

**MINUTES
STATE HEALTH FACILITIES COUNCIL
NOVEMBER 3, 2010
IOWA LABORATORY FACILITY
CONFERENCE CENTER, ROOM 208
DMACC CAMPUS, ANKENY**

I. 8:00 AM ROLL CALL

MEMBERS PRESENT: Karen Hope, Chairperson, Chuck Follett, Marc Elcock and Cynthia Beaman. Suki Cell participated by phone.

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

II. PROJECT REVIEW

1. University of Iowa Hospitals & Clinics, Iowa City, Johnson County: Acquire a proton beam radiation therapy system – \$40,000,000.

Staff report by Barb Nervig. The applicant was represented by Brandt Echternacht, Laurie Smith, Ryan Flynn, M.D. John Bayouth, M.D. and John Buatti, M.D. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

A motion by Beaman, seconded by Follett, to Grant a Certificate of Need carried 5-0.

2. Woodward Youth Corporation d/b/a Woodward Academy, Woodward, Boone County: Establish 31-bed Psychiatric Medical Institution for Children (PMIC) at no cost.

Councilperson Elcock declared that he has knowledge of this applicant through his work with the juvenile court. A motion by Follett, seconded by Beaman to allow Elcock to participate (no conflict of interest) carried 5-0.

A motion by Beaman, seconded by Follett to batch the proposals from Woodward and Clarinda (hear testimony on both prior to voting on each individually) carried 5-0.

Staff report by Barb Nervig. The applicant was represented by Doug Gross of Brown Winick; Bill Dean, Tonna Lawrenson and Casey Shelton. The applicant made a presentation and answered questions posed by the Council.

Affected parties appearing in opposition to the proposal were Diane Kutzko of Shuttleworth and Ingersoll, PLC and George Estle representing Tanager Place in Cedar Rapids; Brock Wolff, CEO of Orchard Place in Des Moines, Jeff Hackett for Boys and Girls Home and Family Services in Sioux City and Mike Barker for Children's Square U.S.A. in Council Bluffs.

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

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

3. Clarinda Youth Corporation d/b/a Clarinda Academy, Clarinda, Page County: Establish 26-bed Psychiatric Medical Institution for Children (PMIC) at no cost.

Staff report by Barb Nervig. The applicant was represented by Doug Gross of Brown Winick; Renay Cabbage, Michael McFarland and Andy Menken. The applicant made a presentation and answered questions posed by the Council.

Affected parties appearing in opposition to the proposal were Diane Kutzko of Shuttleworth and Ingersoll, PLC and George Estle representing Tanager Place in Cedar Rapids; Brock Wolff, CEO of Orchard Place in Des Moines, Jeff Hackett for Boys and Girls Home and Family Services in Sioux City and Mike Barker for Children's Square U.S.A. in Council Bluffs.

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

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

4. Williamsburg Retirement Community, Inc., Williamsburg, Iowa County: Add 15 nursing facility beds for a Chronic Confusion and Dementing Illness (CCDI) unit – \$1,882,504.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey and Whitney; Curt Blythe, executive director; Rae Williamson, director of nursing and Mandy Steckly, housing director. The applicant made a presentation and answered questions posed by the Council.

Motion by Follett, seconded by Beauman, to enter documents in support of oral testimony of applicant into the record carried 5-0.

Marv Doschadis, a resident of the retirement community, spoke as an affected party in support of the project. No parties appeared in opposition to the project

A motion by Follett, seconded by Elcock, to Grant a Certificate of Need carried 5-0.

5. Solon Nursing Care Center d/b/a/ Solon Retirement Village, Solon, Johnson County: Add 24 nursing facility beds (12 skilled care and 12 CCDI) – \$2,260,000.

Staff report by Barb Nervig. The applicant was represented by Katie Cownie of Brown Winick; Melissa Reed, administrator; Marti Hendricks, vice president of the board, Tiffany Koss, nursing educator, Tim Broghammer, president of the board and Bill Peterson, architect. The applicant made a presentation and answered questions posed by the Council.

Patricia Ikan spoke as an affected party in support of the project. No parties appeared in opposition to the project.

A motion by Follett, seconded by Cell, to Grant a Certificate of Need carried 5-0.

6. Green Hills Health Care Center, Inc., Ames, Story County: Renovate and add 6 nursing facility beds – \$4,428,842.

Staff report by Barb Nervig. The applicant was represented by Bill Boyd of Nyemaster Goode; Rodney Copple, executive director; Lynne Mitchell, director of nursing, John Snyder, architect with Story Designs. The applicant made a presentation and answered questions posed by the Council.

Motion by Cell, seconded by Follett, to enter documents in support of oral testimony of applicant into the record carried 5-0.

No affected parties appeared at the hearing.

A motion by Cell, seconded by Follett, to Grant a Certificate of Need carried 5-0.

A motion by Beauman, seconded by Elcock to hold the remaining agenda items over to an electronic meeting to be held next week on a date to be determined, carried 5-0.

Meeting was adjourned at 6:00 PM.

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

IN THE MATTER OF THE APPLICATION OF)
)
WOODWARD YOUTH CORPORATION D/B/A) **DECISION**
WOODWARD ACADEMY)
)
WOODWARD, IOWA)

This matter came before the State Health Facilities Council for hearing on Wednesday, November 3, 2010.

The application proposes the establishment of a 31-bed psychiatric medical institution for children (PMIC) at no cost.

Woodward Academy applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Doug Gross of Brown Winick; Bill Dean, Tonna Lawrenson and Casey Shelton were present representing the applicant. The applicant made a presentation and answered questions.

Affected parties appearing in opposition to the proposal were Diane Kutzko of Shuttleworth and Ingersoll, PLC and George Estle representing Tanager Place in Cedar Rapids; Brock Wolff, CEO of Orchard Place in Des Moines, Jeff Hackett for Boys and Girls Home and Family Services in Sioux City and Mike Barker for Children’s Square U.S.A. in Council Bluffs.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 3-2 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) (2009) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Woodward Academy, a non-profit organization that was established in 1995, is a residential treatment facility for male youth. Woodward Academy currently offers three unique programs that are tailored to serve youth with a variety of specific treatment needs. The three programs are: 1) 90-day highly structured community residential programs that target youth who are new to the criminal justice system and are in need of a short-term intervention; 2) a comprehensive residential program for youth who are in need of a longer length of stay; and 3) a program for males in need of sexual offender treatment.

2. PMICs (Psychiatric Medical Institutions for Children) or PRTFs (Psychiatric Residential Treatment Facilities) are entities which provide a range of comprehensive services to treat the psychiatric condition of individuals under age 21 on an inpatient basis under the direction of a physician. PMICs are unique to Iowa; they provide the same services and care as the federally designated PRTFs. The majority of the residents in PMICs and PRTFs have their care reimbursed by a State Medicaid program.
3. The applicant is proposing to establish a 31-bed Psychiatric Medical Institution for Children (PMIC) in a portion of its existing residential treatment facility.
4. The applicant currently has 93 beds licensed for comprehensive residential treatment and as of November 1, 2010, 85 of those beds were occupied with 46 residents from Iowa and 39 residents from out of state.
5. The beds proposed to be licensed as PMIC are in Navigator Hall on the Woodward campus. All of these beds are currently full.
6. The applicant states they have requests from six states for the placement of PRTF eligible children in its Iowa facility. The applicant has projected utilization of the 31 beds to be 33% in the first year, 50% in year two and 65% in year three.
7. Iowa Code section 135H.6 includes a limit on the number of PMIC beds in Iowa that may provide services to Iowa Medicaid recipients and that limit has been reached. Therefore, the applicant plans to provide services to children from any state except Iowa.
8. The applicant has indicated that current and future out-of-state residents are from South Dakota, Maryland, California, Connecticut, Nevada and Nebraska.
9. The applicant feels that this proposal is the least costly alternative to meet the needs of out-of-state children who require PRTF/PMIC services as they are using existing buildings and will incur no cost with the proposed project. The applicant leases the space from the Department of Human Services.
10. Although the Code of Iowa restricts the number of PMIC beds that serve Iowa Medicaid recipients, the Code does provide that PMIC facilities licensed before July 1, 1999 can have excess beds to serve non-Iowa Medicaid residents. This provides an alternative to serve out-of-state residents in existing facilities, without the development of new PMIC facilities. Iowa Code section 135H.6(10).
11. Woodward Academy is currently nationally accredited by The Joint Commission. The applicant states that as of January 2010, over 3,300 youth have entered Woodward Academy's residential programs. The applicant states that the Academy's programs are aimed at redirecting delinquent, negative behaviors to positive, socially acceptable patterns.
12. According to a representative of the Department of Inspections and Appeals some of the differences between comprehensive residential treatment and PMIC are: residents of PMICs

are required to receive certification of need for the service; an active treatment plan must be professionally developed and managed for each PMIC resident within 14 days of admission and reviewed every 30 days by the team; and PMIC services are delivered under the direction of a physician.

13. Comprehensive residential treatment services fall under foster care services and although there are some federal dollars available for foster care services, the majority of the reimbursement is state funds. PMIC/PRTF services fall under the Medicaid optional service of psych services for persons under 21. The federal share for Medicaid services is higher than for foster care. The applicant did not provide any reimbursement dollar figures for either program. Woodward would be reimbursed the amount allowed by the placing state.
14. The daily operations of Woodward Academy are managed by Sequel Youth Services of Clarinda, LLC, a division of Sequel Youth and Family Services, LLC. Sequel Youth and Family Services is a privately owned company that develops and operates programs for at-risk and delinquent youths. Their mission is to prepare children and their families to lead responsible and fulfilling lives by teaching behavioral accountability and providing mentoring and education within a safe, structured, dynamic environment.
15. Founded in 1999 to manage Clarinda Academy in Clarinda, Sequel has since developed residential programs in Wyoming, Arizona and Michigan. They do not operate a PRTF in any state.
16. The applicant submitted letters of support for the proposal from a Polk County juvenile court officer, a deputy probation officer from Sacramento, California and the family of a Woodward Academy graduate. All of the letters acknowledged the excellent programs currently offered at Woodward Academy. None of the support letters mentioned the proposed PMIC/PRTF services.
17. Three letters of opposition to the proposal were received from existing PMIC providers in Iowa. These letters expressed concern about staffing, funding and the impact on resources for Iowa children to receive services.
18. The applicant states that no additional funds are needed for capital or operating needs.
19. Woodward Academy states that their intended staff to student ratio is 1:5; this is the same ratio that is required for comprehensive residential treatment services. The application lists the current FTEs and indicates no change in the number of FTEs. Those listed appear to be for the entire academy, not just the proposed PMIC beds. The applicant state they expect to reassign some members of its current staff in order to achieve the 1:5 staff to student ratio in the PMIC unit.
20. CMS requires that the individual plan of care required in a PRTF must be developed by an interdisciplinary team of physicians and other personnel who are employed by, or provide services to patients in the facility. The team must include, as a minimum, either a Board-eligible or Board-certified psychiatrist; a clinical psychologist who has a doctoral degree and

a physician license to practice medicine or osteopathy; or a physician licensed to practice medicine or osteopathy with specialized training and experience in the diagnosis and treatment of mental diseases, and a psychologist who has a master's degree in clinical psychology or who has been certified by the State or by the State psychological association. There are other professionals who must also be included on the team.

21. The applicant does not dispute that there is a shortage of these professionals. The Academy is exploring the possible use of telemedicine as an alternative to having all mental health professionals on site.
22. The applicant notes that in recent years, several employees have left the Academy to take positions with PMIC facilities located in more urban areas of Iowa.

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. The Council concludes that PMIC/PRTFs provide physician-directed inpatient psychiatric services. The Council notes that the applicant would only serve out of state children in the proposed PMIC/PRTF beds; some of these children are currently residing at Woodward. The Council assumes these children are properly placed for the services they need; therefore, the Council concludes that it is more efficient and appropriate for the current services to continue. Although the Code of Iowa restricts the number of PMIC beds that serve Iowa Medicaid recipients, the Code does provide that PMIC facilities licensed before July 1, 1999 can have excess beds to serve non-Iowa Medicaid residents. The Council concludes one appropriate alternative to this project would be that out-of-state residents could be served in existing facilities, without the development of new PMIC facilities. The Council notes that there appears to be a need for additional PMIC beds to serve Iowa children and that the development

of such beds would require legislation to increase the number of beds. 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 not continue to be used in an appropriate and efficient manner and will be impacted by this project. Noting testimony provided by four existing PMICs regarding staffing and funding, the Council concludes that the proposal would adversely impact resources for Iowa children to receive services. Iowa Code Sections 135.64(1) and 135.64(2)b.

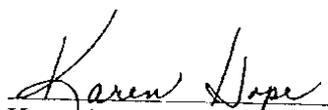
3. The Council concludes that the proposed project does not involve construction. Iowa Code Sections 135.64(1) and 135.4(2)c.

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 first notes that the denial of this project in no way impacts Iowa patients. The Council takes note that the applicant under current Iowa law could only serve out of state children in the proposed beds. The Council concludes that these children could seek PRTF services in other states, including their home state. The Council further concludes that some of these children are currently receiving appropriate care and training from the applicant under existing residential treatment programs and the denial of this project will not impact their care or services. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2009), led the Council to find that a Certificate of Need should be denied.

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

Dated this 10th day of January 2011



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

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

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

IN THE MATTER OF THE APPLICATION OF)
)
WILLIAMSBURG RETIREMENT COMMUNITY, INC.) **DECISION**
)
WILLIAMSBURG, IOWA)

This matter came before the State Health Facilities Council for hearing on Wednesday, November 3, 2010.

The application proposes the addition of 15 nursing facility beds for a chronic confusion and dementing illness (CCDI) unit at an estimated cost of \$1,882,504.

Williamsburg Retirement Community, Inc. applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ed McIntosh of Dorsey and Whitney; Curt Blythe, executive director; Rae Williamson, director of nursing and Mandy Steckly, housing director were present representing the applicant. The applicant made a presentation and answered questions.

Marv Doschadis, a resident of the retirement community, spoke as an affected party in support of the project. No parties appeared in opposition to the project.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 5-0 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2009) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Williamsburg Retirement Community, Inc. (WRCI) is a Continuing Care Retirement community (CCRC) with 50 independent living apartments, 47 assisted living apartments, 11 townhomes and 44 nursing facility beds which are all private rooms. The average age of the townhome residents is 76 years; the average age of the independent living residents is 85 years; and the average age of the assisted living residents is 88 years.
2. WRCI is affiliated with Presbyterian Homes and Services, a Minnesota nonprofit corporation.
3. WRCI is proposing the addition of a 15-bed nursing unit to be certified as a Chronic Confusion/Dementing Illness (CCDI) unit.

4. The applicant notes that Iowa County (population approximately 15,700) currently has no dedicated CCDI beds. The applicant states that residents who have a dementia diagnosis must leave Iowa County to receive care in a licensed CCDI unit.
5. The applicant feels there is a need for more than 15 additional CCDI beds in Iowa County, but space constraints related to the construction of a building limit the size of the unit to 15 beds.
6. The applicant has 58 persons on a waiting list for admission and 14 of those have an Alzheimer's diagnosis or severe memory loss. In addition, the applicant states there are a number of existing residents of their nursing facility who would benefit from a dementia specific unit.
7. The applicant has declined 35 referrals in the last six months due to lack of beds. The applicant has utilized emergency bed waivers in the last 90 days to exceed their licensed bed capacity. In spite of this, five residents of the retirement community have been transferred off campus due to no available beds.
8. WRCI serves an elderly population. The percentage of Medicaid recipients served in the last three years averaged 40%. The applicant projects that number to be the same for the proposed CCDI unit when it reaches capacity. All of the proposed beds will be certified for Medicaid.
9. The calculated bed need formula indicates a current overbuild in Iowa County by 33 beds. The eight-county region, as calculated by the bed need formula, is underbuilt by 720 beds. See the following table for additional bed information.

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

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 10/05/10	Difference – Formula vs. Licensed & Approved*
Iowa	2,753	196	229	+33
Benton	4,452	320	172	-148
Johnson	13,011	802	533	-269
Keokuk	2,178	153	170	+17
Linn	30,606	1776	1238	-538
Poweshiek	3,608	254	322	+68
Tama	3,374	238	310	+72
Washington	3,887	276	321	+45
Totals	63,869	4,015	3,295	-720

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

10. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, Benton County has 49 hospital-based NF

beds. Washington County has 43 hospital-based NF beds. Johnson County has 16 hospital-based SNF beds and Linn County has 29 hospital-based SNF beds.

11. Over the span of the last three years the total number of beds in the eight-county area has decreased by 103 beds. There has been no change in the number of beds in Iowa County in the last three years. See the following table for additional detail.

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

County	# of NF Beds (facilities) as of 10/07	# of NF Beds (facilities) as of 10/10	Difference in # of NF Beds
Iowa	229(4)	229(4)	0
Benton	176(3)	172(3)	-4
Johnson	568(8)	533(7)	-35
Keokuk	172(3)	170(3)	-2
Linn	1289(14)	1238(14)	-51
Poweshiek	322(5)	322(5)	0
Tama	313(5)	310(5)	-3
Washington	329(5)	321(5)	-8
Totals	3398(47)	3295(46)	-103

12. There are currently 3,295 licensed nursing facility beds in the eight counties, 227 beds (7% of all beds) in dedicated CCDI units. There are no CCDI beds in Iowa County.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Iowa	0
Benton	14(1)
Johnson	25(1)
Keokuk	0
Linn	94(4)
Poweshiek	16(1)
Tama	42(3)
Washington	36(3)
Totals	227(13)

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

13. The applicant indicates that the proposed service area is Iowa County. In the last three plus years, WRCI has had a total of 103 admissions (26 in 2007, 31 in 2008, 28 in 2009 and 18 in 2010). In 2010, 90% (16) of the admissions came from Iowa County, 5% (1) from Washington County and 5% (1) from Poweshiek County.
14. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population. Currently there are no CCDI beds in Iowa County which means residents of the WRCI who need dementia care must travel out of the County to

receive the benefits of a specially designed and staffed dementia unit. Some letters from other facilities in the County indicate they serve dementia patients in their general population.

15. The applicant states they have agreements with University of Iowa Hospitals and Mercy Hospital in Iowa City to provide acute care services if needed and for emergency placements in the event of a disaster. WRCI has contacted Iowa City Hospice to provide hospice care.
16. There are three other free-standing nursing facilities in Iowa County and no hospital-based long-term care units.
17. In a phone survey of facilities conducted October 2010, all facilities Iowa County reported occupancies above 88%, three of them with occupancies above 96%. Additional details from the phone survey are in the following table.

Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
IOWA COUNTY				
COLONIAL MANOR OF AMANA	60	1	98.3%	29
ENGLISH VALLEY CARE CENTER	67	8	88.1%	22
HIGHLAND RIDGE CARE CENTER	45	0	100%	16
ROSE HAVEN NURSING HOME	58	2	96.6%	22
TOTALS	230	11	95.2%	89
BENTON COUNTY				
BELLE PLAINE NURSING & REHAB CTR	66	17	74.2%	26
KEYSTONE NURSING CARE CENTER	45	8	82.2%	14
THE VINTON LUTHERAN HOME	61	3	95.1%	30
VIRGINIA GAY HOSPITAL NF	49	13	73.5%	17
TOTALS	221	41	81.4%	87
JOHNSON COUNTY				
ATRIUM VILLAGE	20	2	90.0%	0
GREENWOOD MANOR	64	20	68.8%	27
IOWA CITY REHAB & HEALTH CARE CTR.	89	28	68.5%	37
LANTERN PARK NURSING & REHAB CTR	90	4	95.6%	33
LONE TREE HEALTH CARE CENTER	46	18	60.9%	17
MERCY HOSPITAL	16	5	68.8%	1
OAKNOLL RETIREMENT RESIDENCE	48	4	91.7%	1
SOLON NURSING CARE CENTER	68	0	100%	21
WINDMILL MANOR	120	68	43.3%	24
TOTALS	561	149	73.4%	161
KEOKUK COUNTY				
MANOR HOUSE CARE CENTER	72	20	72.2%	25
MAPLEWOOD MANOR	48	20	58.3%	14
SIGOURNEY CARE CENTER	50	10	80%	18
TOTALS	170	50	70.6%	57

Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
LINN COUNTY				
COTTAGE GROVE PLACE-THE CLUB	52	2	96.2%	0
CRESTVIEW ACRES	129	71	45.0%	56
HALLMARK CARE CENTER	55	0	100%	21
HERITAGE NURSING & REHAB CENTER	201	40	80.1%	123
HIAWATHA CARE CENTER	95	2	97.9%	18
LINN MANOR CARE CENTER	38	0	100%	16
LIVING CENTER EAST	67	12	82.1%	28
LIVING CENTER WEST	99	5	94.9%	50
MANORCARE HEALTH SERVICES	95	28	70.5%	40
MERCY MEDICAL CTR—HALLMAR UNIT	55	4	92.7%	0
MERCY MEDICAL CENTER—SNF	21	2	90.5%	0
METH WICK HEALTH CENTER	65	2	96.9%	23
NORTHBROOK MANOR CARE CENTER	130	29	77.7%	50
WEST RIDGE CARE CENTER	60	3	95.0%	0
WILLOW GARDENS CARE CENTER	91	15	83.5%	35
WINSLOW HOUSE CARE CENTER	50	8	84.0%	24
TOTALS	1303	223	82.9%	484

POWESHIEK COUNTY				
BROOKLYN COMMUNITY ESTATES	60	16	73.3%	20
FRIENDSHIP MANOR CARE CENTER	75	34	54.7%	26
MAYFLOWER HEALTH CARE CENTER	60	4	93.3%	23
MONTEZUMA NURSING & REHAB CTR	49	13	73.5%	22
ST FRANCIS MANOR	78	1	98.7%	37
TOTALS	322	68	78.9%	128

TAMA COUNTY				
CARRINGTON PLACE OF TOLEDO	70	1	98.6%	21
SUNNY HILL CARE CENTER	57	5	91.2%	
SUNNYCREST NURSING CENTER	50	12	76.0%	21
SUNRISE HILL CARE CENTER	76	6	92.1%	5
WESTBROOK ACRES	54	10	81.5%	14
TOTALS	307	34	88.9%	61

WASHINGTON COUNTY				
HALCYON HOUSE	37	1	97.3%	8
PARKVIEW MANOR	62	12	80.6%	29
PLEASANTVIEW HOME	80	5	93.8%	16
UNITED PRESBYTERIAN HOME	52	1	98.1%	17
WASHINGTON CARE CENTER	90	28	68.9%	48
WASHINGTON COUNTY HOSPITAL	25	7	72.0%	6
TOTALS	346	54	84.4%	124

18. 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
Iowa	2(1)	1	0	166(3)	0
Benton	76(2)	2	0	619(4)	0
Johnson	114(1)	3	85(2)	442(6)	147(3)
Keokuk	0	1	0	18(1)	0
Linn	463(6)	8	115(2)	442(7)	654(7)
Poweshiek	73(2)	1	0	17(1)	0
Tama	40(1)	1	0	30(1)	0
Washington	27(2)	1	0	20(1)	52(2)
TOTALS	795(15)	18	200(4)	1,754(24)	853(12)

Data source: DIA web site

19. Letters of opposition were received from two of the other three nursing facilities in the County as well as four facilities in contiguous counties. These letters indicated there is existing capacity in the geographic area and expressed concern about the impact on the cost of care and staffing demands with the addition of more beds.
20. Letters of support for this proposal were received from ten residents or family members of residents of WRCI, two pharmacists, four area pastors, the mayor of Williamsburg, a physician from UIHC, Mercy Clinic physicians, a rehabilitation provider, the chair of the resident advocate committee and a Williamsburg resident who was unable to secure a bed for a family member at WRCI. In addition, a letter of support was submitted from the Mayflower Home which has a 16-bed CCDI unit as part of its CCRC in Grinnell (Poweshiek County) and a letter of support was submitted from Colonial Manor in Amana (Iowa County). Colonial Manor has a letter of intent on file to add 5 nursing beds.
21. The applicant currently has debt in the amount of \$5,477,000 with an interest rate of 4.61% and a 30 year payment period. The applicant does not plan to refinance the existing debt. The applicant anticipates borrowing \$1,317,753 for the current proposal and projects an operating deficit of \$63,322 as a result of the proposal. The breakeven point will occur by year two.
22. The proposal calls for the construction of 11,459 square feet to house a 15 bed CCDI unit.
23. The land is already owned by the applicant and site costs were listed at \$5,000 with an additional \$12,500 for land improvements. The total facility costs are \$1,731,390 with an additional \$103,614 for movable equipment and \$30,000 for financing costs for a total of \$1,882,504. The turn-key cost per bed is therefore \$125,500.
24. The applicant states that the sources of funds include \$314,751 cash on hand \$250,000 through gifts and contributions and \$1,317,753 to be borrowed. The application includes an email from the managing director of Piper Jaffray in Minneapolis indicating an interest in considering tax exempt bond for the project in the amount of \$1,317,753 with an interest rate of 6.5% amortized over 30 years.

25. The applicant projects an operating deficit of \$63,322 the first year with a breakeven point coming in year two. It is projected that revenues will exceed expenses the second year by \$11,448 increasing to \$43,919 by the second year with a positive net income of \$24,664 in year three.
26. The applicant states that any rate increase is determined each year after the budget process and approval of the Board of Directors. The applicant does not anticipate a rate increase as a direct result of this project.
27. The applicant indicates that the proposal will result in the need for an additional 10.25 FTEs; eight of these in the nursing category (1 FTE RN, 1 FTE LPN and 6FTEs certified nursing assistants.) An additional FTE in dietary and a small fraction of an FTE increase in administrative, housekeeping, and laundry round out the total forecasted need of 10.25 FTEs.
28. WRCI hosts three CNA courses per year through Kirkwood Community College. The applicant states they have no difficulty maintaining a stable work force.

CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considers the eighteen criteria listed in Iowa Code § 135.64(1)(a)-(r). In addition, the legislature has provided that the Council may grant a certificate of need only if it finds the following four factors exist:

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
 - b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;
 - c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;
 - d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.
1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that while the percentage of licensed beds designated for CCDI in the eight-county region is 7%, none of these are in Iowa County. The Council concludes that the proposal is an appropriate option to accommodate admissions of individuals from Iowa County who will benefit from a designated CCDI unit. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates Iowa County is overbuilt by 33 beds; however the eight-county region is underbuilt by 720 beds. The phone survey conducted by Department staff indicates a county wide occupancy of 95.2% for Iowa 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 involves the construction of 11,459 square feet to house a 15 bed CCDI unit. The Council takes notes that the applicant operates at capacity and above through the use of emergency bed waivers. The Council concludes that new construction is the most effective alternative for this facility to provide the necessary space to accommodate individuals who will benefit from a designated CCDI unit. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that the applicant has declined 35 referrals in the last six months due to lack of beds and in spite of utilizing emergency bed waivers in the last 90 days to exceed their licensed bed capacity, five residents of the retirement community have been transferred off campus due to no available beds. The Council concludes that the applicant's waiting list and the lack of dedicated CCDI beds in the county demonstrate that patients will experience problems in obtaining care absent the proposed service. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2009), led the Council to find that a Certificate of Need should be awarded.

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

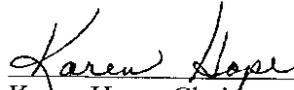
It is required in accordance with Iowa Administrative Code 641- 202.12 that a progress report shall be submitted to the Iowa Department of Public Health six (6) months after approval. This report shall fully identify the project in descriptive terms. The report shall also reflect an amended project schedule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

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

No changes that vary from or alter the terms of the approved application including a change in the approved dollar cost shall be made unless requested in writing to the department and approved. Failure to notify and receive permission of the department to change the project as originally approved

may result in the imposition of sanctions provided in Iowa Code section 135.73 (Iowa Administrative Code [641]202.14).

Dated this 16th day of January 2011



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

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

of protons are more dependent on tissue density, making the role of image-guidance even more important than in other types of radiation therapy.

3. The proton beam therapy system will be used to treat pediatric and adult patients with certain types of cancer. The protons generated by the system have unique physical characteristics that result in decreased doses of radiation to normal tissues.
4. Recent advances in technology have greatly reduced the cost to provide proton beam therapy making it possible and desirable to develop the service in Iowa.
5. The majority of the proton beam therapy facilities that have been developed in this country are located at academic medical centers.
6. Based on known applications for proton therapy, the applicant estimates that 995 Iowans per year may benefit from the application of protons to their cancers.
7. The application of proton therapy is now prioritized towards children and adults with rare skull based tumors and eye lesions. Future application towards lung tumors and others with a poor prognosis are likely. The applicant provided the following table displaying the estimated number of cases.

Estimated Number of Proton Beam Therapy Cases

Actual*			Interim**			3-years Post Installation***		
FY 2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
175	177	179	181	183	185	250	354	409

*Actual number of patients receiving radiation therapy at UIHC that would have been candidates for proton beam therapy if it had been available.

**Projected number of patients who will receive radiation therapy at UIHC that would be candidates for proton beam therapy if it was available.

***Projected volume of patients receiving proton therapy at UIHC

8. Currently, the proposed proton beam therapy is not available in Iowa which means patients would need to travel out of state to receive these health services. The UIHC considers the service area for this project to include the state of Iowa, west central Illinois and parts of other contiguous states. For certain diagnoses, patients from other states and several foreign countries may also receive proton beam therapy at UIHC.
9. UIHC is the only hospital in the state which provides free transportation service to and from the hospitals for its IowaCare Program patients and it also provides free hospital to home transportation for those patients who are unable to pay for their home-going transportation but require a timely discharge.
10. The applicant states that the main alternative would be to not pursue proton therapy at this time. However, since the service is anticipated to take several years to bring on line, this would result in UIHC falling behind other academic medical/cancer centers in therapeutic offerings and result in more Iowans needing to leave the state to receive this service.
11. Another alternative would be to consider heavy ion beams. These facilities are less available and much more expensive with installation costs likely around \$250 million. No program in

the U.S. to date has committed to ion therapy. An additional alternative to the proposed project would be to pursue a larger proton facility at an offsite location at a cost of \$140M, which would be less cost effective and therefore not recommended as an option.

12. The applicant states that there are more than 40 proton facilities in operation, under construction or in planning in the United States and there is little doubt that this number will continue to increase. Sites in the Midwest that are in construction or planning include two locations in the Chicago metro area, Washington University in St. Louis, the University of Wisconsin and the Mayo Clinic in Minnesota.
13. The applicant states that the proton beam therapy system will be purchased at an anticipated cost of up to \$35M with construction of facilities to accommodate the technology to cost \$5M. The anticipated weighted average useful life of the system is 27 years. The applicant states that cash on hand will fund the proposal.
14. The dollars committed to this project will be recouped through a combination of depreciation allowances, net earnings from patient care services and through support from related grant funded research activities. Medicare does have an established schedule for payment.
15. Based on projected costs and utilization the average hospital technical charge per Proton Beam Therapy case, representing a course of patient treatments, is anticipated to be \$140,000 with an additional \$15,500 for the physician's professional fee. For clinical research procedures, the hospital may receive reimbursement through the research grants that fund the studies.
16. In UIHC's most recently completed fiscal year, the amount of charges foregone for services and supplies furnished under UIHC's charity policy amounted to \$294.9 million. Of this amount approximately \$232.5 million was for hospital services and over \$62.4 million was for physician services. The applicant states that it is their long-standing policy to first accept lowans on the basis of their medical needs and thereafter to resolve funding of these services.
17. The applicant states that the initiation of proton beam therapy will require the hiring of three additional radiation therapists and four additional physicists. In recent years the Radiation Oncology's physics group has grown from 3 to 11 faculty, demonstrating the availability of these critical personnel and the ability to recruit them. No difficulties are anticipated in obtaining these additional therapists when this new system becomes available.
18. Preliminary estimates suggest the total space required to accommodate a newer generation proton beam therapy system is approximately 4,000 square feet. The applicant has estimated the cost of construction at \$5M. In the past, such units have typically required separate and highly expensive (over \$150M) facilities.
19. The applicant indicates that several options will be explored for installation of the proposed system including mechanical sub-basement space beneath the center, in center space now utilized as offices or in an existing linear accelerator vault.

20. Due to the fact that these technologies are both developmental and important for cancer treatment, and because patients are beginning to leave Iowa to pursue proton therapy, the applicant feels they are the appropriate place to provide this resource to the citizens of Iowa. Also, the needed critical physics support is only available within the Center of Excellence in Image-Guided Radiation Therapy.
21. UIHC has the only training program for radiation therapists in the state. At present, it has not been possible to offer any experience in proton therapy to the next generation of practitioners and allied health personnel.
22. There are many aspects of proton beam therapy that are incompletely explored. The availability of a group of research scientists in the fields of imaging and cancer therapy with multiple, well funded federal grants, makes the U of I an ideal place to explore these issues. It is anticipated that significant, clinically relevant research can be accomplished and contribute to the improvement of proton beam therapy applications in the future.
23. The Department of Radiation Oncology at UIHC is a member of the nationally funded Radiation Therapy Oncology Group. This group is starting its first clinical trials of proton beam therapy and will develop treatment standards and a description of delivery schema for the use of protons. To participate in these national initiatives will require the availability of proton beam technology.
24. The UIHC Center of Excellence in Image-Guided Radiation Therapy is specifically recognized in the areas of imaging, radiation biology and physics research via substantial National Cancer institute grant funding support. The Center's growing and nationally recognized medical physics group is leading several proton relevant national committees and will be an ideal place within the state for investigation and application of this advanced therapy technology.

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 alternative to this project would be to delay pursuing proton therapy, and the Council concludes that this project represents a more appropriate alternative. The Council takes note that recent advances in technology have greatly reduced the cost to provide proton beam therapy making it feasible to develop the service in Iowa. The Council further notes that the majority of the proton beam therapy facilities that have been developed in this country are located at academic medical centers. The Council concludes that since the service is anticipated to take several years to bring on line, not proceeding at this time would result in UIHC falling behind other academic medical/cancer centers in therapeutic offerings and result in more Iowans needing to leave the state to receive this service. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council takes note that proton therapy is currently not available in Iowa. The Council concludes that since the majority of the proton beam therapy facilities that have been developed in this country are located at academic medical centers, the UIHC is the logical location for Iowa's first offering of this technology and service. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does involve new construction, estimated to cost \$5 million. The Council notes that preliminary estimates suggest the total space required to accommodate a newer generation proton beam therapy system is approximately 4,000 square feet and that the applicant is exploring options for installation of the proposed system including mechanical sub-basement space beneath the center, in center space now utilized as offices or in an existing linear accelerator vault. The Council also notes that in the past, such units have typically required separate and highly expensive (over \$150M) facilities. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council concludes that Iowans currently need to leave the state to receive proton therapy treatments. The Council notes that the application of proton therapy is now prioritized towards children and adults with rare skull based tumors and eye lesions, however, future application towards lung tumors and others with a poor prognosis are likely. All of these patient populations will benefit from this service and will have difficulty obtaining the service in the absence of this project. Iowa Code Sections 135.64(1) and 135.64(2)d.

5. In the evaluation of applications for certificates of need submitted by university hospital at Iowa City, the unique features of that institution relating to statewide tertiary health care, health science education, and clinical research shall be given due consideration. Iowa Code Section 135.64(3). The Council notes that UIHC has the only training program for radiation therapists in

the state. The Council concludes that the availability of a group of research scientists in the fields of imaging and cancer therapy with multiple, well funded federal grants, makes the U of I an ideal place to investigate the many aspects of proton beam therapy that are incompletely explored.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2009), led the Council to find that a Certificate of Need should be awarded.

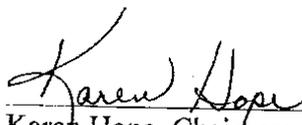
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2009).

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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 10th day of January 2011



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

cc: State Health Facilities Council
Iowa Department of Inspections and Appeals:
Health Facilities Division
Bureau of Radiological Health, IDPH

2. In 1986, a 12-condominium independent living building was completed, followed by a second independent living building in 1999. To complete the continuum of care, an 18-apartment assisted living facility opened in January 2010. Today, 22 of the 24 independent living condos are occupied; and all 18 assisted living apartments are rented.
3. Solon Retirement Village is proposing the addition of a 12-bed nursing unit to be certified as a Chronic Confusion/Dementing Illness (CCDI) unit and a 12-bed skilled nursing unit.
4. The applicant notes that Johnson County (population approximately 123,000) currently has 25 CCDI beds, all at Windmill Manor in Coralville and Linn County (population approximately 186,000) has 94 CCDI beds, 64 of these in Cedar Rapids and 30 in Marion.
5. The applicant states that the nursing facility has operated consistently at or near 100 percent. The applicant further states they have several patients currently in their facility who would benefit from a CCDI dedicated unit and they have had to deny admission to some individuals who required placement in a secured unit.
6. The applicant has 8 persons on a waiting list for admission and states they turn 5-7 referrals for skilled care away each week.
7. Solon Retirement Village currently serves an elderly population. The percentage of Medicaid recipients served in the last three years averaged 31%. The applicant projects that number to be the same for the proposed beds when they reach capacity. All of the proposed beds will be certified for Medicaid.
8. The calculated bed need formula indicates a current underbuild in Johnson County of 269 beds. The eight-county region, as calculated by the bed need formula, is underbuilt by 903 beds. See the following table for additional bed information.

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

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 10/05/10	Difference – Formula vs. Licensed & Approved*
Johnson	13,011	802	533	-269
Benton	4,452	320	172	-148
Cedar	3,431	243	238	-5
Iowa	2,753	196	229	+33
Linn	30,606	1776	1238	-538
Louisa	1,975	141	148	+7
Muscatine	6,163	448	420	-28
Washington	3,887	276	321	+45
Totals	66,278	4,202	3,299	-903

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

9. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, Benton County has 49 hospital-based NF beds, Washington County has 43 hospital-based NF beds, Johnson County has 16 hospital-based SNF beds and Linn County has 29 hospital-based SNF beds.
10. Over the span of the last three years the total number of beds in the eight-county area has decreased by 105 beds. There has been a reduction of 35 nursing facility 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 October 2007 and October 2010

County	# of NF Beds (facilities) as of 10/07	# of NF Beds (facilities) as of 10/10	Difference in # of NF Beds
Johnson	568(8)	533(7)	-35
Benton	176(3)	172(3)	-4
Cedar	240(4)	238(4)	-2
Iowa	229(4)	229(4)	0
Linn	1289(14)	1,238(14)	-51
Louisa	153(3)	148(3)	-5
Muscatine	420(4)	420(4)	0
Washington	329(5)	321(5)	-8
Totals	3,404(45)	3,299(44)	-105

11. There are currently 3,299 licensed nursing facility beds in the eight counties. 188 beds (5.7% of all beds) in dedicated CCDI units. There are 25 CCDI beds at one facility in Johnson County.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Johnson	25(1)
Benton	14(1)
Cedar	0
Iowa	0
Linn	94(4)
Louisa	0
Muscatine	19(1)
Washington	36(3)
Totals	188(10)

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

12. The applicant indicates that their primary service area is Johnson County. In the last three years, Solon Retirement Village admitted 218 patients and 72% lived in Johnson County prior to their admission to the facility. The applicant considers their secondary service area to consist of the counties of Linn (28% of admissions) and Cedar (10% of admissions).

13. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population. The applicant did explore converting one wing of its existing building into a secured dementia unit. However, this would cause the displacement of approximately 25 residents that currently call Solon Retirement Village their home. Letters from area social workers, physicians and other nursing facilities state there is a need in the area for additional CCDI beds.
14. The applicant routinely cooperates with other healthcare facilities in its service area. The applicant currently shares therapy services with several other facilities through a contract with Eastern Iowa Therapies.
15. There are seven other free-standing nursing facilities in Johnson County and one hospital-based long-term care unit.
16. In a recent phone survey of facilities, four facilities in Johnson County reported occupancies below 70% and the overall occupancy for the County was 73.4%. The applicant has provided some explanation for the low occupancies of these facilities, quality of care being the primary factor. Additional details from the phone survey are provided in the following table.

Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
JOHNSON COUNTY				
ATRIUM VILLAGE	20	2	90.0%	0
GREENWOOD MANOR	64	20	68.8%	27
IOWA CITY REHAB & HEALTH CARE CTR.	89	28	68.5%	37
LANTERN PARK NURSING & REHAB CTR	90	4	95.6%	33
LONE TREE HEALTH CARE CENTER	46	18	60.9%	17
MERCY HOSPITAL	16	5	68.8%	1
OAKNOLL RETIREMENT RESIDENCE	48	4	91.7%	1
SOLON NURSING CARE CENTER	68	0	100%	21
WINDMILL MANOR	120	68	43.3%	24
TOTALS	561	149	73.4%	161
BENTON COUNTY				
BELLE PLAINE NURSING & REHAB CTR	66	17	74.2%	26
KEYSTONE NURSING CARE CENTER	45	8	82.2%	14
THE VINTON LUTHERAN HOME	61	3	95.1%	30
VIRGINIA GAY HOSPITAL NF	49	13	73.5%	17
TOTALS	221	41	81.4%	87
CEDAR COUNTY				
CRESTVIEW NURSING & REHAB CTR	65	1	98.5%	15
MECHANICSVILLE NURSING & REHAB	67	23	65.7%	19
CEDAR MANOR	60	8	86.7%	20
CLARENCE NURSING HOME	46	1	97.8%	14
TOTALS	238	33	86.1%	68
IOWA COUNTY				
COLONIAL MANOR OF AMANA	60	1	98.3%	29
ENGLISH VALLEY CARE CENTER	67	8	88.1%	22
HIGHLAND RIDGE CARE CENTER	45	0	100%	16
ROSE HAVEN NURSING HOME	58	2	96.6%	22
TOTALS	230	11	95.2%	89

Facility by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
LINN COUNTY				
COTTAGE GROVE PLACE-THE CLUB	52	2	96.2%	0
CRESTVIEW ACRES	129	71	45.0%	56
HALLMARK CARE CENTER	55	0	100%	21
HERITAGE NURSING & REHAB CENTER	201	40	80.1%	123
HIAWATHA CARE CENTER	95	2	97.9%	18
LINN MANOR CARE CENTER	38	0	100%	16
LIVING CENTER EAST	67	12	82.1%	28
LIVING CENTER WEST	99	5	94.9%	50
MANORCARE HEALTH SERVICES	95	28	70.5%	40
MERCY MEDICAL CTR—HALLMAR UNIT	55	4	92.7%	0
MERCY MEDICAL CENTER—SNF	21	2	90.5%	0
METH WICK HEALTH CENTER	65	2	96.9%	23
NORTHBROOK MANOR CARE CENTER	130	29	77.7%	50
WEST RIDGE CARE CENTER	60	3	95.0%	0
WILLOW GARDENS CARE CENTER	91	15	83.5%	35
WINSLOW HOUSE CARE CENTER	50	8	84.0%	24
TOTALS	1303	223	82.9%	484
LOUISA COUNTY				
COLONIAL MANOR OF COLUMBUS JCT	46	14	69.6%	8
MORNING SUN CARE CENTER	53	17	67.9%	20
WAPELLO NURSING & REHAB CENTER	49	7	85.7%	20
TOTALS	148	38	74.3	48
MUSCATINE COUNTY				
LUTHERAN HOME SOCIETY	155	6	96.1%	78
SIMPSON MEMORIAL HOME	65	5	92.3%	26
ALL-AMERICAN CARE CENTER	100	36	64.0%	37
CARRINGTON PLACE OF MUSCATINE	100	18	82.0%	12
TOTALS	420	65	84.5%	153
WASHINGTON COUNTY				
HALCYON HOUSE	37	1	97.3%	8
PARKVIEW MANOR	62	12	80.6%	29
PLEASANTVIEW HOME	80	5	93.8%	16
UNITED PRESBYTERIAN HOME	52	1	98.1%	17
WASHINGTON CARE CENTER	90	28	68.9%	48
WASHINGTON COUNTY HOSPITAL	25	7	72.0%	6
TOTALS	346	54	84.4%	124

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Johnson	114(1)	3	85(2)	442(6)	147(3)
Benton	76(2)	2	0	619(4)	0
Cedar	0	1	0	0	78(1)
Iowa	2(1)	1	0	166(3)	0
Linn	463(6)	8	115(2)	442(7)	654(7)
Louisa	0	1	0	18(1)	0
Muscatine	0	0	30(1)	90(3)	156(2)

Washington	27(2)	1	0	20(1)	52(2)
TOTALS	682(12)	17	230(5)	2,027(25)	1,966(15)

Data source: DIA web site

18. Letters of opposition were received from Belle Plaine Nursing & Rehab Center in Benton County, Greenwood Manor in Iowa City, Heritage Nursing & Rehab Center in Linn County, Windmill Manor in Coralville and Mechanicsville Nursing & Rehab in Cedar County. These letters indicated there is existing capacity in the geographic area and expressed concern about the impact on the cost of care and staffing demands with the addition of more beds.
19. Approximately 86 letters of support for this proposal were received. These include letters from five physicians, the State's long-term care ombudsman and the Mayor of Solon. Two other nursing facilities, Cedar Manor in Tipton and Clarence Nursing Home in Clarence submitted letters indicating a need for additional CCDI beds and expressing no objection to this proposal. The majority of the letters (35) were from residents of the facility or family members of current or former residents. More than 14 staff members submitted letters of support and local citizens and business owners submitted more than 20 letters of support. Many of the letter writers fell into more than one category, such as a staff member or business owner who also had family members who lived at the facility.
20. The applicant currently has debt in the form of four notes payable and one real estate contract payable. The December 31, 2009 balance of all these was \$2,170,484. The due dates vary, but all are due within the next five years. Three of the notes payable are with the Solon State Bank, the entity that has agreed to finance this proposal. The applicant anticipates borrowing \$2,000,000 for the current proposal and does not project an operating deficit as a result of the proposal.
21. The proposed rate for CCDI will be \$190 a day and the proposed rate for SNF is \$350.
22. The proposal calls for the construction of 17,579 square feet to house a 12 bed CCDI unit and a 12-bed skilled nursing unit. The CCDI unit will consist of 12 private rooms on the first floor; each room will have its own private bathroom and will also have a locked medication station. The CCDI unit will also include an outside enclosed courtyard on the ground level and a private dining area. The dedicated skilled nursing unit will be located on the second floor with 12 private rooms, private bathrooms and a dining room for the residents of the unit. The proposed addition will also include a new therapy center, laundry facilities and additional space for offices.
23. The land is already owned by the applicant; no site costs or land improvement costs were listed. The total facility costs are \$2,220,000; no cost was listed for movable equipment and \$40,000 for financing costs for a total of \$2,260,000. The turn-key cost per bed is therefore \$94,167.
24. The applicant states that the sources of funds include \$260,000 cash on hand and \$2,000,000 to be borrowed. The application includes a letter from the president of Solon State Bank confirming that institution has agreed to finance up to \$2M for the proposed project.

25. The applicant does not anticipate an operating deficit and will use cash on hand and profits from the existing facilities to fund the start-up expenses for the project. The applicant projects that revenues will exceed expenses the first year the proposed addition opens by \$662,889 increasing to \$838,152 by the second year with a positive net cash flow of \$718,300 by year three.
26. The applicant indicates that the proposal will result in the need for an additional 18.0 FTEs; 11 of these in the nursing category. 3 RNs, 2 LPNs and 6 aides. Dietary will add 2 FTEs and all other categories, except maintenance, will add 1 FTE.
27. Solon Retirement Village enjoys long-term retention of its staff as many staff members have worked there for more than a decade. The applicant expects to be able to recruit the necessary staff as there are several high-quality nursing programs located nearby, including the University of Iowa, Kirkwood Community College, Coe College and Mount Mercy College.

CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considers the eighteen criteria listed in Iowa Code § 135.64(1)(a)-(r). In addition, the legislature has provided that the Council may grant a certificate of need only if it finds the following four factors exist:

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
 - b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;
 - c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;
 - d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.
1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that while there are 25 licensed beds designated for CCDI in the Johnson County, they are all located at one facility in Iowa City. The Council concludes that the proposal is an appropriate option to accommodate admissions of individuals who will benefit from a designated CCDI unit. Iowa Code Sections 135.64(1) and 135.64(2)a.
 2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates Johnson County is underbuilt by 269

beds; and the eight-county region is underbuilt by 903 beds. The phone survey conducted by Department staff indicates a county wide occupancy of 73.4% for Johnson County with four facilities reporting occupancies below 70% and four facilities reporting occupancies of 90% or higher. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. However, the Council heard testimony that for the four facilities with low occupancies, quality of care is a primary factor. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves the construction of 17,579 square feet to house a 12 bed CCDI unit and a 12-bed skilled nursing unit. The Council takes notes that the applicant operates at capacity. The Council concludes that new construction is the most effective alternative for this facility to provide the necessary space to accommodate individuals who will benefit from a designated CCDI unit or a skilled care unit. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that the applicant has several patients currently in their facility who would benefit from a CCDI dedicated unit and they have had to deny admission to some individuals who required placement in a secured unit. The Council further notes that the applicant turns 5-7 referrals for skilled care away each week. The Council concludes that the applicant's waiting list and the lack of dedicated CCDI beds and certified skilled care beds on their campus demonstrates that these patients and other patients within the county will experience problems in obtaining care absent the proposed service. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2009), led the Council to find that a Certificate of Need should be awarded.

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

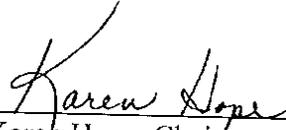
It is required in accordance with Iowa Administrative Code 641- 202.12 that a progress report shall be submitted to the Iowa Department of Public Health six (6) months after approval. This report shall fully identify the project in descriptive terms. The report shall also reflect an amended project schedule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

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

No changes that vary from or alter the terms of the approved application including a change in the approved dollar cost shall be made unless requested in writing to the department and approved. Failure to notify and receive

permission of the department to change the project as originally approved may result in the imposition of sanctions provided in Iowa Code section 135.73 (Iowa Administrative Code [641]202.14).

Dated this 10th day of January 2011



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

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

2. Green Hills is proposing to expand and renovate its current nursing facility to provide 42 private rooms with the capacity to allow four semi-private rooms, so that a maximum occupancy would be 46 SNF beds. which is an increase of six beds.
3. The proposed project will develop the care center into three neighborhoods featuring four new dining venues, an improved therapy location and facilities and on-site clinic space will be offered to local practitioners. The applicant intends to pursue a ten-bed CCDI unit upon completion of this project.
4. The applicant states that over the last ten years they have had a consistent waiting list of current residents and prospective residents who wish to have a private room.
5. The applicant believes there is a need for more than the six requested nursing beds to meet the needs of the area, but site constraints limit their building options.
6. Green Hills currently serves an elderly population. None of the beds at Green Hills Health Care Center are certified for Medicaid. Green Hills did become Medicare certified on January 28, 2010 and has been providing some skilled care to Medicare recipients since that time.
7. The calculated bed need formula indicates a current underbuild in Story County of 232 beds. The seven-county region, as calculated by the bed need formula, is underbuilt by more than 1,000 beds. See the following table for additional bed information.

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

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 10/05/10	Difference – Formula vs. Licensed & Approved*
Story	9,837	730	498	-232
Boone	4,079	294	397	+103
Hamilton	2,901	206	238	+32
Hardin	3,653	256	399	+143
Jasper	6,473	461	352	-109
Marshall	6,727	480	349*	-131
Polk	53,749	3,189	2,247	-942
Totals	87,419	5,616	4,480	-1,1366

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

*plus 702 beds at the Iowa Veterans Home

8. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, Story County has 80 hospital-based NF beds and 19 hospital-based SNF beds, Marshall County has 15 hospital-based SNF beds, Polk County has 16 hospital-based SNF beds and Boone County has 14 hospital-based SNF/NF beds.

9. Over the span of the last three years the total number of beds in the seven-county area has increased by 20 beds. There has been a reduction of 16 nursing facility beds in Story County in the last three years. See the following table for additional detail.

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

County	# of NF Beds (facilities) as of 10/07	# of NF Beds (facilities) as of 10/10	Difference in # of NF Beds
Story	514(7)	498(7)	-16
Boone	383(4)	397(4)	+14
Hamilton	238(3)	238(3)	0
Hardin	399(6)	399(6)	0
Jasper	334(6)	352(6)	+18
Marshall	1,067(5)*	1,051(5)*	-16
Polk	2,227(26)	2,247(27)	+20
Totals	5,162(57)	5,182(58)	+20

*702 beds at the Iowa Veterans Home

10. There are currently 5,142 licensed nursing facility beds in the seven counties. 568 beds (11% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Story	48(2)
Boone	56(2)
Hamilton	15(1)
Hardin	50(3)
Jasper	40(2)
Marshall	96(2)
Polk	263(10)
Totals	568(22)

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

11. The applicant indicates that their primary market is residents of Green Hills Residents' Association and the City of Ames. They state that Story County is their tertiary market. During the most recent three year period, 2007-2009, nearly 95% of the 147 admissions were residents of Story County. The applicant states that for the fiscal year ended June 30, 2010, Green Hills Residents' Association residents made up 43.5% of the occupied beds at the Health Center, while community residents made up 53.2% and Medicare residents made up the balance of 3.3%.
12. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population. The applicant states that the project will substantially increase the privacy of the residents, protecting their individual rights and dignity. The applicant indicated that the remodel without adding six beds as proposed would not be practical for tax purposes.

13. Green Hills works with staff at both Mary Greeley Medical Center and Story County Medical Center to meet the needs of patients who are to be discharged from an acute care setting. The applicant has a patient transfer agreement with Mary Greeley Medical Center in Ames. Green Hills also works closely with Northcrest Community; they have a reciprocal agreement to help each other's residents if the other community is fully occupied.
14. There are six other free-standing nursing facilities in Story County and two hospital-based long-term care units. According to the Department of Inspections and Appeals, Riverside Manor is temporarily closed due to flood damage. The facility is undergoing renovations and does plan to reopen their 59 nursing beds. At the time of the flood, 45 residents were evacuated to other facilities in the area. Riverside projects 71% occupancy for 2012. Occupancy data submitted to the applicant from the remaining facilities in the county is summarized in the following table.

Facility	Licensed Beds	2009 Average Occupancy	2012 Projected Average Occupancy
Bethany Manor, Story City	180	83%	80%
Colonial Manor, Zearing	40	78%	78%
Rolling Green Village, Nevada	69	63 beds available 93%	97%
The Abbington on Grand, Ames	70	73%	76%
Northcrest Community, Ames	54*	96%	94%
Mary Greeley Medical Center, Ames	11	67.9%	65.8%
Story County Medical Center, Nevada	80	75%	73%

*DIA data indicate that Northcrest has 40 licensed beds. Northcrest is a licensed only facility (not certified for Medicare or Medicaid) and is part of a continuing care retirement community.

15. In a recent phone survey of facilities, two facilities in Story County reported occupancies below 85% and the overall occupancy for the County was 92.3% (freestanding only) and 84.7% (freestanding with Riverside 59). Additional details from the phone survey are provided in the following table.

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
BOONE COUNTY				
EASTERN STAR MASONIC HOME	76	1	98.7%	19
EVANGELICAL FREE CHURCH HOME	100	5	95.0%	55
MADRID HOME FOR THE AGING	155	51	67.1%	52
OGDEN MANOR	46	7	84.8%	26
TOTALS	377	64	83.0%	152
HAMILTON COUNTY				
CRESTVIEW MANOR	84	22	73.8%	26
SOUTHFIELD WELLNESS COMMUNITY	88	16	81.8%	33
STRATFORD NURSING & REHAB CTR	66	14	78.8%	26
TOTALS	238	52	78.2%	85

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
HARDIN COUNTY				
ELDORA NURSING & REHAB CENTER	49	15	69.4%	15
HERITAGE CARE CENTER	55	10	81.8%	29
HUBBARD CARE CENTER	60	2	96.7%	22
SCENIC MANOR	82	12	85.4%	23
PRESBYTERIAN VILLAGE OF ACKLEY	70	6	91.4%	24
VALLEY VIEW NURSING & REHAB CTR	72	20	72.2%	22
TOTALS	388	65	83.2%	135
JASPER COUNTY				
BAXTER HEALTH CARE CENTER	44	6	86.4%	5
CAREAGE OF NEWTON	53	15	71.7%	2
HERITAGE MANOR	62	18	71.0%	29
NELSON MANOR	36	2	94.4%	4
NEWTON HEALTH CARE CENTER	91	34	62.6%	26
WESLEY PARK CENTRE	66	9	86.4%	10
TOTALS	352	84	76.1%	76
MARSHALL COUNTY (JUNE 2010)				
IOWA VETERANS HOME	702	157	77.6%	545
GRANDVIEW HEIGHTS	109	22	79.8%	57
SOUTHRIDGE NURSING & REHAB CTR	82	9	89.0%	40
STATE CENTER NURSING & REHAB CTR	48	13	72.9%	18
VILLA DEL SOL	110	8	92.7%	NA
MARSHALLTOWN MEDICAL & SURGICAL CENTER	15	9	40%	0
TOTALS	1066	218	79.5%	660
POLK COUNTY				
ALTOONA NURSING AND REHAB	106	8	92.5%	
BISHOP DRUMM CARE CENTER	150	2	98.7%	
CALVIN MANOR	59	5	91.5%	
DEERFIELD RETIREMENT COMMUNITY	30	2	93.3%	
FLEUR HEIGHTS CENTER FOR WELLNESS & REHAB	120	17	85.8%	
FOUNTAIN WEST HEALTH CENTER	140	1	99.3%	
GENESIS SENIOR LIVING CENTER	80	11	86.3%	
IOWA JEWISH SENIOR LIFE CENTER	72	23	68.0%	
KAREN ACRES HEALTHCARE CENTER	38	3	92.1%	
MANORCARE HEALTH SERVICES WDM	120			
MILL POND RETIREMENT COMMUNITY	60	3	95.0%	
MITCHELL VILLAGE CARE CENTER	65	6	90.8%	
ON WITH LIFE	26			
PARKRIDGE NURSING & REHAB CTR	74	3	95.9%	
POLK CITY NURSING AND REHAB	68	5	92.6%	
PRIME NURSING AND REHAB CENTER	44	9	79.5%	
RAMSEY VILLAGE	78	8	89.7%	
REHABILITATION CENTER OF DSM	74	15	75.6%	
SCOTTISH RITE PARK HEALTH CARE	41	10	75.6%	
SUNNY VIEW CARE CENTER	94	6	93.6%	
TRINITY CENTER AT LUTHER PARK	120			
UNION PARK HEALTH SERVICES	83	11	86.7%	
UNIVERSITY PARK NURSING & REHAB	108	6	94.4%	
URBANDALE HEALTH CARE CENTER	180	92	48.9%	
VALLEY VIEW VILLAGE	79	12	84.8%	

Facility & Phone by County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
WESLEY ACRES	80	1	98.8%	
CHILDSERVE HABILITATION CENTER	58			
IOWA LUTHERAN HOSPITAL	16			
TOTALS (for those responding)	1923	259	86.5%	
STORY COUNTY				
BETHANY MANOR	180	33	81.7%	62
COLONIAL MANOR OF ZEARING	40	6	85%	13
GREEN HILLS HEALTH CARE CENTER	40	4	90%	NA
MARY GREELEY MEDICAL CENTER	19	6*		
NORTHCREST HEALTH CARE CENTER	40	4	90%	NA
RIVERSIDE MANOR	59	***		
ROLLING GREEN VILLAGE	69	11	84.1%	31
STORY COUNTY HOSPITAL NF	80	3**		
THE ABINGTON ON GRAND	70	2	97.1%	48
TOTALS (freestanding only)	777	60	92.3%	154
Totals with 59 at Riverside empty	777	119	84.7%	

*due to private rooms, only 11 of 19 beds available

**due to private rooms, only 62 of 80 beds available

*** had 45 residents when flood evacuation occurred, currently remodeling to reopen.

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Story	16(3)	1	30(1)	445(6)	0
Boone	125(1)	1	53(2)	144(2)	0
Hamilton	0	1	0	122(2)	0
Hardin	40(1)	1	0	93(2)	0
Jasper	0	2	28(1)	114(2)	0
Marshall	113(1)*	1	25(1)	44(1)	96(2)
Polk	201(5)	12	52(2)	1,131(14)	1,312(13)
TOTALS	495(11)	19	188(7)	2,093(29)	1,408(15)

Data source: DIA web site

*Veterans Home

17. Letters of opposition were received from Southridge Nursing and Rehabilitation Center in Marshalltown, Eldora Nursing and Rehabilitation Center in Eldora and the CFO of ABCM Corporation on behalf of Rolling Green Village in Nevada. The census data for Rolling Green in the opposition indicates an average of 10 vacant skilled beds since 2006.
18. Letters of support for this proposal were received from the mayor of Ames, the CEO of Mary Greeley Medical Center, State Representative Beth Wessel-Kroeschell, State Senator Herman Quirmbach, the president of Iowa State University and the administrator of Northcrest Community.
19. The applicant does not have any existing debt. The applicant anticipates financing 80% of the project costs, estimate to be \$3,147,292. The applicant does not expect any operating deficit as a result of the proposal.

20. The applicant is projecting a 5% increase in rates effective July 1, 2011 which will be effective until June 30, 2012. Rate increase are evaluated annually during the budget process by the Finance Committee and any recommended changes are then considered and acted upon by the Board of Directors.
21. Green Hills Residents' Association has priority access fees. Subsequent to July 1, 2006, new residents are required to make a nonrefundable deposit for an amount specified in their contract with the Association. These deposits grant residents priority access to the Health Center.
22. The proposal calls for the construction or renovation of 22,337 square feet to create additional private rooms and ancillary areas for 46 nursing beds. The land is already owned by the applicant and site costs were listed at \$76,000 which includes \$55,000 for demolition of existing structures. An additional \$144,000 for land improvements will be necessary. The total facility costs are \$3,935,630 with an additional \$83,400 for movable equipment and \$189,812 for financing costs for a total of \$4,428,842. That is a turn-key cost of \$738,140 for the requested beds.
23. The applicant states that these costs include remodeling existing rooms and adding common space and therefore provides the following additional figures. The average cost for adding 14 additional rooms is \$326,346. The average cost per square foot for the new area is \$152. The average cost for a new room (255 square feet) is \$38,760.
24. The applicant states that the sources of funds include \$414,326 cash on hand, \$250,000 through gifts and contributions and \$3,764,516 to be borrowed. The application includes a letter from the senior vice president of BB&T Capital Markets in Richmond, Virginia confirming they have been engaged to facilitate a conventional financing for the expansion project.
25. The applicant projects that revenues will exceed expenses the first year the proposed addition opens by \$104,856 increasing to \$364,042 by the second year with a positive net operating income of \$369,913 by year three.
26. The applicant indicates that the proposal will result in the need for an additional 2.34 FTEs. An increase of 0.9 FTE RN while the FTE for LPN will decrease by the same 0.9 and an increase of 1.16 FTE certified aides make up the majority of the staff increase. Minor increases in dietary, housekeeping and social services will also be needed. The applicant anticipates hiring 3-6 additional employees to make up for the increase in FTEs.
27. The applicant states that many of their part-time staff members are students at Iowa State University or Des Moines Area Community College. The applicant states they offer a competitive wage and benefit package that enables them to maintain a stable work force. The applicant also has an education assistance program to assist staff with their on-going education.

CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considers the eighteen criteria listed in Iowa Code § 135.64(1)(a)-(r). In addition, the legislature has provided that the Council may grant a certificate of need only if it finds the following four factors exist:

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
- b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;
- c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;
- d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that the applicant has a consistent waiting list of current and prospective residents who desire a private room and that remodeling for private rooms without the proposed addition of six beds would not be practical for tax purposes. The Council concludes that the proposal is an appropriate option to accommodate admissions of individuals who desire a private room and to accommodate the current need for additional beds. 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 Story County is underbuilt by 232 beds. The phone survey conducted by Department staff indicates a county wide occupancy of 92.3% for Story County free standing facilities. 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 involves the construction or renovation of 22,337 square feet to create additional private rooms and ancillary areas for 46 nursing beds. The Council takes notes that the applicant operates near capacity and Green Hills Residents' Association residents made up 43.5% of the occupied beds at the Health Center. The Council concludes that new construction and renovation is the most effective alternative for this facility to provide the necessary space to accommodate individuals who desire a private room. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that Green Hills Health Care Center, Inc. is 100% owned by Green Hills Residents' Association and Green Hills Residents' Association residents make up almost half of those in the health care center. The Council concludes that the Green Hills Residents' Association residents desire for private rooms when services at the health center are required demonstrate that patients will experience problems in obtaining care absent the proposed service. In addition, county utilization data and the bed need formula indicate other patients will experience difficulty in obtaining access to these long-term care services in the absence of this project. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2009), led the Council to find that a Certificate of Need should be awarded.

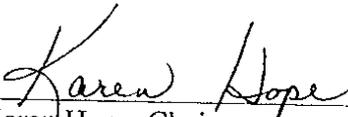
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2009).

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

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

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

Dated this 10th day of January 2011



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

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

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

IN THE MATTER OF THE APPLICATION OF)
)
CLARINDA YOUTH CORPORATION D/B/A) **DECISION**
CLARINDA ACADEMY)
)
CLARINDA, IOWA)

This matter came before the State Health Facilities Council for hearing on Wednesday, November 3, 2010.

The application proposes the establishment of a 26-bed psychiatric medical institution for children (PMIC) at no cost.

Clarinda Academy applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Doug Gross of Brown Winick; Renay Cabbage, Michael McFarland and Andy Menken were present representing the applicant. The applicant made a presentation and answered questions.

Affected parties appearing in opposition to the proposal were Diane Kutzko of Shuttleworth and Ingersoll, PLC and George Estle representing Tanager Place in Cedar Rapids; Brock Wolff, CEO of Orchard Place in Des Moines, Jeff Hackett for Boys and Girls Home and Family Services in Sioux City and Mike Barker for Children’s Square U.S.A. in Council Bluffs.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 3-2 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) (2009) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Clarinda Academy, a non-profit organization that was established in 1992, is a residential foster care facility that provides residential treatment and shelter care to at-risk and delinquent male and female youth from several states. Clarinda Academy currently offers long-term residential treatment, a 90-day impact program, shelter care, and transitional living services for more than 250 young people. Clarinda is not currently licensed for comprehensive residential treatment.

2. PMICs (Psychiatric Medical Institutions for Children) or PRTFs (Psychiatric Residential Treatment Facilities) are entities which provide a range of comprehensive services to treat the psychiatric condition of individuals under age 21 on an inpatient basis under the direction of a physician. PMICs are unique to Iowa; they provide the same services and care as the federally designated PRTFs. The majority of the residents in PMICs and PRTFs have their care reimbursed by a State Medicaid program.
3. The applicant is proposing to establish a 26-bed Psychiatric Medical Institution for Children (PMIC) in a portion of its existing residential facility.
4. The applicant currently has 250 beds licensed for residential treatment and as of November 1, 2010, 228 of those beds were occupied with 113 of those residents from Iowa.
5. The beds proposed to be licensed as PMIC are in Coolidge Hall on the Clarinda campus. Twenty-four of these beds are currently full.
6. The applicant states they have requests from six states for the placement of PRTF eligible children in its Iowa facility. The applicant has projected utilization of the 26 beds to be 33% in the first year, 50% in year two and 65% in year three.
7. Iowa Code section 135H.6 includes a limit on the number of PMIC beds in Iowa that may provide services to Iowa Medicaid recipients and that limit has been reached. Therefore, the applicant plans to provide services to children from any state except Iowa.
8. The applicant has indicated that current and future out-of-state residents are from South Dakota, Maryland, California, Connecticut, Nevada and Nebraska.
9. The applicant feels that this proposal is the least costly alternative to meet the needs of out-of-state children who require PRTF/PMIC services as they are using existing buildings and will incur no cost with the proposed project. The applicant leases the space from the Department of Human Services.
10. Although the Code of Iowa restricts the number of PMIC beds that serve Iowa Medicaid recipients, the Code does provide that PMIC facilities licensed before July 1, 1999 can have excess beds to serve non-Iowa Medicaid residents. This provides an alternative to serve out-of-state residents in existing facilities, without the development of new PMIC facilities. Iowa Code section 135H.6(10).
11. Clarinda Academy is currently providing community residential treatment services. The applicant states their mission is to prepare students to lead responsible lives by teaching behavioral accountability; providing high quality academic, physical, and vocational education; and facilitating career opportunities within a safe, structured, and dynamic environment.
12. According to a representative of the Department of Inspections and Appeals some of the differences between comprehensive residential treatment and PMIC are: residents of PMICs

are required to receive certification of need for the service; an active treatment plan must be professionally developed and managed for each PMIC resident within 14 days of admission and reviewed every 30 days by the team; and PMIC services are delivered under the direction of a physician.

13. Community residential treatment services and comprehensive residential treatment services fall under foster care services and although there are some federal dollars available for foster care services, the majority of the reimbursement is state funds. PMIC/PRTF services fall under the Medicaid optional service of psych services for persons under 21. The federal share for Medicaid services is higher than for foster care. The applicant did not provide any reimbursement dollar figures for either program. Clarinda would be reimbursed the amount allowed by the placing state.
14. The daily operations of Clarinda Academy are managed by Sequel Youth Services of Clarinda, LLC, a division of Sequel Youth and Family Services, LLC. Sequel Youth and Family Services is a privately owned company that develops and operates programs for at-risk and delinquent youths. Their mission is to prepare children and their families to lead responsible and fulfilling lives by teaching behavioral accountability and providing mentoring and education within a safe, structured, dynamic environment.
15. Founded in 1999 to manage Clarinda Academy, Sequel has since developed residential programs in Wyoming, Arizona and Michigan. They do not operate a PRTF in any state.
16. The applicant submitted letters of support for the proposal from a child protective assessment worker in Page and surrounding counties, a juvenile court officer from Marshall County, a former Clarinda Academy student and current juvenile court officer in Carroll County, two juvenile parole officers for the State of Connecticut, a juvenile court officer from Iowa's Fifth Judicial District, a probation officer from Nebraska, a social worker from California and the "foster" family of a Clarinda Academy graduate. All of the letters acknowledged the excellent programs currently offered at Clarinda Academy.
17. Three letters of opposition to the proposal were received from existing PMIC providers in Iowa. These letters expressed concern about staffing, funding and the impact on resources for Iowa children to receive services.
18. The applicant states that no additional funds are needed for capital or operating needs.
19. Clarinda Academy states that their intended staff to student ratio is 1:5; this is higher than the 1:8 ratio that is required for residential treatment services which are currently provided at Clarinda. The application lists the current FTEs and indicates an additional 2 FTEs would be necessary. Those listed appear to be for the entire academy, not just the proposed PMIC beds. The applicant state they expect to reassign some members of its current staff and add 2 FTEs in group living in order to achieve the 1:5 staff to student ratio in the PMIC unit.
20. CMS requires that the individual plan of care required in a PRTF must be developed by an interdisciplinary team of physicians and other personnel who are employed by, or provide

services to patients in the facility. The team must include, as a minimum, either a Board-eligible or Board-certified psychiatrist; a clinical psychologist who has a doctoral degree and a physician license to practice medicine or osteopathy; or a physician licensed to practice medicine or osteopathy with specialized training and experience in the diagnosis and treatment of mental diseases, and a psychologist who has a master's degree in clinical psychology or who has been certified by the State or by the State psychological association. There are other professionals who must also be included on the team.

21. The applicant does not dispute that there is a shortage of these professionals. The Academy is exploring the possible use of telemedicine as an alternative to having all mental health professionals on site.
22. The applicant notes that they recruit many of its employees from the metropolitan areas surrounding Omaha/Council Bluffs and in recent years has been successful at recruiting individuals from Michigan and Kansas City, areas with high unemployment, who were willing to relocate with their families to Iowa.

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. The Council concludes that PMIC/PRTFs provide physician-directed inpatient psychiatric services. The Council notes that the applicant would only serve out of state children in the proposed PMIC/PRTF beds; some of these children are currently residing at Clarinda. The Council assumes these children are properly placed for the services they need; therefore, the Council concludes that it is more efficient and appropriate for the current services to continue. Although the Code of Iowa restricts the number of PMIC beds that serve Iowa Medicaid recipients, the Code does provide that PMIC facilities licensed before

July 1, 1999 can have excess beds to serve non-Iowa Medicaid residents. The Council concludes that one appropriate alternative to this project would be that out-of-state residents could be served in existing facilities, without the development of new PMIC facilities. The Council notes that there appears to be a need for additional PMIC beds to serve Iowa children and that the development of such beds would require legislation to increase the number of beds. 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 not continue to be used in an appropriate and efficient manner and will be impacted by this project. Noting testimony provided by four existing PMICs regarding staffing and funding, the Council concludes that the proposal would adversely impact resources for Iowa children to receive services. Iowa Code Sections 135.64(1) and 135.64(2)b.

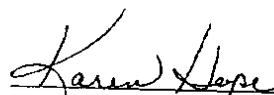
3. The Council concludes that the proposed project does not involve construction. Iowa Code Sections 135.64(1) and 135.4(2)c.

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 first notes that the denial of this project in no way impacts Iowa patients. The Council takes note that the applicant under current Iowa law could only serve out of state children in the proposed beds. The Council concludes that these children could seek PRTF services in other states, including their home state. The Council further concludes that some of these children are currently receiving appropriate care and training from the applicant under existing residential treatment programs and that the denial of this project will not impact their care or services. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2009), led the Council to find that a Certificate of Need should be denied.

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

Dated this 10th day of January 2011



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

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