

MINUTES
STATE HEALTH FACILITIES COUNCIL
APRIL 29, 2009
LUCAS STATE OFFICE BUILDING
321 EAST 12TH STREET, ROOMS 517-518
DES MOINES, IA

I. 9:30 AM ROLL CALL,

MEMBERS PRESENT: Sid Scott (via phone), Chuck Follett, Vice Chairperson, Karen Hope and Suki Cell.

MEMBER ABSENT: Marc Elcock

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

II. PROJECT REVIEW

1. Genesis Medical Center-Davenport, Davenport, Scott County: Establish hybrid operating room, acquire endovascular equipment - \$2,900,000.

Staff report by Barb Nervig. The applicant was represented by Bob Travis and Elaine Martin. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

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

Staff report by Barb Nervig. The applicant was represented by Ken Watkins of Davis Law; Kathy Gabel; Ryanne Wood, Lee County CPC; Charles Goodman, architect; Mark Johnson, financial controller at Lexington Square and Greg Jensen, UIHC director of social services. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

3. Pella Care Center, Pella, Marion County: Construct 52-bed nursing facility as part of a continuing care retirement community – \$6,468,000.

Staff report by Barb Nervig. The applicant was represented by Tom Peffer of Shuttleworth & Ingersoll, P.L.C.; Jeff Ewing, Lisa Roederer, Gail Flaming, Josh Gorman and Bruce Mehlhop. The applicant made a presentation and answered questions posed by the Council.

Affected parties appearing at the hearing in opposition to the proposal were Ken Watkins of Davis Law representing Northern Mahaska Nursing and Rehab Center in Oskaloosa and Oakwood Nursing and Rehab Center in Albia; Lanny Ward of Chariton Nursing & Rehab Center; Mary Greeley of Careage of Newton; Jacalyn Gacke of West Ridge Nursing and Rehab

Center in Knoxville; Shirley Eivins of Griffin Nursing Center in Knoxville; Jay Wills of Crystal Heights Care Center in Oskaloosa and Douglas Fulton of Brick Gentry PC representing Crystal Heights Care Center.

A motion by Follett, seconded by Cell, to Grant a Certificate of Need failed 3-1. Follett voted yes. A motion by Scott, seconded by Hope, to Deny a Certificate of Need carried 3-1. Follett voted no.

III. EXTENSION OF PREVIOUSLY APPROVED PROJECTS:

1. Ringgold County Hospital, Mount Ayr, Ringgold County: Relocate hospital - \$21,618,495.

Staff reviewed the progress on this project. A motion by Scott, seconded by Cell to Grant an extension until April 2010 carried 4-0.

2. Mercy Terrace Hill Surgery Center, LLC, Des Moines, Polk County: Relocate ambulatory surgery center -- \$2,600,000.

Staff reviewed the progress on this project. A motion by Hope, seconded by Cell to Grant an extension until April 2010 carried 4-0.

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

1. Great River Medical Center, West Burlington, Des Moines County: Modernize existing long-term care beds, \$30,000,000.

Staff report by Barb Nervig. This request has been withdrawn by the applicant. Due to the economy, the project has been put on hold.

Next meeting of the Council was set for Wednesday, August 19, 2009.

3. The applicant projects volumes will increase due to an increase in the incidence of cardiovascular disease in the nine-county area which is associated with an aging population and rising levels of obesity. This type of surgery can be tolerated better by older persons.
4. The applicant states that vascular surgery is shifting from a surgical approach to an endovascular one. The applicant references the Health Care Advisory Board (June 4, 2008) statement that 60% of the vascular cases will be endovascular in 2010 versus 45% of cases in 2005.
5. The geographic service area for this project is a nine county bi-state region consisting of five counties in Iowa and four counties in Illinois. The target population consists of those persons with cardiovascular disease.
6. Trinity Medical Center in Rock Island, IL is the only other hospital that provides open-heart surgery in the Quad City area. Four hospitals in the nine-county area provide cardiac catheterization services.
7. The proposed technology is not available in the greater Quad Cities region. Peoria, Illinois and Iowa City, Iowa are the closest cities with facilities offering bi-plane angiography in the hybrid operating room.
8. The applicant states that a radiology or interventional technician will be added to the team. Genesis has technicians on staff that will fill this need. The applicant further states that he fourteen nursing members of the cardiovascular operating room teams have an average of seven years of cardiovascular surgical experience.
9. The applicant states that having the proposed technology will facilitate the recruitment of physicians as new graduates have been trained on this equipment and expect to use it in their practice.
10. The equipment will be purchased and the estimated price is \$2,500,000. The useful life of the equipment is approximately seven years.
11. The project involves a build out at an estimated price of \$400,000.
12. The applicant states that the total cost of the project, \$2,900,000, is available from cash on hand. There will be no operating deficit.
13. The applicant states that the majority of the patients that will undergo surgery in the hybrid operating room will be Medicare patients and Medicare will pay only a set amount for the surgeries performed on their beneficiaries.
14. The applicant considered two alternatives: wait until a later date or do nothing. The applicant felt these options were not feasible when weighed against the benefit the proposal would provide to patients.

CONCLUSIONS OF LAW

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

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

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council concludes that the applicant considered delaying their entrance to the endovascular market; however, the benefit to the patients provided by a hybrid operating room outweighed that consideration. The Council gives weight to the fact that the proposed technology is not available in the greater Quad Cities region and hence there are no alternatives available to patients in this area. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council concludes that there are no existing providers of the proposed service in the applicant's service area. The Council also heard testimony that although some patients are referred to Peoria or Iowa City, a lot of patients are simply not being treated. The Council notes that no existing providers objected to the application. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does involve the build out of an operating room at a cost of \$400,000. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that proposed service. The Council concludes that a hybrid operating room is not available locally so offering it will improve the accessibility for local residents. Iowa Code Sections 135.64(1) and 135.64(2)d.

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

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

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

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

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

Dated this _____ day of July 2009

Sidney W. Scott, 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)
)
DAVE’S PLACE, LLC)
)
KEOKUK, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Wednesday, April 29, 2009.

The application proposes the renovation of an existing building to establish a 57-bed intermediate care facility for persons with mental illness (ICF/PMI) at an estimated cost of \$2,323,000.

Dave’s Place, LLC applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ken Watkins of Davis Law; Kathy Gabel; Ryanne Wood, Lee County CPC; Charles Goodman, architect; Mark Johnson, financial controller at Lexington Square and Greg Jensen, UIHC director of social services were present representing the applicant. The applicant made a presentation and answered questions.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 4-0 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2009) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. The applicant is proposing the development of a 57-bed intermediate care facility for persons with mental illness (ICF/PMI) by renovating a building which previously housed a 63-bed nursing facility in Keokuk.
2. The target population includes individuals who remain hospitalized due to the lack of facilities that can care for their mental health needs. The applicant believes that a majority of its residents will be placed at Dave’s Place by hospital discharge planners and social workers

or through referrals from nursing facilities that need to transfer a resident due to behavioral issues. That applicant anticipates referrals from across the state.

3. All 57 nursing facility beds will be certified for Medicare and Medicaid. The applicant is projecting about 47 of the 57 beds will be occupied the first year; 44 of those by a Medicaid recipient and by year three full occupancy (57) is projected with 52 Medicaid recipients.
4. The calculated bed need formula indicates a current overbuild in only one of the four counties surrounding the facility. The four-county region, as calculated by the bed need formula, is underbuilt by 301 beds. The total underbuild for Lee County is 2 beds. See the following table for additional bed information. Note that these numbers are for traditional nursing facility beds. Also, the number for Lee County includes the 10 beds approved in January for Lexington Square (same owner as the applicant):

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

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed NF Beds as of 04/08/09	Difference – Formula vs. Licensed & Approved*
Lee	6,879	486	484	-2
Des Moines	7,586	536	265	-271
Henry	3,290	236	247	+11
Van Buren	1,626	114	75	-39
Totals	19,381	1,372	1,071	-301

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

5. Over the span of the last thirty-three months the total number of beds in the four-county area has decreased by 39 beds. See the following table for additional detail:

Nursing Facility Beds by County
Difference in Number Between July 2006 and April, 2009

County	# of NF Beds (facilities) as of 07/06	# of NF Beds (facilities) as of 04/09	Difference in # of NF Beds
Lee	474(6)	484(6)	+10
Des Moines	311(5)	265(4)	-46
Henry	250(5)	247(5)	-3
Van Buren	75(1)	75(1)	0
Totals	1,110(17)	1,061(16)	-39

6. There are currently 1,061 licensed nursing facility beds in the four counties, 98 beds (9% of all beds) in dedicated CCDI units. See the following table for additional detail:

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Lee	80(4)
Des Moines	0
Henry	0
Van Buren	18(1)
Totals	98(5)

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

7. Department staff conducted a phone survey in January and in April of all NF facilities in the four-county area. The results by facility for Lee County and the results by county are in the following tables:

Phone Surveys of Nursing Facilities Conducted January and April 2009

LEE COUNTY	Licensed Beds		Empty Beds		Percent Occupied		# of Medicaid Recipients	
	APR	JAN	APR	JAN	APR	JAN	APR	JAN
Donnellson Health Center	60	60	7	6	88.3%	90.0%	31	23
Fort Madison Health Center	100	100	12	7	88%	93.0%	55	7
Lexington Square	116	116	9	4	92.2%	96.6%	72	71
Montrose Health Center	59	59	10	9	83.1%	84.7%	29	30
River Hills Village	83	83	2	3	97.6%	96.4%	43	37
West Point Care	51	51	24	20	52.9%	60.8%	7	8
TOTALS	469	469	64	49	86.4%	89.6%	237	176

County Totals	Licensed Beds		Empty Beds		Percent Occupied		# of Medicaid Recipients	
	APR	JAN	APR	JAN	APR	JAN	APR	JAN
DES MOINES COUNTY	408	408	49	63	88.0%	84.6%	190	191
HENRY COUNTY	296	296	46	37	84.5%	87.5%	94	136
VAN BUREN COUNTY	75	75	15	10	80.0%	86.7%	22	38

8. The applicant anticipates referrals from the entire state. There is a letter of support from a social worker at St. Luke’s Hospital in Sioux City that indicates referrals from that institution, over 300 miles away, are likely.
9. The only other ICF/PMI in the state is a 25-bed facility located in Davis County in southern Iowa. The distance between the existing facility in Bloomfield and the proposed facility in Keokuk is approximately 70 miles and a one hour and forty-five minute trip.

10. The applicant has determined there is no less costly or more appropriate alternative to their proposal. According to the letters from discharge planners, several individuals remain hospitalized due to lack of placement options in long term care facilities; hospitalization is a more costly alternative than this proposal. Some individuals who need this type of service have been placed out of state, which is also a more costly and less appropriate alternative to the proposal. However, the president of the one ICF/PMI in the state wrote that reimbursement from the county of resident is often difficult to obtain, which often prevents placement in ICF/PMI facilities for Medicaid recipients.

11. The following table displays other levels of service available in the four-county area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Lee	0	5	0	200(2)	70(1)
Des Moines	45(2)	4	0	72(1)	144(2)
Henry	34(2)	0	0	0	82(2)
Van Buren	48(1)	2	0	20(1)	0
TOTALS	127(5)	11	0	292(4)	296(5)

Data source: DIA web site

12. The applicant has been providing care to patients with mental illness and behavioral issues on a limited basis at Lexington Square. This has made the applicant aware of the lack of specialized services for these patients.

13. Thirteen letters of support for the proposal were submitted. The majority of the letters were from social workers/discharge planners expressing a real need for long term care placement options for persons with mental illness.

14. Three letters of opposition were submitted including one from Davis Center, the only ICF/PMI in the state. This letter speaks to the close geographic proximity and the difficulty in obtaining funding from the counties for Medicaid recipients. The other two letters of opposition expressed concern only if the proposed facility were to accept long term care patients without a primary diagnosis of mental illness.

15. The proposal involves the construction of 2,759 square feet and the renovation of 18,512 square feet at a facility cost of \$1,323,000. In addition there are site acquisition costs of \$475,000, land improvement costs of \$50,000 and movable equipment totaling \$475,000. The average cost per bed (turn key) is \$40,754.

16. The applicant states that the proposal will be funded through borrowing \$1,905,512, gifts and contributions of \$231,648 and \$185,840 cash on hand.

17. The application indicates financing would be sought from the First Community Bank of Keokuk, however the letter submitted in a subsequent filing is from Keystone Commercial Capital from Phoenix, Arizona. This letter states the preliminary underwriting and an analysis of the proposed facility has been completed and once a CON is obtained the

underwriting will be completed and the loan submitted for formal approval. There is no indication of the term or interest of such a loan.

18. The applicant anticipates an operating deficit of \$91,223 the first year of operation. By year two a profit of \$218,211 is anticipated and by year three a profit of \$382,004. The applicant projects that about 8% of the residents will be private pay and about 92% will be Medicaid recipients.
19. The applicant indicates a proposed rate of \$250 per day. This is higher than the \$217 rate at Davis Center in Bloomfield. The applicant states they will provide skilled care and serve patients with a higher acuity level than the Bloomfield ICF/PMI.
20. The applicant projects the need for 68.0 FTEs to staff the proposed 57 ICF/PMI beds. Twenty-nine of these would be in the nursing category; 2 RNs, 9 LPNs and 18 nurse aides. In addition they project 10 FTEs for dietary and 7 FTEs for activities.
21. The applicant plans to work with Southeastern Community College's nursing program to recruit staff in the same manner with which they have been successful at Lexington Square. Through that program, the applicant provides free CNA certification classes and an additional 40 hours of crisis intervention and management training for interested individuals. The applicant states that due to this experience, the increasing unemployment rates, and their competitive wage and benefits package, they do not believe they will have trouble filling open positions.

CONCLUSIONS OF LAW

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

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

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council concludes that utilizing existing space is less costly than building all new square footage. The Council concludes that this facility will be accepting patients that are currently in a more costly, less appropriate hospital setting, and patients who are currently being placed out of state in more costly, less appropriate settings. 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 notes that the bed need formula is most applicable to traditional nursing facility care while this proposal is for ICF/PMI beds. The Council further notes there is only one other ICF/PMI facility in the state. The Council takes note and gives significant weight to the fact that the applicant will accept patients that other facilities do not accept and as a result will receive patients from a broader geographic area. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves renovations to a building that previously housed 63 traditional nursing facility beds resulting in an average cost per bed (turn key) of \$40,754. The Council concludes that due to the fact that the facility will be accepting only patients with a primary diagnosis of mental illness, sharing arrangements are not a practical alternative. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that proposed service. The Council notes the high number of Medicaid patients the applicant will serve. The Council further takes note of the reported high number of individuals in a “holding” pattern at hospitals in the state waiting for placement at a facility such as the one proposed and gives significant weight to the letters from the hospital discharge planners and the UIHC in concluding that patients are experiencing problems in obtaining the type of care the applicant proposes. Iowa Code Sections 135.64(1) and 135.64(2)d.

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

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

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

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

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

Dated this _____ day of July 2009

Sidney W. Scott, 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)
)
PELLA CARE CENTER, LLC)
)
PELLA, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Wednesday, April 29, 2009.

The application proposes the construction of a 52-bed nursing facility as part of a continuing care retirement community (CCRC) at an estimated cost of \$6,468,000.

Pella Care Center, LLC applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Tom Peffer of Shuttleworth & Ingersoll, P.L.C.; Jeff Ewing, Lisa Roederer, Gail Flaming, Josh Gorman and Bruce Mehlhop were present representing the applicant. The applicant made a presentation and answered questions.

Affected parties appearing at the hearing in opposition to the proposal were Ken Watkins of Davis Law representing Northern Mahaska Nursing and Rehab Center in Oskaloosa and Oakwood Nursing and Rehab Center in Albia; Lanny Ward of Chariton Nursing & Rehab Center; Mary Greeley of Careage of Newton; Jacalyn Gacke of West Ridge Nursing and Rehab Center in Knoxville; Shirley Eivins of Griffin Nursing Center in Knoxville; Jay Wills of Crystal Heights Care Center in Oskaloosa and Douglas Fulton of Brick Gentry PC representing Crystal Heights Care Center.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 3-1 to deny a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2009) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. The applicant is proposing the construction of a 52-bed nursing facility as part of a continuing care retirement community located in the Westport development area of Pella. The first phase of the CCRC, Vriendschap Village, opened in 2001 with 50 independent living and 42 assisted living apartments. In 2008, the eight first floor assisted living

apartments were converted to a seven unit memory care secured unit. There is a two story connecting link between the independent living building and the assisted living care building that includes the cooking kitchen and lounge area on the first floor and a library and beauty shop on the second floor.

2. The applicant states that the proposed facility will have 32 private rooms and 10 semi-private rooms; all rooms will have ample space. The design of the care center minimizes the institutional feel and includes a secured courtyard.
3. The average age of the residents currently in the independent and assisted living units is 88 years. The applicant estimates that since Vriendschap Village opened in 2001, approximately 42 residents have moved off campus to an outside nursing home and approximately 12 of those have returned to the campus after stays of 6-12 weeks at the outside facility. The applicant estimates that 13-14 residents of the proposed nursing facility will come from the Vriendschap campus.
4. All 52 nursing facility beds will be certified for Medicare and Medicaid. The applicant is projecting about 8 of the 52 beds will be occupied by a Medicaid or Medicare recipient in the first year and close to 19 of the 52 beds by year three.
5. The applicant states that CCRCs are built around the philosophy that it is better for the overall well-being of the residents to have all levels of care provided for within their close knit community so they can stay in touch with familiar residents and staff.
6. The seven-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,119. The total underbuild for Marion County is 188 beds. See the following table for additional bed information.

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

County	Projected 2010 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed NF Beds as of 04/08/09	# Beds w/CON, Not Built yet	Difference – Formula vs. Licensed & Approved*
Marion	5,818	414	226	0	-188
Jasper	6,473	461	334	18	-109
Lucas	1,865	131	111	0	-20
Mahaska	3,394	244	224	0	-20
Monroe	1,402	98	147	0	+49
Polk	53,749	3,189	2,227	34	-928
Warren	7,392	424	521	0	+97
Totals	31,693	4,961	3,790	52	-1,119

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

7. Over the span of the last thirty-three months the total number of beds in the seven-county area has increased by 156 beds. See the following table for additional detail:

**Nursing Facility Beds by County
Difference in Number Between July 2006 and April, 2009**

County	# of NF Beds (facilities) as of July 2006	# of NF Beds (facilities) as of April 2009	Difference in # of NF Beds
Marion	226(3)	226(3)	0
Jasper	334(6)	334(6)	0
Lucas	119(1)	111(1)	-8
Mahaska	155(2)	224(3)	+69
Monroe	150(2)	147(2)	-3
Polk	2,129(26)	2,227(26)	+98
Warren	521(6)	521(6)	0
Totals	3,634(46)	3,790(47)	+156

8. There are currently 3,790 licensed nursing facility beds in the seven counties, 413 beds (10.9% of all beds) in dedicated CCDI units. See the following table for additional detail:

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Marion	0
Jasper	40(2)
Lucas	0
Mahaska	10(1)
Monroe	0
Polk	263(10)
Warren	100(4)
Totals	413(17)

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

9. Department staff conducted a phone survey in April of all NF facilities in the seven-county area. The results by facility for Marion County and the results by county for the remaining six counties are in the following tables:

Phone Surveys of Nursing Facilities Conducted April 2009

MARION COUNTY	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
Griffin Nursing Center	95	23	75.8%	41
Pleasant Care Living Center	53	10	81.1%	26
Westridge Nursing & Rehab Center	78	3	96.1%	37
Pella Regional Health Center	128	12	90.6%	46
TOTALS	354	48	86.4%	150

County Totals	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
JASPER COUNTY	334	88	84.5%	191
LUCAS COUNTY	111	30	72.9%	54
MAHASKA COUNTY	224	39	82.6%	93
MONROE COUNTY	146	19	87.0%	91
POLK COUNTY (not all responded)	2306	367		853
WARREN COUNTY	521	101	81%	248

10. The applicant states that all of the residents at Vriendschap Village (independent and assisted living units) are originally from Marion, Mahaska or Jasper Counties. The applicant predicts that the proposed care facility will draw from the same geographic area.
11. The applicant feels there is no alternative to their proposal to provide the care they envision for the continuing care community. The only current nursing facility in Pella is located on the hospital campus which is approximately 3 miles from the Westport Development.
12. Affected parties have indicated that existing beds in the area are available to meet the nursing care needs of those in the independent living and assisted living units at Vriendschap Village. The phone survey conducted by staff supports this as there were 48 available beds in Marion County alone at the time of the survey. As stated above, in the last 7-8 years since Vriendschap Village opened, a total of 42 residents have moved to nursing facilities for care.
13. 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 Capacity (Facilities)	ALP/D
Marion	153(4)	4	0	83(1)	84(1)
Jasper	20(1)	2	1(28)	114(2)	0
Lucas	0	3	0	70(1)	0
Mahaska	59(2)	2	0	68(2)	0
Monroe	9(1)	2	0	0	0
Polk	201(5)	10	2(52)	1,315(16)	595(8)
Warren	62(3)	1	0	86(2)	78(1)
TOTALS	504(16)	24	3(80)	1,736(24)	757(10)

Data source: DIA web site

14. The applicant has been providing residential services to seniors on the Vriendschap Village campus since 2001 and therefore has an established presence in the Pella community.
15. Two letters of support for the proposal were submitted. One letter is from the administrator at Vriendschap Village and the other is from a local family practice physician with a considerable portion of his practice dealing with the care and treatment of the elderly.

16. Eight letters of opposition were submitted including one from Pella Health Center, the only nursing facility in Pella. The other letters were from surrounding facilities in Oskaloosa (2), Chariton, Knoxville (2), Albia and Baxter.
17. The affected parties who appeared at hearing in opposition to the project and those who submitted letters of opposition indicate that their facilities have experienced a significant decline in occupancy rates in recent years. These facilities have sufficient available beds to meet the needs of the applicant's population. The affected parties also noted that they have experienced difficulties in recruiting, training, and retaining qualified staff.
18. The proposal involves the construction of 32,344 square feet at a facility cost of \$4,845,500. In addition there are site costs of \$900,000, land improvements of \$67,500, movable equipment totaling \$300,000 and financing costs of \$355,000. The average cost per bed (turn key) is \$124,385.
19. The applicant states that the proposal will be funded through borrowing \$4,527,600 and \$1,940,400 cash on hand. The application includes a letter from Valley Bank indicating an interest in working with the applicant on financing the construction loan and the conversion to a permanent loan following construction. Valley Bank is the current creditor of Vriendschap Village.
20. The applicant anticipates an operating deficit of \$190,000 the first year of operation. By year two a profit of \$30,000 is anticipated. The applicant projects that about 60% of the residents will be private pay and about 20% will be Medicare skilled and 20% will be Medicaid recipients.
21. The phone survey indicates that in majority of the facilities in the service area, 50-70% of the current residents are Medicaid recipients. In Marion County the percentage of Medicaid recipients at Pella Regional is 40% while the other facilities in the County serve 50-60% Medicaid.
22. The applicant indicates a proposed private pay rate of \$185 per day. None of the Vriendschap Village senior housing and health care options within the Pella community will require any type of endowment or entrance fee.
23. The applicant projects the need for 38.25 FTEs to staff the proposed 52 nursing facility beds. Twenty-six of these would be in the nursing category; 4.0 RNs, 6.0 LPNs and 16.0 nurse aides.
24. The applicant states that direct recruiting of professional staff will occur through on-campus recruiting and job fairs. The applicant further states that incentives will be offered including paid training and certification fees.

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 existing facilities in the area have empty beds that can meet the nursing care needs of the 13-14 Vriendschap Village residents per year that are projected to need that service. The Council takes note that since opening in 2001, only 42 residents have moved to a nursing facility; there are currently 48 empty nursing facility beds in Marion County. The Council concludes that utilizing available beds in existing facilities is a less costly, more efficient alternative to constructing 52 new nursing facility 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 be impacted by this project. The bed need formula indicates a need for 188 additional beds in Marion County; however, the phone survey conducted by Department staff indicates 48 empty beds in the county. The Council takes note and gives significant weight to the fact that the applicant projects only 13-14 of the proposed 52 beds will be filled from within the CCRC. The Council further notes that while existing facilities in the area are serving a population that is 40-70% Medicaid recipients, the applicant projects that 20% of their residents would be Medicaid recipients. The Council concludes that the proposed 52 new beds would have a significant impact on existing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves new construction with an average cost per bed (turn key) of \$124,385. The Council notes that for approximately eight years, existing facilities have met the nursing care facility needs of the Vriendschap Village residents that have required that level of care in that time period (42 total). The Council concludes that existing

facilities can continue to meet that need providing an alternative to new and costly 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 health service, in the absence of that proposed service. The Council notes the high number of empty beds (170+) in the three-county area the applicant is targeting. The Council further takes note that no evidence was presented indicating difficulty in placing individuals from Vriendschap Village into nursing care facilities. The Council concludes that residents will continue to obtain nursing facility care in the absence of the proposed 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 _____ day of July 2009

Sidney W. Scott, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)

RINGGOLD COUNTY HOSPITAL)

MOUNT AYR, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Wednesday, April 29, 2009.

The project, the relocation of a hospital, was originally approved on April 15, 2008 at an estimated cost of \$21,618,495.

The Council, after reading the extension request and hearing comments by staff, voted 4-0 to Grant an Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The decision is based upon the finding that adequate progress is being made.

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

Dated this ____ day of July 2009

Sidney W. Scott, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
MERCY TERRACE HILL SURGERY CENTER, LLC)
DES MOINES, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Wednesday, April 29, 2009.

The project, the relocation of an ambulatory surgery center, was originally approved on April 15, 2008 at an estimated cost of \$2,600,000.

The Council, after reading the extension request and hearing comments by staff, voted 4-0 to Grant an Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The decision is based upon the finding that adequate progress is being made.

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

Dated this ____ day of July 2009

Sidney W. Scott, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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