b.

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

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that proposed service. The Council takes note that the one nursing facility in Altoona operates at a high occupancy. The Council gives significant weight to the lack of CCRCs in Altoona combined with the lack of any independent living for seniors or assisted living options. The Council concludes that residents desiring a CCRC option in Altoona will experience problems obtaining this type of 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) (2011), led the Council to find that a Certificate of Need should be awarded.

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

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

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

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

Dated this 9<sup>th</sup> day of November 2012



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

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

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

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
  
DEERFIELD RETIREMENT COMMUNITY, INC. )  
  
URBANDALE, IOWA )

**DECISION**

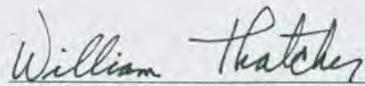
This matter came before the State Health Facilities Council for review on Wednesday, October 5, 2012.

The project, the addition of 25 nursing facility beds, was originally approved on October 19, 2011 at an estimated cost of \$3,781,250.

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.

Dated this 9<sup>th</sup> day of November 2012

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

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

IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
 )  
NEWTON VILLAGE, INC. )  
 )  
NEWTON, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for review on Wednesday, October 5, 2012.

The project, the construction of a 24-bed nursing facility, was originally approved on October 19, 2011 at an estimated cost of \$3,322,655.

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.

Dated this 9<sup>th</sup> day of November 2012



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

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

IOWA DEPARTMENT OF PUBLIC HEALTH  
STATE HEALTH FACILITIES COUNCIL

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
PARKRIDGE NURSING AND REHAB CENTER )  
PLEASANT HILL, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for review on Wednesday, October 5, 2012.

The project, the replacement of a 74-bed nursing facility with a 90-bed nursing facility, was originally approved on August 17, 2011 at an estimated cost of \$10,947,165.

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 three months from the date of these findings.

Dated this 9<sup>th</sup> day of November 2012

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

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



continuing care retirement community in Wilton that would be similar to the existing one in West Liberty.

4. Plans were under way to replace this 1959 facility with a new facility, transferring the license and residents to the new building and razing the original structure. This was to be Phase I of the development of the CCRC and a CON would not be required because it would be a replacement project. However, a local resident came forward with a generous donation to build an assisted living building first, so plans were redrawn to make the 34-bed nursing facility Phase III. In March 2004, a 22 apartment assisted living building opened next to the Wilton Care Center. The applicant states the un-renovated, non-certified Wilton Care Center was not financially feasible to operate so the facility was closed in February 2005; the license was relinquished and the building was eventually torn down. At the time of closure, there were 11 residents at Wilton Care Center; eight of these moved to Simpson Memorial Home in West Liberty.
5. Phase II of the community, the service wing that houses a kitchen, maintenance area, laundry, beauty shop, storage and office was completed in August 2009. Phase III is the 34-bed nursing facility which will include a 10-bed CCDI unit with all private rooms and a 24-bed "neighborhood" with 6 private rooms and 9 semi-private rooms built around a central common space.
6. The applicant states that they will still have enough land on the campus to consider future independent living apartments or townhouses if interest ever develops in the community.
7. All 34 nursing facility beds will be certified for Medicare and Medicaid. The applicant is projecting 21 of the 34 beds will be filled after three months with 8 beds occupied by a Medicaid recipient and 1 bed occupied by a Medicare recipient. By year three, the applicant is projecting 32 of the 34 beds will be filled with 11 beds occupied by a Medicaid recipient and 3 beds occupied by a Medicare recipient.
8. The applicant's initial occupancy assumptions for the proposed 34 beds are based on those residents who currently are living in the West Liberty campus but would return to Wilton if that was an option; the number of tenants that have left assisted living in Wilton to seek nursing care elsewhere but would likely return to the community; and assisted living tenants in Wilton that will need more care and will likely stay in the community. SMH, at the time of the submission of the CON application, had 15 residents from the Wilton/Durant area receiving intermediate care in West Liberty. All of these residents will be offered the opportunity to move to the new Wilton nursing home.
9. The applicant states that between January and August 2012 Simpson Memorial has turned away 24 prospective residents because of no bed availability; many of these referrals come from West Liberty or the Iowa City area.
10. The five-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,065 beds. The underbuild for Muscatine County is 76 beds. See the following table for additional bed information.

### Nursing Facility Beds by County

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

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 09/12	Difference – Formula vs. Licensed & Approved*
Muscatine	6,908	496	420	-76
Cedar	3,492	246	238	-8
Johnson	18,039	1,075	579**	-496
Louisa	1,977	140	145	+5
Scott	27,971	1,595	1,105	-490
<b>Totals</b>	<b>58,387</b>	<b>3,552</b>	<b>2,487</b>	<b>-1,065</b>

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

\*\* 24 beds approved in Solon in Nov. 2010

11. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, the five-county area has 16 hospital-based SNF beds, all in Johnson County.
12. Over the span of the last three years the total number of beds in the five-county area has decreased by 56 beds. See the following table for additional detail:

### Nursing Facility Beds by County

#### Difference in Number Between Sept. 2009 and Sept. 2012

County	# of NF Beds (facilities) as of 09/09	# of NF Beds (facilities) as of 09/12	Difference in # of NF Beds
Muscatine	420(4)	420(4)	0
Cedar	238(4)	238(4)	0
Johnson	553(8)	555(8)	+2
Louisa	153(3)	145(3)	-8
Scott	1155(10)	1105(10)	-50
<b>Totals</b>	<b>2519(29)</b>	<b>2463(29)</b>	<b>-56</b>

13. There are currently 2,487 licensed and approved nursing facility beds in the five counties, 174 beds (7% of all beds) in dedicated CCDI units.

### Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Muscatine	19(1)
Cedar	0
Johnson	37(2)*
Louisa	0
Scott	118(4)
<b>Totals</b>	<b>174(7)</b>

\*12 beds approved in Solon in Nov. 2010  
 Data Sources: Department of Inspections & Appeals –  
 Summary of Long Term Care Facilities

14. The applicant states the geographical service area for its proposed project is the NE part of Muscatine County (Wilton, Moscow, Atalissa and Stockton); the SE part of Cedar County (Durant) and the Western parts of Scott County (Walcott, Blue Grass).
15. The town of Wilton had a 34-bed non-certified nursing facility from 1959 until 2005. Since the assisted living facility was established in Wilton, there have been 51 residents of that facility who have left Wilton for nursing facility care; over half of these residents sought the necessary higher level of care at SMH in West Liberty. It was always the intent of the applicant to replace the 34 nursing facility beds in Wilton with a new facility. Further, the applicant notes that the closest CCDI unit to Wilton is a 19-bed unit at Lutheran Homes in Muscatine. The distance, transportation and convenience for the residents of Wilton needing nursing level of care will be improved.
16. The applicant states that it would have been less costly to replace the old care facility while it was still in operation however; doing so would have been detrimental to completing the whole Wilton Retirement Community campus as a CCRC so replacement was delayed. The applicant indicates that this proposal has shared services already built. The commercial kitchen, laundry, and infrastructure of the plumbing, heating, and cooling that was built in Phase II will be shared with the proposed nursing home. Some of the staff from the assisted living building will be shared with the nursing home, thus allocating costs over two income centers. The applicant states that other shared services between Wilton and West Liberty will be some equipment, additional staffing, expertise, Board of Director governance, and other resources.
17. In a phone survey of facilities conducted in September 2012, Muscatine County as a whole reported 86.7% occupancy. Additional details from the phone survey are in the following table.

Facility by County	Licensed Beds	Empty Beds	Percent Occupied
<b>MUSCATINE COUNTY</b>			
All-American Care Center Muscatine	100	24	76.0%
Carrington Place of Muscatine Muscatine	100	19	81.0%
Lutheran Home Society Muscatine	155	8	94.8%
Simpson Memorial Home West Liberty	65	5	92.3%
<b>TOTALS</b>	<b>420</b>	<b>56</b>	<b>86.7%</b>
<b>CEDAR COUNTY</b>			
Cedar Manor Tipton	60	0	100%
Clarence Nursing Home	46	3	93.5%

Clarence			
Crestview Nursing & Rehab Center West Branch	65	0	100%
Mechanicsville Nursing & Rehab Center Mechanicsville	67	16	76.1%
<b>TOTALS</b>	<b>238</b>	<b>19</b>	<b>92.0%</b>
<b>JOHNSON COUNTY</b>			
Atrium Village Hills	20	0	100%
Briarwood Healthcare Center Iowa City	64	9	85.9%
Iowa City Rehab & Health Care Center Iowa City	89	23	74.2%
Lantern Park Nursing & Rehab Center Coralville	90	6	93.3%
Lone Tree Health Care Center Lone Tree	44	13	70.5%
Mercy Hospital Iowa City	16	10	37.5%
Oaknoll Retirement Residence Iowa City	48	5	89.6%
Solon Nursing Care Center Solon	92	6	93.5%
Windmill Manor Coralville	120	54	55.0%
<b>TOTALS</b>	<b>583</b>	<b>126</b>	<b>78.4%</b>
<b>Total Without Hospital-based Beds</b>	<b>567</b>	<b>116</b>	<b>79.5%</b>
<b>LOUISA COUNTY</b>			
Colonial Manor of Columbus Jct Columbus Junction	46	7	84.8%
Morning Sun Care Center Morning Sun	50	0	100%
Wapello Nursing & Rehab Center Wapello	49	10	79.6%
<b>TOTALS</b>	<b>145</b>	<b>17</b>	<b>88.3%</b>
<b>SCOTT COUNTY</b>			
Bettendorf Health Care Center Bettendorf	101	36	64.4%
Davenport Lutheran Home Davenport	98	6	93.9%
Good Samaritan Society- Davenport Davenport	190	27	85.6%
Iowa Masonic Health Facilities Bettendorf	79	8	89.9%
Kahl Home for Aged & Infirm Davenport	135	9	93.3%

Manorcare Health Services Davenport	105	7	93.3%
Manorcare Health Services-Utica Ridge Davenport	120	5	95.8%
Ridgecrest Village Davenport	137	5	96.4%
Riverview Manor Pleasant Valley	50	12	76.0%
St. Mary Healthcare & Rehab Center Davenport	90	28	68.9%
<b>TOTALS</b>	<b>1,105</b>	<b>143</b>	<b>87.1%</b>

18. The following table displays other levels of service available in the five-county area. The number of assisted living units in Scott County (1,608) and Johnson County (589) is noteworthy compared to the other counties in the area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Muscatine	0	0	30(1)	94(3)	156(2)
Cedar	0	1	0	0	78(1)
Johnson	114(1)	3	85(2)	442(6)	147(3)
Louisa	0	1	0	18(1)	0
Scott	0	5	40(1)	766(6)	461(7)
<b>TOTALS</b>	<b>114(1)</b>	<b>10</b>	<b>155(4)</b>	<b>1,320(16)</b>	<b>842(13)</b>

Data source: DIA web site

19. No letters of opposition were received by the deadline for submittal.

20. No specific letters of support for the proposal were submitted. The applicant did receive two replies to their request for occupancy data from surrounding facilities; one of these, from the administrator of Cedar Manor in Tipton, did state she was pleased to hear that Wilton will be getting nursing home beds.

21. The applicant states that the proposal will be funded through borrowing \$3,700,000 and \$300,000 cash on hand. The application includes a conditional letter of interest to finance the proposed construction from Hills Bank and Trust in Coralville. Hills Bank and Trust would finance the \$3,700,000, assuming that the total debt on the facility not exceed 75% of the appraised value of the existing and new facility.

22. The proposal involves the construction of 24,929 square feet at a facility cost of \$3,447,724. In addition there are site costs of \$75,882, land improvements of \$186,150, movable equipment totaling \$209,944 and financing costs of \$74,000. Existing support areas such as a kitchen, laundry and barber/beauty shop were built as part of Phase 2 of the Wilton Retirement Community and will be shared services with the assisted living facility (Phase 1). Phase 2 involved the construction of 3,911 square feet; the cost for Phase 2 is not included in this proposal. The average cost per bed (turn key) is \$117,462.

23. The applicant does have existing long-term debt of approximately \$1.3M that was a tax-exempt bond from the City of Wilton purchased by Hills Bank and Trust. The note is divided between the areas as follows: West Liberty Assisted living Residences, 22.7%; Simpson Memorial Home, 7.6%; and Leland R. Smith Assisted Living in Wilton, 69.7%. The note is scheduled to retire in November 2018; however the applicant has been paying extra down on the principal. The applicant states that there are no restrictions on additional debt, prepayment, or any other requirements.
24. The applicant anticipates an operating deficit of \$107,000 the first three months of operation and no operating deficit beyond that time. The applicant projects that in 2015 (year two) the 34 nursing facility beds will be 94% occupied; about 55% of the residents will be private pay, about 35% will be Medicaid recipients and 10% will be Medicare recipients. The applicant indicates a proposed private pay rate of \$155/day (semi-private), \$182/day (private room) and \$240/day (semi-private as a private) with additional charges for some supplies and services. The CCDI unit rate will be \$195/day.
25. The applicant projects the need for 30 FTEs to staff the proposed 34 nursing facility beds. Twenty of these would be in the nursing category; 4 RNs, 3.5 LPNs and 12.5 nurse aides. The applicant states that some current staff working in the assisted living building will be transferred to the new nursing home, some will be shared, and others will be hired. The applicant further states that the assisted living residences have not had any difficulty hiring well qualified staff and have several applications on file from the Wilton and Durant area for nurses and certified nursing staff who desire to work at the new nursing facility in Wilton.

#### 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 town of Wilton had a 34-bed facility that the applicant had purchased with the intent to build a replacement. The Council further notes that several Wilton residents are in the West Liberty Simpson Memorial Home and the new assisted living facility in Wilton will serve as a feeder for the proposed nursing beds. The Council concludes that continuing care retirement communities appropriately include different levels of care for efficiency. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council concludes that the assisted living component that is already built and occupied will serve as a feeder for the nursing facility beds and thus have minimal impact on existing facilities. The facility is to be built in Muscatine County, a county that is statistically underbuilt. The bed need formula indicates an underbuild for Muscatine County of 76 beds. The Council traditionally requires utilization rates over 85% to indicate appropriate utilization of existing long term care facilities; the overall occupancy for Muscatine County according to the phone survey conducted by staff is 86.7%. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves new construction of 24,929 square feet for the nursing facility. The Council notes that existing support areas such as a kitchen, laundry and barber/beauty shop were built as part of Phase 2 (3,911 square feet) of the Wilton Retirement Community and will be shared services with the assisted living facility (Phase 1). The Council further concludes that this approach does allow for some sharing of services among the different levels of care to be provided. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that proposed service. The Council takes note that there are 15 Wilton/Durant area residents receiving intermediate care in West Liberty who will be offered the opportunity to move to the new Wilton nursing home. The council further notes that the 22 unit assisted living facility which open in 2004 will have aging residents that may require nursing care who would prefer to stay in their community. The Council concludes that residents desiring a CCRC option in Wilton will experience problems obtaining this type of 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) (2011), led the Council to find that a Certificate of Need should be awarded.

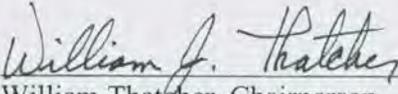
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2011).

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

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

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

Dated this 9<sup>th</sup> day of November 2012

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

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

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

IN THE MATTER OF THE )  
CERTIFICATE OF NEED EXTENSION FOR )  
  
STONEHILL FRANCISCAN SERVICES )  
  
DUBUQUE, IOWA )

**DECISION**

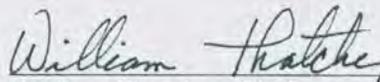
This matter came before the State Health Facilities Council for review on Wednesday, October 5, 2012.

The project, the addition of 16 nursing facility beds for a chronic confusion and dementing illness (CCDI) unit, was originally approved on August 17, 2011 at an estimated cost of \$1,751,866.

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 three months from the date of these findings.

Dated this 9<sup>th</sup> day of November 2012

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

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

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

IN THE MATTER OF THE )  
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 Friday, October 5, 2012.

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, a second six-month extension was granted on June 15, 2010, a one year extension was granted on November 3, 2010 and a second one year extension was granted on October 19, 2011.

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 Council requested additional information (floor plan and financial breakdown) be submitted prior to their next review.

The extension is valid for six months from the date of these findings.

Dated this 9<sup>th</sup> day of November 2012

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

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

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

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

**DECISION**

This matter came before the State Health Facilities Council for review on Wednesday, October 5, 2012.

The project, the acquisition of a proton beam radiation therapy unit, was originally approved on November 3, 2010 at an estimated cost of \$40,000,000. A one year extension was granted on October 19, 2011.

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 Council requested a written progress report in six months.

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

Dated this 9<sup>th</sup> day of November 2012

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

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