

MINUTES
STATE HEALTH FACILITIES COUNCIL
OCTOBER 21, 2014
IOWA LABORATORY FACILITY, CONFERENCE CENTER, ROOM 208
DMACC CAMPUS, ANKENY

9:00 AM ROLL CALL

MEMBERS PRESENT: Bill Thatcher, Chairperson, Bob Lundin, Roberta Chambers and Connie Schmett.

STAFF PRESENT: Barb Nervig, Kala Shipley and Heather Adams, Counsel for the State

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

1. Shenandoah Medical Center, Shenandoah, Page County: Modernization of existing institutional health facility that will not add new services or additional bed capacity – \$21,795,000.

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

2. East Village Center for Wellness and Rehab, Des Moines, Polk County: Replacement of 44-bed nursing facility within the same city and county.

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

II. EXTENSIONS OF PREVIOUSLY APPROVED PROJECT:

1. Pleasant Acres Care Center, Hull, Sioux County: Add 10 nursing facility beds – \$2,341,782.

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

2. Whittier Living & Rehabilitation Center, Sioux City, Woodbury County: Build 78-bed nursing facility – \$8,960,415.

Staff reviewed the progress on this project. A motion by Chambers, seconded by Schmett, to Grant a one-month extension carried 4-0. The Council requested that a representative of the applicant be present at the next meeting to review the progress of the project.

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

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

4. University of Iowa Hospitals and Clinics, Iowa City, Johnson County: Acquire proton beam radiation therapy unit - \$40M.

The applicant reviewed the progress on this project. John Buatti, Dan Hyer, Ryan Flynn, Chad Core John Staley, George Mejias and Colleen Flory were present for the applicant. A motion by Lundin, seconded by Schmett, to Grant a one year extension carried 4-0.

5. Select Specialty Hospital, Des Moines, Polk County: Establish long term care hospital as a hospital within a hospital at Mercy—Des Moines – \$3,671,400.

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

6. Stonehill Franciscan Services, Dubuque, Dubuque County: Convert 41 residential care beds to 21 nursing facility beds – \$693,375.

Staff reviewed the progress on this project. There is a cost over-run on this project in an amount that requires further review by the Council. A representative of the applicant was not available today, but will attend the November meeting to discuss the cost over-run. A motion by Schmett, seconded by Lundin, to Grant a one-month extension carried 4-0.

7. Rehabilitation Center of Lisbon, Lisbon, Linn County: Build 64-bed nursing facility in Lisbon - \$8,400,694.

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

III. PROJECT REVIEW

1. Scottish Rite Park, Des Moines, Polk County: Convert 25 residential care beds to 25 nursing facility beds --\$200,000.

Staff report by Barb Nervig. The applicant was represented by Daniel J. Boor, administrator, Kimberly J. Gahan and Berniece J. Hostetler. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

A motion by Lundin, seconded by Schmett, to Deny a Certificate of Need carried 3-1. Chambers voted no.

2. Martin Luther Home Corporation d/b/a Luther Manor Communities, Dubuque, Dubuque County: Build 16-bed skilled nursing facility -- \$3,460,000.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Janet Warren, administrator Amanda Wachendorf and Cris Kirsch. 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 Lundin, to Grant a Certificate of Need carried 4-0.

The next two projects both propose the addition of nursing facility beds in Johnson County. The Council announced they would hear both presentations prior to voting on either project. Each applicant has submitted a letter of support for the other.

3. Dial-Goldencrest Iowa City, LLC d/b/a Legacy Gardens, Iowa City, Johnson County: Establish 40-bed nursing facility in existing space -- \$1,400,000.

Staff report by Barb Nervig. The applicant was represented by Alissa Smith of Dorsey & Whitney Law; Omar Barrientos of ARK Development and Kaylan Hamerlinck. 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 Schmett, to Grant a Certificate of Need carried 4-0.

4. Oaknoll Retirement Residence, Iowa City, Johnson County: Add 10 nursing facility beds -- \$1,947,000.

Staff report by Barb Nervig. The applicant was represented by Bill Boyd of Nyemaster Law; Patricia Heiden, Kim Bergen Jackson, Steve Roe, Karin Franklin and Mark Seibold. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

VI. APPROVE MINUTES OF PREVIOUS MEETINGS (JULY 2014)

A motion by Chambers, seconded by Schmett, to approve the minutes of the July 21, 2014 meeting, passed by voice vote.

The meeting was adjourned at 12:35 PM.

The date of the Council's next meetings is November 3, 2014.

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
)
CCRC OF AMES, INC.)
)
AMES, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Tuesday, October 21, 2014.

The project, the construction of a 38-bed nursing facility, was originally approved on April 4, 2012 at an estimated cost of \$3,917,000. A six-month extension was granted on April 25, 2013 and a one year extension was granted on October 7, 2013.

The April 2013 request for extension stated that the land had been approved for annexation by Ames Planning and Zoning and as soon as the City Council approved annexation, the applicant would begin submissions for building with the Department of Inspections and Appeals to run concurrently with the City approvals. The applicant anticipated beginning construction in July 2013. The applicant further noted an issue with Xenia water needed to be resolved prior to construction.

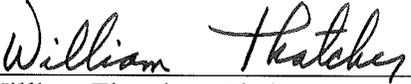
The October 2013 extension request stated that the water issue could not be resolved timely and the applicant had another property under contract that was not affected by the water issue. The new site needed to be rezoned which was estimated to take about five months. The applicant anticipated construction to begin in late spring 2014 with a completion date of May 2015. The architectural work was approximately 80% complete.

The current extension request states that the site has been graded and foundations for two of the wings have been completed; the third wing was delayed by weather. Framing has begun on two of the wings. The applicant now projects a completion date of August 2015.

The Council, after reading the extension request and hearing comments by staff and the applicant, 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.

Dated this 15th day of December 2014



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

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

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

IN THE MATTER OF THE APPLICATION OF)
)
DIAL-GOLDENCREST IOWA CITY, LLC D/B/A)
LEGACY GARDENS)
)
IOWA CITY, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, October 21, 2014.

The application proposes the establishment of a 40-bed nursing facility as part of a continuing care retirement community at an estimated cost of \$1,400,000.

Dial-Goldencrest Iowa City, LLC d/b/a Legacy Gardens 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. Alissa Smith of Dorsey & Whitney Law; Omar Barrientos of ARK Development and Kaylan Hamerlinck 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) (2013) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Legacy Gardens is a part of the Dial Retirement Communities, an Omaha-based firm with over 50 years of experience in commercial real estate development and management. Legacy has operated in Iowa City since 2001.
2. Legacy currently has 81 independent living apartments occupied by 104 residents, 68 assisted living apartments occupied by 54 residents, and 40 assisted living dementia private studios. Legacy is proposing the addition of 40 licensed nursing facility beds (20 of these to be certified as CCDI beds) in order to complete the continuum of care on the campus.

3. The applicant proposes to repurpose/modify existing space currently licensed and operated as a 40-bed assisted living dementia unit for the nursing care beds.
4. Although not in the original application, the applicant stated in reply to staff questions that its plan is now to construct a new 20-unit assisted living dementia building on campus. The original plan was to convert rooms in the current assisted living building on campus for an assisted living dementia wing; however, the census in the applicant's assisted living building has continued to be high, so the new plan has been developed. This results in a phased approach to the nursing care bed addition to campus; Legacy has a two year transition plan for occupancy in the proposed 40-bed nursing facility to minimize disruption to current residents in the space.
5. The applicant states that the lack of nursing care on campus has created a hardship for Legacy's residents. Historically at Legacy about 30 residents are referred each year for long-term care and 20-25 residents have the need for short-term SNF care each year. The applicant states it is difficult for residents who have aged in place on the campus to have to be relocated to a nursing home away from their friends and surroundings they are familiar with.
6. The average move-in age of all residents on the Legacy campus is 81.9 years and the average age of current residents is 84.8 years. All of the proposed beds will be dually-certified for Medicaid and Medicare
7. The applicant states that the residents of Legacy strongly support this project.
8. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 1,437 beds. Johnson County is underbuilt by 560 beds. See the following table for additional bed information.

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

| County | Projected 2019 Population Age 65+ | # of NF Beds needed per bed need formula | # of licensed & approved NF Beds as of 10/06/14 | Difference – Formula vs. Licensed & Approved* |
|---------------|-----------------------------------|--|---|---|
| Johnson | 19,014 | 1127 | 567 | -560 |
| Benton | 4,733 | 336 | 172 | -164 |
| Cedar | 3,552 | 250 | 238 | -12 |
| Iowa | 3,229 | 227 | 237 | +10 |
| Linn | 34,162 | 1964 | 1309 ¹ | -655 |
| Louisa | 2,040 | 144 | 145 | +1 |
| Muscatine | 7,088 | 508 | 454 | -54 |
| Washington | 4,614 | 324 | 321 | -3 |
| Totals | 78,432 | 4,880 | 3,443 | -1,437 |

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

¹ October, 2013: 22 beds approved at Linn Manor and 64 beds approved at Rehab of Lisbon

9. The bed numbers in the tables above and below represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the eight-county area has 83

hospital-based NF beds (40 in Benton County and 43 in Washington County) and 37 hospital-based SNF beds (16 in Johnson County and 21 in Linn County).

- Over the span of the last three years the total number of beds in the eight-county area has increased by 49 beds. There has been an increase of 22 beds in Johnson County in the last three years. See the following table for additional detail.

**Nursing Facility Beds by County
Difference in Number between Oct. 2011 and Oct. 2014**

| County | # of NF Beds (facilities) as of 10/11 | # of NF Beds (facilities) as of 10/14 | Difference in # of NF Beds |
|---------------|---------------------------------------|---------------------------------------|----------------------------|
| Johnson | 525(7) | 547(7) | +22 |
| Benton | 172(3) | 172(3) | 0 |
| Cedar | 238(4) | 238(4) | 0 |
| Iowa | 229(4) | 237(4) | +8 |
| Linn | 1,238(14) | 1,223(14) | -15 |
| Louisa | 145(3) | 145(3) | 0 |
| Muscatine | 420(4) | 454(5) | +34 |
| Washington | 321(5) | 321(5) | 0 |
| Totals | 3,288(44) | 3,337(45) | +49 |

- The applicant states their primary market area is Iowa City with a secondary market area of Johnson County as a whole. The applicant supports this by providing patient origin data for their independent living and assisted living residents as follows: 59% are from Iowa City or within a 5-mile radius of the campus and another 7.3% are from outside Iowa City but within Johnson County; 23.7% are from other Iowa Counties and 9.9% are from out of state.
- The applicant states the majority of the persons who will utilize the proposed nursing care beds are anticipated to come from within the Legacy community.
- The applicant states that they do not believe there are less costly alternatives in staffing, scheduling, design or services sharing to achieve the quality of care envisioned for this community. The residents of the community are currently receiving nursing and rehab care at other facilities in the area when needed.
- Legacy Gardens has operated in Iowa City for 13 years and although they do not currently provide nursing level of care, they are familiar with the existing health care system through serving the needs of their residents in assisted living and independent living. The applicant states they will employ a local physician as the medical director and will enter into transfer agreements with nearby hospitals and the University of Iowa on campus medical clinic; they will also enter into contractual agreements with hospice providers.
- There are six freestanding nursing facilities in Johnson County. The results of a recent phone survey of facilities in the eight-county area conducted by department staff are provided in the table below. The Council received testimony that two of the facilities with low occupancy have recently been fined by the Department of Inspections and Appeals. In addition, occupancy data was submitted and included in the record by 12 facilities in the eight-county area.

**Phone Survey of Nursing Facilities Located in Johnson County
& Counties Contiguous to Johnson County
Conducted October 2014**

| Facility by County | Licensed Beds | Empty Beds | Percent Occupied |
|------------------------------------|----------------------|-------------------|-------------------------|
| JOHNSON COUNTY | | | |
| Atrium Village | 20 | 7 | 65% |
| Briarwood Healthcare Center | 64 | 7 | 89% |
| Iowa City Rehab & Health Care Ctr. | 89 | 27 | 70% |
| Lantern Park Nursing & Rehab Ctr | 90 | 10 | 89% |
| Lone Tree Health Care Center | 44 | 11 | 75% |
| Mercy Hospital | 16 | 0 | 100% |
| Oaknoll Retirement Residence | 48 | 3 | 94% |
| Solon Nursing Care Center | 92 | 12 | 87% |
| Windmill Manor | 120 | 35 | 71% |
| TOTALS | 583 | 112 | 81% |
| BENTON COUNTY | | | |
| Belle Plaine Nursing & Rehab Ctr | 66 | 34 | 48% |
| Keystone Nursing Care Center | 45 | 2 | 96% |
| The Vinton Lutheran Home | 62 | 0 | 100% |
| Virginia Gay Hospital NF | 40 | 6 | 85% |
| TOTALS | 213 | 42 | 80% |
| CEDAR COUNTY | | | |
| Cedar Manor | 54 | 3 | 94% |
| Clarence Nursing Home | 46 | 0 | 100% |
| Crestview Nursing & Rehab Ctr | 65 | 6 | 91% |
| Mechanicsville Nursing & Rehab | 67 | 34 | 49% |
| TOTALS | 232 | 43 | 81% |
| IOWA COUNTY | | | |
| Colonial Manor of Amana | 60 | 6 | 90% |
| English Valley Care Center | 60 | 13 | 78% |
| Highland Ridge Care Center | 59 | 0 | 100% |
| Rose Haven Nursing Home | 58 | 4 | 93% |
| TOTALS | 237 | 23 | 90% |
| LINN COUNTY | | | |
| Cottage Grove Place-The Club | 52 | 9 | 83% |
| Crestview Acres | 100 | 13 | 87% |
| Hallmark Care Center | 55 | 12 | 78% |
| Heritage Nursing & Rehab Center | 201 | 68 | 66% |
| Hiawatha Care Center | 109 | 5 | 95% |
| Linn Manor Care Center | 38 | 3 | 92% |
| Living Center East | 67 | 16 | 76% |
| Living Center West | 100 | 27 | 73% |
| Manorcare Health Services | 105 | 19 | 82% |

| | | | |
|--------------------------------|-------------|------------|------------|
| Mercy Medical Ctr—Hallmar Unit | 55 | 6 | 89% |
| Mercy Medical Center-SNF | 21 | 1 | 95% |
| Meth Wick Health Center | 65 | 1 | 98% |
| Northbrook Manor Care Center | 130 | 61 | 53% |
| West Ridge Care Center | 60 | 9 | 85% |
| Willow Gardens Care Center | 91 | 19 | 79% |
| Winslow House Care Center | 50 | 4 | 92% |
| TOTALS | 1299 | 273 | 79% |
| LOUISA COUNTY | | | |
| Colonial Manor of Columbus Jct | 46 | 11 | 76% |
| Morning Sun Care Center | 50 | 4 | 92% |
| Wapello Nursing & Rehab Center | 49 | 13 | 73% |
| TOTALS | 145 | 28 | 81% |
| MUSCATINE COUNTY | | | |
| All-American Care Center | 100 | 29 | 71% |
| Lutheran Living Senior Campus | 155 | 9 | 94% |
| Simpson Memorial Home | 65 | 17 | 74% |
| Premier Estates of Muscatine | 100 | 19 | 81% |
| Wilton Retirement Community | 34 | 18 | 47% |
| TOTALS | 454 | 92 | 80% |
| WASHINGTON COUNTY | | | |
| All American Restorative Care | 90 | 37 | 59% |
| Halcyon House | 37 | 2 | 96% |
| Parkview Manor | 62 | 13 | 79% |
| Pleasantview Home | 80 | 2 | 98% |
| United Presbyterian Home | 52 | 6 | 88% |
| Washington County Hospital | 43 | 11 | 74% |
| TOTALS | 364 | 71 | 81% |

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

| County | RCF Beds (Facilities) | Home Health Agencies | Adult Day Services | Assisted Living Units (Facilities) | ALP/D |
|---------------|--------------------------|-------------------------|-----------------------|---------------------------------------|------------------|
| Johnson | 114(1) | 2 | 85(2) | 460(6) | 147(3) |
| Benton | 76(2) | 2 | 0 | 156(4) | 0 |
| Cedar | 0 | 1 | 0 | 36(1) | 70(1) |
| Iowa | 2(1) | 1 | 0 | 174(3) | 0 |
| Linn | 247(5) | 7 | 115(2) | 443(7) | 654(7) |
| Louisa | 0 | 1 | 0 | 18(1) | 0 |
| Muscatine | 0 | 3 | 30(1) | 112(3) | 156(2) |
| Washington | 27(2) | 1 | 0 | 20(1) | 68(2) |
| TOTALS | 466(11) | 18 | 230(5) | 1,419(26) | 1,095(15) |

Data source: DIA web site

17. Oaknoll, a nursing facility in Iowa City which also submitted a proposal to the Council to add nursing facility beds, submitted a letter of support. Additional letters of support were

received from eleven residents or relatives of residents of Legacy Gardens, Homestead Senior Care and Pathways Adult Day Center. Letters of support were also received from the community relations direction and executive director of Legacy Gardens.

18. All-American Care submitted two letters of opposition stating they have empty beds in Muscatine and Washington.
19. Cedar Manor in Tipton and Morning Sun Care Center submitted occupancy data for their respective facilities.
20. The applicant indicates they have no existing debt.
21. The applicant states that the sources of funds include \$200,000 cash on hand and \$1.3M borrowed. The application includes a conditional letter of interest from Council Bluffs Savings Bank to finance the loan portion of this proposal (\$1.3M).
22. The applicant is projecting an operating deficit the first year of \$291,000 with break even in year two. The applicant did not indicate if this will be impacted by the new plan to transition these beds into services over a two year period.
23. The applicant states start-up funds will be funded by owner equity and cash flow from the existing community.
24. The applicant indicates that the proposal will result in the need for 25.7 FTEs; 15 of these in the nursing category: 3.8 RNs, 1.4 LPN and 9.8 certified nursing aides (CNA). The remaining FTEs include 2.4 administrative, 3.8 dietary, 1.4 housekeeping, 1.4 laundry, 0.3 maintenance, and 1.4 activities.
25. The applicant states that dietary, housekeeping, laundry, maintenance and some of the administrative duties will be shared with the other neighborhoods within the project.
26. The proposal calls for the renovation of 4,962 square feet; the floor of an existing building housing the current 40 assisted living dementia beds. Site costs include \$36,000 for demolition of existing structures and \$5,000 for landscaping.
27. The total facility costs are \$1,153,000. Moveable equipment costs are listed at \$140,000 and financing costs total \$66,000. The total project cost is \$1.4M. The turn-key cost per bed is \$35,000.

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 takes note that nursing care is the one level of care that Legacy Gardens does not currently offer. The Council further notes that the average move-in age on the campus is 81.9 and the average age of current residents is 84.8 years. The Council also take note that about 30 Legacy Gardens' residents are referred each year for long-term care and 20-25 residents have the need for short-term skilled care each year which creates a hardship when that care is not available on the campus. The Council concludes that the proposal is an appropriate option to accommodate admissions of Legacy Gardens' residents and others within the community who need skilled nursing care. 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 Johnson County is underbuilt by 560 beds; while the eight-county region is underbuilt by 1,437 beds. The phone survey conducted by Department staff indicates a county wide occupancy of approximately 81% for the free standing nursing facilities in Johnson County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council finds that five of the nine facilities in the county are operating at or significantly above 85% and two of the facilities with lower utilization have experienced inspection issues. Of significance, the Council takes note that no opposition to this proposal was received from existing facilities in Johnson County and that no existing facilities in Johnson County indicated that this project would impact their utilization in a negative manner. Additionally, the Council finds mitigating factors exist in this application, including the fact that the applicant is a continuing care retirement community with a capacity to serve 212 residents in lower levels of care and 20 of the proposed 40 beds will be certified as a chronic confusion and dementing illness unit; therefore the Council concludes that Legacy Gardens has little impact on the appropriate and efficient use of other nursing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does not involve new construction for the nursing facility beds. 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 Legacy Gardens does not offer nursing level of care on their campus which creates a hardship for their residents; about 50-55 residents per year need to leave campus for nursing care. The Council concludes that the high demand for nursing care of the current residents and in the county and the lack of this level of care on campus and in the service area demonstrate that patients will experience serious problems in obtaining care absent the proposed beds. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), 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 (2013).

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 15th day of December 2014



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

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

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

IN THE MATTER OF THE APPLICATION OF)
)
MARTIN LUTHER HOME CORPORATION D/B/A)
LUTHER MANOR COMMUNITIES)
)
DUBUQUE, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, October 21, 2014.

The application proposes the construction of a 16-bed skilled nursing facility as part of a continuing care retirement community at an estimated cost of \$3,460,000.

Martin Luther Home Corporation d/b/a Luther Manor Communities 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; Janet Warren, administrator Amanda Wachendorf and Cris Kirsch 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) (2013) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Luther Manor Communities was incorporated in Iowa in 1949 as a non-profit corporation whose purpose was to provide care to the senior population in the Dubuque area. Upon completion of construction of 87 nursing facility beds at 3131 Hillcrest Road in 1969, Luther Manor Communities moved from their original location on Wartburg Place. In 1984, a 16-bed CCDI was added.
2. Luther Manor currently operates 103 nursing facility beds and 33 independent living apartment units with catered living services on its Hillcrest Campus site.

3. In 2004, Luther Manor Communities acquired approximately 25 acres of undeveloped land in Asbury, Iowa located 2.5 miles west of the Hillcrest campus. In 2008, 2.5 acres were sold to Real Estate Equities as a joint venture to add 50 unit independent congregate living units, which were completed in 2009.
4. The applicant states that the expansion of services and development of additional independent living and assisted living is creating need for them to serve its residents by providing additional nursing home beds. Therefore the applicant is proposing the construction of a 16-bed nursing facility at its proposed Continuing Care Retirement Community (CCRC) to be built in Asbury.
5. The applicant states that the Asbury campus upon completion will consist of the 16 proposed skilled nursing beds, 64 assisted living units, 50 independent units owned by Real Estate Equities and 50 independent living units offered in side-by-side townhomes units (18 of these already exist).
6. The applicant states that the determination to construct 16 beds was based on the following factors: 1) it is the smallest number of beds that can be cost effectively operated; 2) it is an appropriate size to provide a household model setting for nursing home care; and 3) it is an appropriate size for nursing and CNA staffing.
7. Although the average length of stay in the nursing facility on the Hillcrest campus is 22 months, the applicant anticipates the average length of stay for the proposed Asbury beds to be shorter since the objective will be for the resident to return to their prior living arrangement.
8. The applicant projects the majority of the proposed beds will be utilized for short-term Medicare patients and the remaining beds to be private pay. All of the proposed beds will be dually certified for Medicaid and Medicare.
9. Overall, the five-county region, as calculated by the bed need formula, is underbuilt by 360 beds. Dubuque County is underbuilt by 69 beds. See the following table for additional bed information.

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

| County | Projected 2019 Population Age 65+ | # of NF Beds needed per bed need formula | # of licensed & approved NF Beds as of 10/14 | Difference – Formula vs. Licensed & Approved* |
|---------------|--|---|---|--|
| Dubuque | 17,077 | 962 | 893 ¹ | -69 |
| Clayton | 3,892 | 272 | 245 | -27 |
| Delaware | 3,437 | 242 | 191 | -51 |
| Jackson | 4,322 | 302 | 209 | -93 |
| Jones | 4,212 | 296 | 176 | -120 |
| Totals | 32,940 | 2,074 | 1,714 | -360 |

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

¹October, 2013, 21 beds approved at Stonehill in Dubuque

10. The bed numbers in the tables above and below represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the five-county area has 40 hospital-based NF beds and 14 hospital-based SNF/NF beds located in Dubuque County.
11. Over the span of the last three years the total number of beds in the five-county area has decreased by 52 beds; 32 of those beds in Dubuque County. See the following table for additional detail.

**Nursing Facility Beds by County
Difference in Number between Oct. 2011 and Oct. 2014**

| County | # of NF Beds (facilities) as of 10/11 | # of NF Beds (facilities) as of 10/14 | Difference in # of NF Beds |
|---------------|--|--|-----------------------------------|
| Dubuque | 904(9) | 872(9) | -32 |
| Clayton | 245(4) | 245(4) | 0 |
| Delaware | 191(2) | 191(2) | 0 |
| Jackson | 214(3) | 209(3) | -5 |
| Jones | 191(2) | 176(2) | -15 |
| Totals | 1745(20) | 1693(20) | -52 |

12. The applicant indicates that the primary service area is Dubuque County and the secondary service area includes the counties of Jackson and Delaware.
13. The total number of admissions to the 103 NF beds on Hillcrest campus for the past three years is 266; 245(92%) of these were from Dubuque County.
14. The applicant states they have determined there are no less costly or more appropriate alternatives to the proposed project as the Hillcrest campus has utilized all of its existing land.
15. The applicant states the need for additional beds is derived from residents in the 50 independent units already on the Asbury campus as well as the development of 50 additional independent units and 50 assisted living units. The proposed beds will provide nursing care for those residents as they age in place. The applicant stated at hearing that they currently have a waiting list of 47 persons.
16. There are eight additional freestanding nursing facilities in Dubuque County and both Mercy-Dyersville and Mercy-Dubuque hospitals have nursing care beds. The results of a recent phone survey of facilities in the five-county area and the results of the same survey from one year ago are in the following table.

**Phone Survey of Nursing Facilities Located in Dubuque County
& Counties Contiguous to Dubuque County
Conducted October 2013 and October 2014**

| Facility by County | Licensed Beds | | Empty Beds | | Percent Occupied | |
|---------------------------|----------------------|-------------|-------------------|-------------|-------------------------|-------------|
| | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| DUBUQUE COUNTY | | | | | | |

| | | | | | | |
|--------------------------------------|------------|------------|------------|------------|--------------|------------|
| Bethany Home | 66 | 66 | 0 | 0 | 100% | 100% |
| Dubuque Nursing & Rehab Center | 98 | 84 | 28 | 14 | 71% | 83% |
| Ennoble Nursing & Rehab Ctr. | 102 | 102 | 32 | 24 | 69% | 76% |
| Heritage Manor | 80 | 80 | 16 | 12 | 80% | 85% |
| Luther Manor | 103 | 103 | 1 | 2 | 99% | 98% |
| Manorcare Health Services of Dubuque | 99 | 99 | 25 | 24 | 78% | 76% |
| Shady Rest Care Center | 70 | 70 | 10 | 15 | 86% | 76% |
| Stonehill Care Center | 193 | 193 | 7 | 4 | 96% | 98% |
| Sunnycrest Manor | 121 | 77 | 14 | 0 | 88% | 100% |
| Mercy Medical Center-Dyersville | 40 | 40 | 1 | 2 | 98% | 95% |
| Mercy Medical Center-Dubuque | 22 | 22 | 10 | 3 | 55% | 86% |
| TOTALS | 994 | 936 | 144 | 100 | 85.5% | 89% |
| CLAYTON COUNTY | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Elkader Care Center | 44 | 44 | 14 | 7 | 68% | 84% |
| Great River Care Center | 50 | 50 | 17 | 8 | 66% | 84% |
| Guttenberg Care Center | 93 | 93 | 19 | 18 | 80% | 81% |
| Strawberry Point Lutheran Home | 58 | 58 | 8 | 4 | 86% | 93% |
| TOTALS | 245 | 245 | 28 | 37 | 76.3% | 85% |
| DELAWARE COUNTY | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Edgewood Convalescent Home | 58 | 58 | 12 | 10 | 79% | 83% |
| Good Neighbor Home | 133 | 133 | 10 | 13 | 92% | 90% |
| TOTALS | 191 | 191 | 22 | 23 | 88.5% | 88% |
| JACKSON COUNTY | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Crestridge Care Center | 75 | 75 | 10 | 6 | 87% | 92% |
| Maquoketa Care Center | 66 | 66 | 21 | 22 | 68% | 67% |
| Mill Valley Care Center | 68 | 68 | 14 | 12 | 79% | 82% |
| TOTALS | 209 | 209 | 45 | 40 | 78.5% | 81% |
| JONES COUNTY | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 |
| Anamosa Care Center | 76 | 76 | 13 | 10 | 83% | 87% |
| Monticello Nursing & Rehab Ctr | 115 | 100 | 32 | 16 | 72% | 84% |
| TOTALS | 191 | 176 | 45 | 26 | 76.4% | 85% |

17. 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)* | 3 | 75(2) | 411(5) | 128(1) |
| Clayton | 44(1) | 1 | 0 | 95(5) | 56(1) |
| Delaware | 60(1) | 1 | 25(1) | 128(2) | 0 |
| Jackson | 0 | 0 | 30(1) | 36(1) | 79(1) |
| Jones | 51(1) | 2 | 0 | 80(2) | 0 |
| TOTALS | 284(6) | 7 | 130(4) | 750(15) | 263(3) |

Data source: DIA web site

18. Letters of support for this proposal were received from Elizabeth Bonz, city administrator of Asbury; Camy Blackburn, social worker at The Finley Hospital; Rachel Hancock, social

worker at Mercy Medical Center; Richard J. Fairley, M.D. of Dubuque Internal Medicine and current residents of the Asbury development, Mary and Walter Katuin and Shirley White. Both letters of the residents indicate they were provided quick access to skilled care at the Hillcrest campus when the need arose. One letter stated it would be nice to have skilled beds at Asbury as it would be walking distance instead of 3.2 miles away.

19. Letters of opposition were received from two of the other eight nursing facilities in Dubuque County (Bethany Home and Ennoble Skilled Nursing & Rehab) and one letter of opposition was received from Elkader Care Center in Clayton County. The letters of opposition state there are available skilled beds in the County.
20. The applicant states they have existing debt of \$3.4M with a payment period of 20 years and interest of 3.25%. This existing debt will not be refinanced.
21. The applicant anticipates borrowing \$3,160,000 for the current proposal and projects an operating deficit of \$247,995 the first year and \$44,493 the second year with a break even coming in the third year of the project.
22. The forecast of revenues and expenses in the application projects equal balance of private pay and Medicare the first year (4 and 4) and by year three, at projected 87.5% occupancy, the majority is projected to be Medicare paid.
23. The applicant states that the sources of funds include \$200,000 cash on hand, \$100,000 through gifts and contributions and \$3,160,000 borrowed. The application includes a letter of interest from American Trust to lend the necessary funds to the applicant.
24. The applicant indicates that the proposal will result in the need for an additional 18.25 FTEs; 10.5 of these in the nursing category (3.5 FTE RN and 7 FTEs certified nursing assistants.) An additional 3 FTE increase in dietary 1 FTE each in administration, housekeeping, laundry and activities, and .5 FTE in maintenance and .25 in social services completes the total forecasted need of 18.25 FTEs.
25. The proposal calls for the construction of a 16-bed nursing facility with a total of 23,036 square feet; administrative area of the facility which includes activities and therapy areas will be 13,889 square feet while the household area will be 9,147 square feet.
26. The land is already owned by the applicant and site costs are listed at \$28,360 plus \$800,000 in land improvement (sewer, roads and parking). The total facility costs are \$2,096,640 plus \$500,000 in movable equipment and \$35,000 in financing cost for a total project cost of \$3,460,000. That is a turn-key cost of \$216,250.

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 nursing facility beds on the Hillcrest campus are operating at capacity, the facility has an extensive waiting list and there is no space to expand at that location. The Council concludes that the proposal is an appropriate option to accommodate admissions from the developing continuing care retirement community in Asbury and others within the community who need skilled nursing care. 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 underbuilt by 69 beds; while the five-county region is underbuilt by 360 beds. The phone survey conducted by Department staff October 2013 indicates a county wide occupancy of approximately 85.5% for the free standing nursing facilities in Dubuque County and the survey conducted in October 2014 indicates an occupancy of 89%. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council further notes that the proposed 16 nursing beds will serve the residents on the Asbury campus of Luther Manor which is being developed as a continuing care community that will eventually have 100 independent living units and 64 assisted living units; therefore the Council concludes that the addition of 16 nursing facility beds at Luther Manor will have minimal impact on the appropriate and efficient use of other nursing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves the construction of a 16-bed nursing facility with a total of 23,036 square feet. The Council concludes that alternatives including modernization and sharing arrangements have been considered and implemented to the maximum extent practicable. 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 103 nursing facility beds at the Hillcrest campus of Luther Manor essentially operate at capacity. The Council concludes that the high occupancy of those beds and the high occupancies of the other nursing facilities in service area demonstrate that patients will experience serious problems in obtaining care absent the proposed additional beds. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), 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 (2013).

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 15th day of December 2014


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

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

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

IN THE MATTER OF THE APPLICATION OF)
)
OAKNOLL RETIREMENT RESIDENCE)
)
IOWA CITY, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, October 21, 2014.

The application proposes the addition of ten nursing facility beds as part of a continuing care retirement community at an estimated cost of \$1,947,000.

Oaknoll Retirement Residence 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. Bill Boyd of Nyemaster Law; Patricia Heiden, Kim Bergen Jackson, Steve Roe, Karin Franklin and Mark Seabold 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) (2013) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Christian Retirement Services, Inc. d/b/a Oaknoll Retirement Residence (“Oaknoll”) is a 501(c)(3) not for profit Life Care Continuing Care Retirement Community (CCRC) which opened its doors in August 1966 with 51 independent living apartments and a 32 bed “infirmary” licensed for skilled and intermediate care.
2. Forty-eight years later (August 2014), Oaknoll includes 160 independent living apartments, 42 assisted living apartments, and a 48-bed nursing facility. Since 1966, there have been 7 additions to the campus, primarily adding apartments. In 1968 the nursing facility added 16 beds, growing from the original 32 beds to the current 48 beds. In 2004, a new 48-bed nursing facility was constructed replacing the original 1966 facility. The Spring Street

addition, currently under construction, will add 67 independent living apartments (95% are pre sold) and 3 townhomes to the campus.

3. The applicant states that a distinctive feature of Oaknoll is that it is a LifeCare CCRC. Residents pay an entrance fee when they first move in and then an ongoing monthly fee; both are based on the size of the apartment. When an Oaknoll resident needs to transition from independent living to assisted living or to the nursing facility, the resident continues to pay the exact same monthly fee as they paid for their independent living apartment even though they are receiving additional services and care.
4. The applicant states that the average age of the residents in the assisted living apartments is 88 years while the average age of those in independent living is 83.9 years and in the nursing facility beds average age is 87.7 years.
5. The average length of stay in the nursing facility is 3.6 years; eight of the 46 residents being served have lived in the Health Center for more than five years, three for more than ten years and one resident has been there more than 20 years.
6. In 2000 and 2008, the applicant converted some independent living apartments to assisted living apartments, adding that level of care to the continuum. The applicant feels assisted living has delayed transitions to the health center on average by 2-3 years which has delayed their need to apply for a CON for additional nursing facility beds. However, now the high census in the nursing facility has caused a log jam in Oaknoll's continuum of care.
7. The applicant states they currently have two residents in assisted living that will transition to the nursing facility due to chronic confusion and dementing illnesses and three residents in AL that will need transition to nursing facility care due to physical health concerns. The applicant also has six independent living residents who would benefit from AL services, but the assisted living is at capacity.
8. To date, no LifeCare residents have gone outside Oaknoll for nursing facility care even though there have been occupancy issues. The applicant has applied for the one over licensed capacity waiver from the Department of Inspections & Appeals three times in 2014 and ten times in 2013. Also, in the last year Oaknoll contracted with a local home health agency, at a cost of \$17,767, to provide care to four independent living residents awaiting moves to assisted living.
9. The applicant is proposing the addition of 10 licensed NF beds to meet the existing demand and the needs of the residents of the LifeCare community as they age in place.
10. The proposed project includes converting three independent living resident apartments as well as additional adjacent spaces on the 1st floor of the 1990 Oakcrest addition to contain 10 private rooms; this is directly below the existing nursing facility. The three residents in the apartments being converted have agreed to move within the Oaknoll community.

11. The applicant states that Oaknoll residents admitted to this nursing facility area would be short term, with the need for rehab and then transitioned back to their independent living apartments at Oaknoll.
12. Due to the nature of a LifeCare CCRC, the percentage of Medicaid recipients at Oaknoll is low, about 8%. The ten proposed beds will be Medicaid certified as are all current nursing facility beds at Oaknoll.
13. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 1,437 beds. Johnson County is underbuilt by 560 beds. See the following table for additional bed information.

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

| County | Projected 2019 Population Age 65+ | # of NF Beds needed per bed need formula | # of licensed & approved NF Beds as of 10/06/14 | Difference – Formula vs. Licensed & Approved* |
|---------------|-----------------------------------|--|---|---|
| Johnson | 19,014 | 1127 | 567 | -560 |
| Benton | 4,733 | 336 | 172 | -164 |
| Cedar | 3,552 | 250 | 238 | -12 |
| Iowa | 3,229 | 227 | 237 | +10 |
| Linn | 34,162 | 1964 | 1309 ¹ | -655 |
| Louisa | 2,040 | 144 | 145 | +1 |
| Muscatine | 7,088 | 508 | 454 | -54 |
| Washington | 4,614 | 324 | 321 | -3 |
| Totals | 78,432 | 4,880 | 3,443 | -1,437 |

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

¹ October, 2013: 22 beds approved at Linn Manor and 64 beds approved at Rehab of Lisbon

14. The bed numbers in the tables above and below represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the eight-county area has 83 hospital-based NF beds (40 in Benton County and 43 in Washington County) and 37 hospital-based SNF beds (16 in Johnson County and 21 in Linn County).
15. Over the span of the last three years the total number of beds in the eight-county area has increased by 49 beds. There has been an increase of 22 beds in Johnson County in the last three years. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number between Oct. 2011 and Oct. 2014

| County | # of NF Beds (facilities) as of 10/11 | # of NF Beds (facilities) as of 10/14 | Difference in # of NF Beds |
|---------------|---------------------------------------|---------------------------------------|----------------------------|
| Johnson | 525(7) | 547(7) | +22 |
| Benton | 172(3) | 172(3) | 0 |
| Cedar | 238(4) | 238(4) | 0 |
| Iowa | 229(4) | 237(4) | +8 |
| Linn | 1,238(14) | 1,223(14) | -15 |
| Louisa | 145(3) | 145(3) | 0 |
| Muscatine | 420(4) | 454(5) | +34 |
| Washington | 321(5) | 321(5) | 0 |
| Totals | 3,288(44) | 3,337(45) | +49 |

16. Since Oaknoll is a LifeCare CCRC guaranteeing health services to their own resident population, rarely do they admit patients from outside the CCRC. Currently, the applicant serves eight non-Oaknoll residents; almost all of these have a tie to Oaknoll. The applicant believes that based on their historical experience and the anticipated health needs of a larger Oaknoll population (with the Spring Street addition), that within a few years, their nursing facility will be serving solely their Oaknoll resident population.
17. The applicant states that of the 154 households on the Oaknoll waiting list, 86% reside within Johnson County; more specifically in the Iowa City/Coralville area. Seven per cent reside in other parts of Iowa and seven per cent live outside of Iowa.
18. The applicant states that the need for additional nursing facility beds was identified in their January 2013 strategic plan in order to meet the needs of current and future Oaknoll residents. It would have been less costly to make existing rooms semi-private, but that is not what the community wants or needs. As a single site CCRC building an additional nursing facility is not an option at this time and would be more costly.
19. Oaknoll opened its doors in 1966 and is well integrated into the health care system of the area. The applicant states they work closely with all three hospitals in Iowa City. The applicant also works with community hospice providers; Iowa City Hospice, Essence of Life, and Hospice Compassus.
20. There are 6 additional freestanding nursing facilities in Johnson County. The results of a recent phone survey of facilities in the eight-county area conducted by department staff are provided in the table below. The Council received testimony that two of the facilities with low occupancies have recently been fined by the Department of Inspections and Appeals.

**Phone Survey of Nursing Facilities Located in Johnson County
& Counties Contiguous to Johnson County
Conducted October 2014**

| Facility by County | Licensed Beds | Empty Beds | Percent Occupied |
|------------------------------------|----------------------|-------------------|-------------------------|
| JOHNSON COUNTY | | | |
| Atrium Village | 20 | 7 | 65% |
| Briarwood Healthcare Center | 64 | 7 | 89% |
| Iowa City Rehab & Health Care Ctr. | 89 | 27 | 70% |
| Lantern Park Nursing & Rehab Ctr | 90 | 10 | 89% |
| Lone Tree Health Care Center | 44 | 11 | 75% |
| Mercy Hospital | 16 | 0 | 100% |
| Oaknoll Retirement Residence | 48 | 3 | 94% |
| Solon Nursing Care Center | 92 | 12 | 87% |
| Windmill Manor | 120 | 35 | 71% |
| TOTALS | 583 | 112 | 81% |
| BENTON COUNTY | | | |
| Belle Plaine Nursing & Rehab Ctr | 66 | 34 | 48% |
| Keystone Nursing Care Center | 45 | 2 | 96% |

| | | | |
|---------------------------------|-------------|------------|------------|
| The Vinton Lutheran Home | 62 | 0 | 100% |
| Virginia Gay Hospital NF | 40 | 6 | 85% |
| TOTALS | 213 | 42 | 80% |
| CEDAR COUNTY | | | |
| Cedar Manor | 54 | 3 | 94% |
| Clarence Nursing Home | 46 | 0 | 100% |
| Crestview Nursing & Rehab Ctr | 65 | 6 | 91% |
| Mechanicsville Nursing & Rehab | 67 | 34 | 49% |
| TOTALS | 232 | 43 | 81% |
| IOWA COUNTY | | | |
| Colonial Manor of Amana | 60 | 6 | 90% |
| English Valley Care Center | 60 | 13 | 78% |
| Highland Ridge Care Center | 59 | 0 | 100% |
| Rose Haven Nursing Home | 58 | 4 | 93% |
| TOTALS | 237 | 23 | 90% |
| LINN COUNTY | | | |
| Cottage Grove Place-The Club | 52 | 9 | 83% |
| Crestview Acres | 100 | 13 | 87% |
| Hallmark Care Center | 55 | 12 | 78% |
| Heritage Nursing & Rehab Center | 201 | 68 | 66% |
| Hiawatha Care Center | 109 | 5 | 95% |
| Linn Manor Care Center | 38 | 3 | 92% |
| Living Center East | 67 | 16 | 76% |
| Living Center West | 100 | 27 | 73% |
| Manorcare Health Services | 105 | 19 | 82% |
| Mercy Medical Ctr—Hallmar Unit | 55 | 6 | 89% |
| Mercy Medical Center-SNF | 21 | 1 | 95% |
| Meth Wick Health Center | 65 | 1 | 98% |
| Northbrook Manor Care Center | 130 | 61 | 53% |
| West Ridge Care Center | 60 | 9 | 85% |
| Willow Gardens Care Center | 91 | 19 | 79% |
| Winslow House Care Center | 50 | 4 | 92% |
| TOTALS | 1299 | 273 | 79% |
| LOUISA COUNTY | | | |
| Colonial Manor of Columbus Jct | 46 | 11 | 76% |
| Morning Sun Care Center | 50 | 4 | 92% |
| Wapello Nursing & Rehab Center | 49 | 13 | 73% |
| TOTALS | 145 | 28 | 81% |
| MUSCATINE COUNTY | | | |
| All-American Care Center | 100 | 29 | 71% |
| Lutheran Living Senior Campus | 155 | 9 | 94% |
| Simpson Memorial Home | 65 | 17 | 74% |
| Premier Estates of Muscatine | 100 | 19 | 81% |
| Wilton Retirement Community | 34 | 18 | 47% |

| | | | |
|-------------------------------|------------|-----------|------------|
| TOTALS | 454 | 92 | 80% |
| WASHINGTON COUNTY | | | |
| All American Restorative Care | 90 | 37 | 59% |
| Halcyon House | 37 | 2 | 96% |
| Parkview Manor | 62 | 13 | 79% |
| Pleasantview Home | 80 | 2 | 98% |
| United Presbyterian Home | 52 | 6 | 88% |
| Washington County Hospital | 43 | 11 | 74% |
| TOTALS | 364 | 71 | 81% |

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

| County | RCF Beds (Facilities) | Home Health Agencies | Adult Day Services | Assisted Living Units (Facilities) | ALP/D |
|---------------|--------------------------|-------------------------|-----------------------|---------------------------------------|------------------|
| Johnson | 114(1) | 2 | 85(2) | 460(6) | 147(3) |
| Benton | 76(2) | 2 | 0 | 156(4) | 0 |
| Cedar | 0 | 1 | 0 | 36(1) | 70(1) |
| Iowa | 2(1) | 1 | 0 | 174(3) | 0 |
| Linn | 247(5) | 7 | 115(2) | 443(7) | 654(7) |
| Louisa | 0 | 1 | 0 | 18(1) | 0 |
| Muscatine | 0 | 3 | 30(1) | 112(3) | 156(2) |
| Washington | 27(2) | 1 | 0 | 20(1) | 68(2) |
| TOTALS | 466(11) | 18 | 230(5) | 1,419(26) | 1,095(15) |

Data source: DIA web site

22. Legacy Gardens, another applicant from Iowa City which submitted a proposal to add nursing facility beds, submitted a letter of support.
23. All-American Care submitted two letters of opposition stating they have empty beds in Muscatine and Washington.
24. Cedar Manor in Tipton and Morning Sun Care Center submitted occupancy data for their respective facilities.
25. The applicant currently has long-term debt of \$46.04 million which includes two pieces: Senior Housing Facilities Revenue Notes Series 2012A-G and a contract for deed for the purchase of a separate piece of land for future expansion. The balance of the contract for deed is \$460,709. The Series 2012A-G Notes have a current balance of \$45.58 million; \$15.79 million of this amount is debt from previous campus expansions that was refinanced with the 2012 Notes. Principal and interest payments on this portion of the debt are \$133,584/month. Beginning in January, 2016 principal and interest payments on the remaining loan balance will be made. The anticipated monthly P&I payment for the new construction loan (after a large portion of Spring Street entrance fees pay down the construction loan) is \$172,172.
26. The applicant states that the funds for the proposal will come from Senior Housing Facilities Revenue Notes Series 2012A-G as the addition of these ten beds was anticipated and

included in budgeting the total financing of the expansion of the campus already under construction. The commitment for the funds has been secured, but the funds will not be borrowed until construction has been approved and underway.

27. As the Spring Street apartments are occupied, the new residents will pay entrance fees that total approximately \$21.8M. Ninety-four percent of the entrance fees collected will be used to pay down the construction loan. The applicant does not project an operating deficit as a result of this project.
28. Oaknoll residents do not pay a "daily rate" for nursing care due to the LifeCare guarantee. Residents who require nursing care continue to pay the same monthly fee as they paid in their independent living apartment which ranges from \$1,702 to \$2,575 depending on the size of that resident's original independent living apartment.
29. The applicant indicates that the proposal will result in the need for an additional 13 FTEs; 4 RNs one certified med aide and 6 certified nursing aides (CNA). Several support services, such as housekeeping, dining and laundry will need to add .25 FTE to the existing staff.
30. The applicant does not anticipate difficulty in hiring the necessary staff as they have a pool of applicants and a relationship with area colleges. A recent CNA advertisement netted 15 applications for one full-time vacancy.
31. The proposal calls for the renovation of 4,973 square feet; the first floor of the building housing the current 48-bed nursing facility. The land is already owned by the applicant; site costs are listed at \$7,000 for sidewalks.
32. The total facility costs are \$1.8M. Moveable equipment costs are listed at \$125,000 and financing costs total \$15,000. The turn-key cost per bed is \$194,700.

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 all levels of care at Oaknoll have high occupancies, and the average age of the residents is in the mid to upper 80s. The Council further takes note that the applicant has exhausted other alternatives to the proposed project such as applying for the one over licensed capacity waiver from the Department of Inspections & Appeals a total of 13 times in the last one and half years, adding assisted living level of care in 2000 and 2008 which delayed transitions to the health center on average 2-3 years and contracting with a local home health agency to provide care to independent living residents awaiting moves to assisted living. The Council concludes that the proposal is an appropriate option to accommodate admissions of Oaknoll residents and others within the community who need skilled nursing care. 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 Johnson County is underbuilt by 560 beds; while the eight-county region is underbuilt by 1,437 beds. The phone survey conducted by Department staff indicates a county wide occupancy of approximately 81% for the free standing nursing facilities in Johnson County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council finds that five of the nine facilities in the county are operating at or significantly above 85% and two of the facilities with lower utilization have experienced inspection issues. Of significance, the Council takes note that no opposition to this proposal was received from existing facilities in Johnson County and that no existing facilities in Johnson County indicated that this project would impact their utilization in a negative manner. Additionally, the Council takes note of the mitigating factors that exist in this application, including the fact that the applicant is a Lifecare continuing care retirement community with a capacity to serve 271 residents in lower levels of care and the applicant projects that within a few years their nursing facility will be serving just the Oaknoll resident population; therefore the Council concludes that Oaknoll has little impact on the appropriate and efficient use of other nursing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does not involve new construction. 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 all levels of care at Oaknoll have high occupancies and the applicant has utilized the one over licensed capacity waiver 13 times in less than two years. The Council concludes that the high occupancy of the existing nursing facility beds at Oaknoll and the contractual nature of this continuing care retirement community demonstrate that patients

will experience serious problems in obtaining care absent the proposed additional beds. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), 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 (2013).

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 15th day of December 2014



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)
)
PLEASANT ACRES CARE CENTER)
)
HULL, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Tuesday, October 21, 2014.

The project, the addition of ten nursing facility beds, was originally approved on October 7, 2013 at an estimated cost of \$2,341,782.

The extension request states that the addition will be complete and ready for furnishings by November 19, 2014 and renovations to the existing building will be complete by the end of January 2015.

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.

Dated this 15 day of December 2014



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)
REHABILITATION CENTER OF LISBON) **DECISION**
LISBON, IOWA)

This matter came before the State Health Facilities Council for review on Tuesday, October 21, 2014.

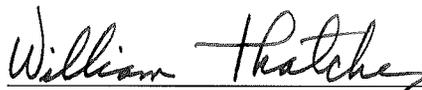
The project, the construction of a 64-bed skilled nursing facility, was originally approved on October 8, 2013 at an estimated cost of \$8,400,694.

The extension request states that work has begun at the site as contractors have begun moving earth and preparations to begin pouring footings and foundations are underway. The applicant projects a completion date of October 2016.

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 one year.

Dated this 15th day of December 2014



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

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

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

IN THE MATTER OF THE APPLICATION OF)
)
SCOTTISH RITE PARK)
)
DES MOINES, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, October 21, 2014.

The application proposes the addition of 25 nursing facility beds in space currently occupied by 25 residential care (RCF) beds at an estimated cost of \$200,000.

Scottish Rite Park 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. Daniel J. Boor, administrator, Kimberly J. Gahan and Berniece J. Hostetler 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 deny a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2013) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Scottish Rite Park is a Continuing Care Retirement Community (CCRC) with 157 independent living apartments, 25 residential care beds (11 of those for memory care) and 51 nursing facility beds.
2. Scottish Rite Park is proposing eliminating the 25 RCF beds and using that space for 25 additional nursing facility beds, the applicant's plan is to use 15 of these beds for memory care.
3. Scottish Rite Park began operations in 1973 with 186 apartments and a 19-bed Health Care Center. In 1980 they added a 41-bed Health Care Center while converting the original 19-bed center to assisted living beds. In August 1996 a 25-bed residential care center, including

an indoor aquatic center, opened. The original 19-bed health care center was vacated until December 1997 when it was remodeled and became part of the 41-bed Health Care Center with 10 private rooms (10 semi-private rooms in the 1980 building became large private rooms). Those 10 rooms (in the 1980 building) were converted back to semi-private rooms with a CON in 2011 to add 10 beds.

4. In their 2011 application, the applicant stated that as part of the apartment contract, the applicant offers 10 free days in the Health Care Center each year. If they are full, they have an obligation to send their resident to a competing facility for their 10 free days at the expense of Scottish Rite Park. This is the cost the applicant was trying to avoid with the 2011 addition of 10 beds.
5. The applicant stated in 2011 that admission to the Health Care Center for long-term placement is through living independently in the High Rise. The applicant further stated in 2011 that another reason for adding the 10 beds was prior to May 2009; Scottish Rite Park was not Medicare certified which meant residents who lived in the apartments went to another health care facility for skilled care.
6. In the current application, the applicant states that they began accepting outside residents for NF and skilled care in 2009; this coincides with the year of Medicare certification.
7. The applicant states the average length of stay in the 51-bed SNF/ICF is 325.69 days while the average length of stay in their skilled beds (SNF only) is 18.62 days. The average age of the residents in the residential and nursing care beds is 87 years. The applicant reports that approximately 7% of occupied beds are Medicaid reimbursed.
8. The applicant states that the RCF option is becoming less attractive to the target population and it is physically impossible to change their RCF rooms to meet the more attractive assisted living standards. The applicant feels this puts them at a competitive disadvantage with other facilities in the Polk County.
9. The applicant's current rehab to home rooms are comingled with their long-term care rooms and they cannot always offer a private room which they feel puts them at a disadvantage when competing for skilled patients.
10. The applicant states that their utilization rates appear low (65% in July 2014 and 61% in October 2014 per phone surveys) because of the types of rooms they offer.
11. They plan to fill the nursing facility beds with rehab to home residents from the hospital. The applicant states their rehab to home program is one of their strong marketing tools as they have residents from the outside who use the skilled services and then purchase an independent apartment.
12. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 1,544 beds. The underbuild for Polk County is 957 beds. Polk County has a large number of

assisted living units (see table in paragraph 22.). See the following table for additional bed information.

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

| County | Projected 2019 Population Age 65+ | # of NF Beds needed per bed need formula | # of licensed & approved NF Beds as of 10/14 | Difference – Formula vs. Licensed & Approved* |
|---------------|-----------------------------------|--|--|---|
| Polk | 56,344 | 3,328 | 2,371 ¹ | -957 |
| Boone | 4,826 | 342 | 377 | +35 |
| Dallas | 8,555 | 510 | 489 | -21 |
| Jasper | 6,973 | 492 | 355 | -137 |
| Madison | 3,013 | 214 | 190 | -24 |
| Marion | 5,973 | 424 | 306 | -118 |
| Story | 12,325 | 901 | 552 ² | -349 |
| Warren | 8,719 | 494 | 521 | +27 |
| Totals | 106,728 | 6,705 | 5,161 | -1544 |

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

¹ April 2014: 2 beds at On With Life in Ankeny; July 2014: 6 beds at CCRC in Grimes, 70 beds at Hawkeye Estates in Ankeny² April 2012: 38 beds at CCRC in Ames

13. The bed numbers in the tables above and below represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the eight-county area has 80 hospital-based NF beds in Story County, 16 hospital-based SNF beds in Polk County and 22 hospital-based SNF/NF beds (7 in Boone County and 15 in Marion County).
14. Over the span of the last three years the total number of beds in the eight-county area has increased by 37 beds. There has been an increase of 9 beds in Polk County in the last three years. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number between Oct. 2011 and Oct. 2014

| County | # of NF Beds (facilities) as of 10/11 | # of NF Beds (facilities) as of 10/14 | Difference in # of NF Beds |
|---------------|---------------------------------------|---------------------------------------|----------------------------|
| Polk | 2,247(27) | 2,293(29) | +9 |
| Boone | 377(4) | 377(4) | 0 |
| Dallas | 481(9) | 489(9) | +8 |
| Jasper | 352(6) | 355(7) | -21 |
| Madison | 209(3) | 190(3) | -19 |
| Marion | 262(4) | 306(5) | +44 |
| Story | 498(7) | 514(7) | +16 |
| Warren | 521(6) | 521(6) | 0 |
| Totals | 4,947(66) | 4,984(68) | +37 |

15. There are currently 5,161 licensed and approved nursing facility beds in the eight counties, 609 licensed and approved beds (11.8% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

| County | # of CCDI Beds (facilities) |
|---------------|--|
| Polk | 192(7) |
| Boone | 56(2) |
| Dallas | 107(3) |
| Jasper | 38(2) |
| Madison | 18(1) |
| Marion | 48(3) |
| Story | 62(3) |
| Warren | 88(4) |
| Totals | 609(25) |

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

16. The applicant indicates that the primary service area for this project is their own campus with a secondary service area of Polk County. The majority (90%) of the 2014 admissions were from Polk County.
17. The applicant states they do not market their memory care unit the outside community. The ten beds not in the memory care unit will be specifically targeted to the population that needs short term rehabilitation services as well as skilled nursing services.
18. The applicant stated two years ago that the 10 beds would allow them to fulfill their obligations to provide health care to their residents on campus. This application includes a projection of serving those outside the Scottish Rite Park community.
19. The applicant states they have had as many as 9 residents in their skilled program occupying semi-private rooms as large suites. The applicant reported 18 empty beds in the phone survey conducted in July this year and 20 empty beds in the phone survey conducted in October 2014.
20. In this application the applicant projects only 80% occupancy by year three of the proposed addition of 25 nursing care beds. A potential alternative could be moving some of their existing 51 nursing care beds (currently in semi-private rooms) to the space now occupied by the residential beds. This could create more private rooms while making better use of the existing number of licensed beds.
21. Attached to this summary are the results of a recent (July 2014) phone survey of facilities in the eight-county area. The Polk County facilities were contacted prior to hearing and those results are also included. Not all facilities responded to the recent calls.

**Phone Survey of Nursing Facilities Located in Polk County
& Counties Contiguous to Polk County
Conducted July 2014 and October 2014**

| Facility by County | Licensed Beds | Empty Beds | | Percent Occupied | |
|--|---------------|------------|------|------------------|------|
| | | July | Oct. | July | Oct. |
| POLK COUNTY | | | | | |
| Altoona Nursing and Rehab Altoona | 106 | 5 | 14 | 95% | 87% |
| Bishop Drumm Care Center Johnston | 150 | 12 | 15 | 92% | 90% |
| Calvin Manor Des Moines | 59 | 5 | | 92% | |
| Deerfield Retirement Community Urbandale | 30 | 4 | | 87% | |
| East Village Center for Wellness & Rehab Des Moines | 44 | 3 | 9 | 89% | 80% |
| Fleur Heights Center for Wellness & Rehab Des Moines | 120 | 19 | 21 | 84% | 83% |
| Fountain West Health Center West Des Moines | 140 | 29 | | 79% | |
| Genesis Senior Living Center Des Moines | 80 | 8 | 13 | 90% | 84% |
| Iowa Jewish Senior Life Center Des Moines | 72 | 21 | | 71% | |
| Iowa Lutheran Hospital Des Moines | 16 | | | | |
| Karen Acres Healthcare Center Urbandale | 38 | 3 | 1 | 92% | 97% |
| Kennybrook Village Grimes | 34 | 3 | 2 | 91% | 94% |
| Manorcare Health Services of WDM West Des Moines | 120 | 15 | 16 | 88% | 87% |
| Mill Pond Retirement Community Ankeny | 60 | 10 | 6 | 83% | 90% |
| Parkridge Nursing & Rehab Ctr. Pleasant Hill | 90 | 10 | 9 | 89% | 90% |
| Polk City Nursing and Rehab Polk City | 68 | 14 | 11 | 79% | 84% |
| QHC Mitchellville, LLC Mitchellville | 65 | 5 | 2 | 92% | 97% |
| Ramsey Village Des Moines | 78 | 28 | 26 | 64% | 67% |
| Scottish Rite Park Health Care Ctr. Des Moines | 51 | 18 | 20 | 65% | 61% |
| Sunny View Care Center Ankeny | 94 | 2 | 3 | 98% | 97% |
| The Rehab Ctr. Of Des Moines | 74 | 17 | 12 | 77% | 84% |

| | | | | | |
|--|--------------|------------|-----------|--------------|------------|
| Des Moines | | | | | |
| Trinity Center at Luther Park Des Moines | 120 | 0 | 0 | 100% | 100% |
| Union Park Health Services Des Moines | 81 | 26 | | 68% | |
| University Park Nursing & Rehab Ctr. Des Moines | 108 | 0 | 9 | 100% | 92% |
| Urbandale Health Care Center Urbandale | 130 | 30 | 25 | 77% | 81% |
| Valley View Village Des Moines | 79 | 5 | 16 | 94% | 80% |
| Wesley Acres Des Moines | 80 | 2 | 11 | 98% | 86% |
| TOTALS | 2,171 | 294 | | 86.5% | |
| BOONE COUNTY | | | | | |
| Boone County Health Care Center Boone | 7 | | 7 | | 0 |
| Eastern Star Masonic Home Boone | 76 | | 2 | | 97% |
| Madrid Home for the Aging Madrid | 155 | | 39 | | 75% |
| Ogden Manor Ogden | 46 | | 14 | | 70% |
| Westhaven Community Boone | 100 | | 0 | | 100% |
| TOTALS | 384 | | 62 | | 84% |
| DALLAS COUNTY | | | | | |
| Adel Acres Adel | 50 | | 4 | | 92% |
| Arbor Springs of WDM LLC West Des Moines | 56 | | 3 | | 95% |
| Edgewater West Des Moines | 40 | | 1 | | 98% |
| Granger Nursing & Rehab Center Granger | 67 | | 12 | | 82% |
| Perry Health Care Center Perry | 46 | | 25 | | 46% |
| Perry Lutheran Home Perry | 70 | | 9 | | 87% |
| Rowley Memorial Masonic Home Perry | 57 | | 17 | | 70% |
| Spurgeon Manor Dallas Center | 55 | | 0 | | 100% |
| The Village at Legacy Pointe Waukee | 48 | | | | |

| | | | |
|--|------------|-----------|------------|
| TOTALS | 441 | 71 | 84% |
| JASPER COUNTY | | | |
| Baxter Health Care Center Baxter | 44 | 14 | 68% |
| Careage of Newton Newton | 53 | 13 | 75% |
| Heritage Manor Newton | 62 | 16 | 74% |
| Nelson Manor Newton | 36 | 2 | 97% |
| Newton Health Care Center Newton | 70 | 19 | 73% |
| Wesley Park Centre Newton | 66 | 7 | 89% |
| TOTALS | 331 | 71 | 79% |
| MADISON COUNTY | | | |
| QHC Winterset Care Center North Winterset | 75 | 14 | 81% |
| QHC Winterset Care Center South Winterset | 45 | 10 | 78% |
| West Bridge Care & Rehabilitation Winterset | 70 | 14 | 80% |
| TOTALS | 190 | 38 | 80% |
| MARION COUNTY | | | |
| Griffin Nursing Center Knoxville | 75 | 20 | 73% |
| Jefferson Place Pella | 36 | 0 | 100% |
| Pella Regional Health Center Pella | 92 | 5 | 95% |
| Pleasant Care Living Center Pleasantville | 53 | 10 | 81% |
| The Cottages Pella | 64 | 2 | 97% |
| West Ridge Nursing & Rehab Center Knoxville | 78 | 1 | 99% |
| TOTALS | 398 | 38 | 90% |
| STORY COUNTY | | | |
| Bethany Manor Story City | 180 | | |
| Green Hills Health Care Center Ames | 56 | 10 | 82% |
| Northcrest Health Care Center Ames | 51 | 4 | 92% |
| Riverside North | 70 | 33 | 53% |

| | | | |
|--|------------|-----------|------------|
| Ames | | | |
| Riverside South Ames | 59 | 17 | 71% |
| Rolling Green Village Nevada | 69 | 4 | 94% |
| Story County Hospital NF Nevada | 80 | | |
| Zearing Health Care Zearing | 40 | 11 | 73% |
| TOTALS | 345 | 79 | 77% |
| WARREN COUNTY | | | |
| Carlisle Center for Wellness & Rehab Carlisle | 101 | 16 | 84% |
| Good Samaritan Society –Indianola Indianola | 131 | 36 | 73% |
| Norwalk Nursing & Rehab Center Norwalk | 51 | 16 | 69% |
| Regency Care Center Norwalk | 101 | | |
| The Village Indianola | 54 | 7 | 87% |
| Westview of Indianola Care Center Indianola | 83 | 20 | 76% |
| TOTALS | 420 | 95 | 77% |

Shaded facilities did not return phone calls. The licensed beds for these facilities were, therefore, not included in the totals.

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

| County | RCF Beds (Facilities) | Home Health Agencies | Adult Day Services | Assisted Living Units (Facilities) | ALP/D |
|---------------|--------------------------|-------------------------|-----------------------|---------------------------------------|------------------|
| Polk | 221(7) | 10 | 52(2) | 1,133(13) | 1,538(15) |
| Boone | 125(1) | 1 | 53(2) | 174(3) | 0 |
| Dallas | 30(1) | 2 | 0 | 194(4) | 128(2) |
| Jasper | 0 | 2 | 28(1) | 120(2) | 0 |
| Madison | 18(1) | 0 | 0 | 0 | 74(1) |
| Marion | 44(2) | 3 | 0 | 122(1) | 178(3) |
| Story | 24(3) | 1 | 30(1) | 532(8) | 70(1) |
| Warren | 29(2) | 2 | 0 | 132(3) | 204(2) |
| TOTALS | 491(17) | 21 | 163(6) | 2,407(34) | 2,192(24) |

Data source: DIA web site

23. A letter of opposition was received from Pleasant Care Center in Pleasantville and occupancy data was submitted from Careage of Newton.

24. The applicant states they are currently debt free and indicate they have \$1.2M cash on hand. The proposal is projected to cost \$200,000.
25. The current daily rate for nursing facility care is \$245 and that rate will not change as a result of this proposal.
26. The applicant indicates that the proposal will result in the need for an additional 5.1 FTEs; 2 FTE RN, 2 FTEs CNA and 0.6 FTE maintenance and 0.5 FTE in activities.
27. The proposal calls for the renovation of 8,500 square feet at a cost of \$150,000. Another \$50,000 will be spent on furnishings. The turn-key cost for the proposed 25 nursing facility beds is \$8,000.

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 available and the development of such alternatives is practicable. The Council takes note that the 51 nursing care beds at Scottish Rite are only 61% occupied and at least 20 of the 51 beds are in semi-private rooms. The Council concludes that a more efficient and appropriate alternative to adding 25 nursing care beds would be to convert the semi-private rooms to private rooms and move the 10 beds to the space that the proposed beds were to occupy. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed are being used in an appropriate and efficient manner. The bed need formula indicates Polk County is underbuilt by 957 beds; while the eight-county region is underbuilt by 1,544 beds. The phone survey conducted by Department staff in July 2014 indicates a county wide

occupancy of approximately 86.5% for the free standing nursing facilities in Polk County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

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

4. The Council concludes that patients will not experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that the applicant intends to primarily serve their continuing care retirement community residents in their health center. The Council takes note that the applicant has 20 empty nursing home beds and only projects an 80% occupancy of the proposed beds; therefore the Council concludes that the need for an additional twenty nursing facility beds at Scottish Rite has not been demonstrated. The Council concludes 20 empty beds and the projection of only 80% occupancy three years into the proposed addition of beds does not demonstrate that patients will experience serious problems in obtaining care absent the proposed additional beds. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), led the Council to find that a Certificate of Need should be Denied.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

Dated this 15th day of December 2014



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)
)
SELECT SPECIALTY HOSPITAL—DES MOINES, INC.)
)
DES MOINES, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Tuesday, October 21, 2014.

The project, the establishment of a 30-bed “hospital within a hospital,” was originally approved on October 7, 2013 at an estimated cost of \$3,671,400.

The extension request states that nine additional rooms have been added for a total of 30 patient rooms. Phases one and two have been completed and the final phase has started which includes a new nurse’s station, break room and corridor finishes. The applicant projects a completion date of December 22, 2014.

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.

Dated this 15th day of December 2014



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)
)
STONEHILL FRANCISCAN SERVICES)
)
DUBUQUE, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Tuesday, October 21, 2014.

The project, the conversion of 41 residential care beds to 21 nursing facility beds, was originally approved on October 8, 2013 at an estimated cost of \$693,375.

The extension request states that project should be complete no later than mid-December, 2014. The extension request also indicates there is a cost over-run of \$231,625 (33.4% of approved \$693,375) which requires further review and approval by the Council.

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 one month. The Council requested that a representative of the applicant appear at the November 3, 2014 meeting to discuss the cost over-run.

Dated this 28th day of October 2014



Robert Lundin, Vice-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 Tuesday, October 21, 2014.

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 and an estimated date of completion in 2016-2017. A one year extension was granted on October 19, 2011. A second one year extension was granted on October 5, 2012. A third one year extension was granted on October 7, 2013.

The applicant was represented John Buatti, Dan Hyer, Ryan Flynn, Chad Core, John Staley, George Mejias and Colleen Flory. The applicant made a presentation on the progress to date.

The applicant has reviewed submissions received through request for proposals from four vendors and a preferred vendor has been identified. An engineering study was conducted of several proposed locations for the patient treatment room and its associated proton beam generating technology and a final proposed site has been selected between Pomerantz Pavillion's existing Center of Excellence for Radiation Therapy and the new Children's Hospital. A final engineering study is underway to establish site logistics and civil engineering aspects of the project. Physicists from the Department of Radiation Oncology are actively investigating the shielding, imaging, beam modulation and treatment planning system requirements for the provision of proton therapy.

The applicant estimates that this project will be completed and patient therapy will commence in 2018. It is possible that the projected cost of the project may need to be revised. The applicant states they will promptly apprise the State Health Facilities Council of material changes, including any financial changes to the project, as they become known.

The Council, after reading the extension request and hearing comments by staff and the applicant, 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 one year.

Dated this 15th day of December 2014

William Thatcher

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)
WHITTIER LIVING AND REHAB CENTER)
SIOUX CITY, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Tuesday, October 21, 2014.

The project, the construction of a 78-bed nursing facility, was originally approved on October 7, 2013 at an estimated cost of \$8,960,415.

The extension request states that land has been purchased, design plans have been approved and groundbreaking work on the foundation was expected to begin on October 1, 2014. The extension request also indicates the location of the project has changed; the purchase price and site preparation costs were less than the proposed property. Also, the projected construction costs have changed as design changes were necessary to comply with the Department of Inspections & Appeals standards.

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 one month. The Council requested that a representative of the applicant appear at the November 3, 2014 meeting to discuss the changes to this project.

Dated this 28th day of October 2014



Robert Lundin, Vice-Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: Health Facilities Council