I. 8:30 AM ROLL CALL

MEMBERS PRESENT: Ed Nichols, Chairperson, Gary Butz, Cynthia Beauman, Karen Hope and Sid Scott.

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

II. PROJECT REVIEW

1. Cass County Hospital, Atlantic, Cass County: Convert 10 Acute Care Beds to Distinct Part Long-Term Care Beds at No Cost.

Staff report by Barb Nervig. The applicant was represented by Pat Markham, Leah Marxen and Michael J. Collins. The applicant answered questions posed by the Council.

No affected parties appeared at the hearing.

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

2. ChildServe, Johnston, Polk County: Add 20 Pediatric Skilled Care Beds - $750,000.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney, Lloyd Vanderkwaak, Mary Goodrich and Amy K. Leister, R.N. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

3. Iowa Jewish Senior Life Center, Des Moines, Polk County: Add 14 Nursing Facility Beds for CCDI Unit - $1,758,771

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney, Stephen P. Blend, Amy Limyao and Char Bronemann, LISW. 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 Butz, to Grant a Certificate of Need carried 4-1. Beauman voted no.

III. REHEARINGS

1. Select Specialty Hospital, Davenport, Scott County: Establish 50-Bed Long-Term Acute Care Hospital (LTACH) - $10,000,000.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney, Jim Pomeroy and Sally Parnell, R.N. The applicant made a presentation and answered questions posed by the Council.

Affected parties appearing at the hearing in support of the proposal were Diane Radloff of Trinity Medical Center and Dr. Badar Kanwar of Quad Cities Pulmonary Consultants.

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

2. Advanced Surgery Center, Cedar Rapids, Linn County: Establish Ambulatory Surgery Center – $81,000.

The Council denied the request for rehearing at an electronic meeting held on March 31, 2005.

IV. EXTENSIONS OF PREVIOUSLY APPROVED PROJECTS:

1. Mapleton Progress, Inc., dba Maple Heights Nursing Home, Mapleton, Monona County: Add 10 Nursing Facility Beds for CCDI Unit - $1,440,000. Second Extension Request.

Staff report by Barb Nervig. A motion by Scott, seconded by Beauman to Grant a four-month extension carried 5-0. The Council requests that the applicant appear at the Council’s next meeting to answer question regarding progress on this project.

2. Wesley Retirement Services, Inc., dba The Village, Indianola, Warren County: Add 9 Nursing Facility Beds for CCDI Unit - $1,122,570. Second Extension Request.

Staff report by Barb Nervig. A motion by Beauman, seconded by Scott to Grant a four-month extension carried 5-0.

3. Mercy Medical Center—Dubuque, Dubuque, Dubuque County: Add 2nd Cardiac Catheterization Lab - $1,800,000.

Staff report by Barb Nervig. A motion by Scott, seconded by Hope to Grant a nine-month extension carried 5-0.

4. Jefferson County Hospital, Fairfield, Jefferson County: Establish 36-Bed Distinct Part Long-Term Care Unit - $760,610.

Staff report by Barb Nervig. A motion by Beauman, seconded by Butz to Grant a six-month extension carried 5-0.
V. DETERMINATION OF NON-REVIEWABILITY


   Staff report by Barb Nervig. A motion by Beauman, seconded by Scott to support the Department’s determination carried 5-0

2. Unity HealthCare, Muscatine, Muscatine County: Extension of Outpatient Surgery Services to a Modernized Building Adjoining the Hospital

   Staff report by Barb Nervig. A motion by Butz, seconded by Hope to support the Department’s determination carried 5-0

VI. APPROVE MINUTES OF PREVIOUS MEETINGS

A motion by Scott, seconded by Butz to approve the minutes of the January 19, 2005 meeting as written passed by voice vote.

A motion by Beauman, seconded by Scott to approve the minutes of the February 28, 2005 meeting as written passed by voice vote.

A motion by Hope, seconded by Butz to approve the minutes of the March 31, 2005 meeting as written passed by voice vote.

The next meeting of the Council will be Thursday, June 30, 2005 in the Lucas State Office Building, Rooms 517 & 518. Time to be determined.

The meeting was adjourned at 2:50 PM.
IN THE MATTER OF THE APPLICATION OF  

CASS COUNTY HOSPITAL  

ATLANTIC, IOWA  

DECISION  

This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2005.

The application proposes the conversion of 10 acute care beds to long-term care beds at no cost.

Cass County Hospital 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. Representing the applicant were Pat Markham, Leah Marxen and Michael J. Collins. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. 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 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) (2005) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Cass County Memorial hospital (CCMH) is currently licensed for 82 beds and skilled care is provided through the swing bed program. The applicant proposes the reclassification of these beds to 25 acute/swing beds, 8 behavioral health distinct part unit beds and 10 distinct long-term care beds, resulting in an overall reduction of 39 beds.

2. The primary need for this change is to improve the financial viability of CCMH through participation in the Critical Access Hospital (CAH) program while continuing to care for their current acute and skilled care patients.

3. Medicare reimburses Critical Access Hospitals at 101% of allowable costs. Based on an analysis conducted by Gronewold Bell Kyhn and Company, the reimbursements to Cass County Hospital could improve by over $2 million under the CAH program.
4. Last year, the hospital had an average daily acute care census of 13.4 and an average daily skilled care (swing beds) census of 10.9. There were 54 days of the 366 days in calendar year 2004 when the census exceeded 25, which represents 15% of the calendar days in 2004. In order to have the flexibility to care for as many as 25 acute patients and continue to provide skilled care, a distinct part skilled unit is necessary.

5. Cass County is a rural area. Over half of the hospital’s inpatient revenue is from Medicare. All of the proposed skilled beds would be certified for Medicaid.

6. The applicant does not intend to expand its services beyond those services that are currently being provided and does not anticipate that their patient population will change in size or composition as a result of this proposal.

7. The applicant has performed a long-range financial analysis demonstrating the impact of declining Medicare margins. The analysis assumes no changes in operations other than an increasing contractual adjustment percentage to account for deteriorating Medicare margins. These projections indicate an overall $772,000 loss in year two (FY07) and a $868,000 loss in year three (FY08).

8. The applicant feels that without the transition to Critical Access Status, services at Cass County Hospital may be cut and the long term survival of the hospital may be in jeopardy.

9. The hospital is funded through collection of payment for services rendered and county tax support equaling $1.6 million, 7.5% of operating expenses. The applicant anticipates that the requested level of tax support from the county will decrease under CAH, projecting a decrease from $1.6M to $1.2 M.

10. The applicant anticipates no increase in their charges or in the cost of care to the community.

11. CCMH works cooperatively with all area nursing facilities. The nursing facilities utilize the hospital for rehabilitation services, IV therapies, and patients requiring a higher level of skilled care. The applicant plans to continue a collaborative arrangement with these facilities and together provide the best care to the community.

12. The applicant plans to continue to serve the same patients they currently serve. There will be no change in staffing, including nursing, therapy, management, and support services. No significant renovation is required. All current support services will be used. As is currently the case, patients, families and physicians have freedom to use whatever facility they choose. The applicant believes there will be no impact on surrounding facilities.

13. The applicant states that the proposed change will not require additional staff of any kind because they do not anticipate an increase in skilled census over their current levels. The hospital currently employs 147.8 FTEs. The applicant states there will be no operating deficit as a result of this project.

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 proposed bed conversion allows the applicant to continue to serve the same population while qualifying for Critical Access Hospital status, which will greatly improve the reimbursement and financial viability of the hospital. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council concludes that the nature of the patients currently served by the hospital and long term care facilities in the area will not be impacted by this project. The Council takes notice that no opposition to the proposal was received and a hospital in Council Bluffs openly supported the proposal, indicating their belief that they will not be negatively impacted by this project. Iowa Code Sections 135.64(1) and 135.64(2)b.

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

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council concludes that due to the high average daily census of the hospital’s acute care beds, using the proposed 25 acute care beds as swing beds for skilled care is not practicable. The Council concludes that if the hospital were to convert to CAH without a distinct part skilled unit, the patients currently receiving skilled nursing care in the hospital’s swing beds would experience problems in obtaining care of that type locally. 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) (2003), 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 (2003).

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 May 2005

_________________________________________
Edward C. Nichols, 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
MERCY MEDICAL CENTER – DUBUQUE
DUBUQUE, IOWA

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2005.

The project, the addition of a second cardiac catheterization lab, was originally approved on April 22, 2004 at an estimated cost of $1.8 million.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 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 nine months from the date of these findings.

Dated this ________ day of May 2005

__________________________________
Edward C. Nichols, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: Health Facilities Council
    Department of Inspections & Appeals, Health Facilities Division
IN THE MATTER OF THE )
CERTIFICATE OF NEED EXTENSION FOR )
) WESLEY RETIREMENT SERVICES, INC., )
D/B/A/ THE VILLAGE )
) INDIANOLA, IOWA )

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2005.

The project, the addition of 9 nursing facility beds to be in a chronic confusion and dementing illness (CCDI) unit, was originally approved on March 13, 2003 at an estimated cost of $1,122,570. A one year extension was granted on February 24, 2004.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 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 four months from the date of these findings.

Dated this ________day of May 2005

__________________________________
Edward C. Nichols, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: Health Facilities Council
    Department of Inspections & Appeals, Health Facilities Division
IN THE MATTER OF THE
CERTIFICATE OF NEED EXTENSION FOR
)
)
MAPLETON PROGRESS, INC.,
D/B/A/ MAPLE HEIGHTS NURSING
)
)
MAPLETON, IOWA
)

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2005.

The project, the addition of 10 nursing facility beds for a new 14-bed chronic confusion and dementing illness (CCDI) unit, was originally approved on March 13, 2003 at an estimated cost of $1,440,000. A one year extension was granted on February 24, 2004.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 to Grant an Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The decision is based upon the finding that some progress is being made and the Council wishes to have the applicant appear at the next meeting to answer questions.

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

Dated this _______ day of May 2005

__________________________________
Edward C. Nichols, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: Health Facilities Council
    Department of Inspections & Appeals, Health Facilities Division
This matter came before the State Health Facilities Council for rehearing on Tuesday, April 12, 2005. The application was originally heard on June 30, 2004, resulting in a denial on a 3-2 vote. The applicant applied for a rehearing, which was granted on November 1, 2004.

The application proposes the establishment of a 50-bed long-term acute care hospital (LTACH) in Davenport, Iowa, at an estimated cost of $10,000,000.

Select Specialty Hospital—Quad Cities, 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. Representing the applicant were Ed McIntosh of Dorsey & Whitney, Jim Pomeroy and Sally Parnell, R.N. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. The applicant made a presentation and answered questions.

Appearing as affected parties in support of the project were Diane Radloff of Trinity Medical Center and Dr. Badar Kanwar of Quad Cities Pulmonary Consultants.

No affected parties appeared at the hearing 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) (2005) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. The applicant for this project is Select Specialty Hospital – Quad Cities, Inc. (hereinafter referred to as “Select”). The applicant is requesting a CON for an acute care hospital in Davenport, Scott County, Iowa.
2. Select is proposing the operation of a 50-bed acute care hospital for use as a Long Term Care Hospital (LTCH), also referred to as a Long Term Acute Care Hospital (LTACH).

3. Select Specialty Hospital – Quad Cities, Inc. is a wholly owned subsidiary of Select Medical Corporation, a company that operates 99 LTCHs in 26 states.

4. This proposal would involve the purchase of an existing building from Trinity Regional Health System, the remodeling of that building, and the purchase of equipment, at a total cost of $10,000,000.

5. Select Medical reviews their plan for the development of new LTACH facilities on an annual basis. Since 1997, Select Medical has proposed the development of an LTACH in the state of Iowa. Their plan for FY2004 projected the development of LTACHs in Davenport and Iowa City.

6. There are currently no LTACHs in Iowa. Iowa law does not recognize LTACH hospitals as a distinct type of hospital license. If the applicant were to receive state approval to operate an LTACH, the applicant would hold a certificate of need to operate a 50-bed hospital in Davenport, Iowa, and would be licensed by the Department of Inspections and Appeals as an acute care hospital.

7. On August 31, 2004, the applicant filed a petition for rulemaking with the Department of Public Health. These amendments were promulgated and became effective on March 9, 2005. The rule amendments recognize long-term acute care hospitals and rehabilitation hospitals as defined by federal regulations. The amendments also provide clarification that the conversion of a long-term care hospital or a rehabilitation hospital to a general acute hospital or to a different type of specialty hospital is a permanent change in bed capacity and requires a CON.

8. The applicant and Trinity Regional Health System have discussed private agreements, both in the sale agreement and in a deed restriction, which would prohibit the applicant from operating a traditional acute care hospital at the proposed site.

9. The applicant states that patients served in LTACHs typically have chronic conditions and a high incidence of co-morbidity that result in longer lengths of stay. To qualify as a federally defined LTACH, the average length of stay must exceed 25 days. The applicant further states that 69.5% of all patients served in Select Specialty Hospitals nationwide are 65 years of age or older.

10. The individuals Select has identified as potential patients are currently cared for in short-term acute care hospitals or transferred out of the area to LTACHs in other communities. The applicant states that using short-term acute care facilities for long term acute care patients tends to cause capacity issues in emergency rooms (ERs) and intensive and critical care units (ICU/CCU) and is more costly than caring for these patients in an LTACH.
11. There are no LTACHs in Iowa and the nearest such facility to the Quad Cities is located 119 miles away, in Sycamore, IL. The applicant states that the primary service area for this facility includes Scott, Rock Island (IL), and Henry (IL) counties. The secondary service area includes Muscatine, Clinton, Jackson, Dubuque, Mercer (IL), Henderson (IL), Warren (IL), and Knox (IL) counties. The applicant reports that there are 74,438 admissions to hospitals inside the primary and secondary service areas. Based on Select’s national experience, the applicant estimates that the following number of patients will be appropriate patients for the LTACH: 0.5% of admissions from hospitals in the primary service area with less than 14,000 admissions per year, 1.75% of admissions from hospitals in the primary service area with more than 14,000 admissions per year, and 0.25% of admissions from hospitals in the secondary service area. Based on the number of admissions, the applicant projects that there are 801 potential patients in the combined primary and secondary service area.

12. At rehearing the applicant provided 2004 discharge data to demonstrate the long-term acute care need. The total hospital discharges in the primary and secondary service areas were 89,926. Of those discharges, 2,365 were long-stay patients (at least 15 days) and a conservative 691 would be LTACH eligible discharges. Using this data, the applicant concludes an LTACH in the Quad Cities area could have an average daily census of 58.

13. The applicant identified three options in the development of an LTACH: build a new freestanding facility, acquire an existing facility, or do nothing. The cost of building a new 50-bed facility along with related equipment is estimated at $18,000,000 based on the experience of Select Medical Corporation. The proposed acquisition of an existing building with remodeling and purchase of equipment is projected to cost $10,000,000.

14. The applicant states that commercial payers elect to refer their patients to LTACHs because they are less expensive than general hospitals and result in better patient outcomes.

15. The applicant projects an operating deficit of $2,258,465 the first year and a gain of $1,172,198 in year two. The applicant indicates that 74% of patient revenue will be from Medicare and only 1% will be private pay.

16. Select anticipates that most of their referrals will come from Trinity Regional Health System and Genesis Health System with some referrals coming from hospitals in Dubuque, Muscatine, and Clinton. Select also indicates that they intend to have a patient transfer agreement and purchased services agreement with both Trinity Health System and Genesis Health System. The applicant anticipates purchasing certain diagnostic and surgical services from local providers.

17. Within the primary service area that includes Scott County in Iowa and Rock Island and Henry Counties in Illinois, there are five acute care hospitals with a total of over 47,000 annual admissions. The occupancy rates for these hospitals in 2002 ranged from 13.6% to 71.3%.
18. The applicant states that Select Medical Corporation has the funds available to underwrite the working capital, equipment purchases, and renovation expense required for the proposed project. The applicant projects that in years two and three of operation, the average daily census (ADC) will be 38-39 patients. The applicant states the staffing requirement for an ADC of 40 would be 94 FTEs, including 53 in nursing. The applicant believes that due to the type of service provided, the small size of their facilities, the availability of nurse training programs in the Quad Cities, and access to the resources of a nationwide corporation, it would have the ability to recruit the necessary staff.

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 patients are currently receiving this care in the less desirable setting of short-term acute care hospitals or are leaving the state for care in an LTACH. The Council concludes that receiving long-term acute care in an LTACH is more efficient and appropriate than a general acute care hospital and that it frees up space in the intensive care units of the short-term acute care hospitals. 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’s former concerns that approval of this project would result in the applicant’s ability to operate a traditional acute care hospital without further review have been allayed by the administrative rule amendments. In contrast to the first hearing, no affected parties appeared in opposition to this proposal at rehearing. Iowa Code Sections 135.64(1) and 135.64(2)b.
3. The Council concludes that the proposed project does not involve new construction. The project involves the purchase and renovation of an existing building. The Council concludes that the alternative of new construction, estimated at $18 million, is more costly. 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 patients currently remain in short-term acute care hospitals for extended periods or go out-of-state to receive care in a LTACH. 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) (2003), 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 (2003).

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 May 2005
Edward C. Nichols, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: State Health Facilities Council
Iowa Department of Inspections and Appeals:
Health Facilities Division
IN THE MATTER OF THE APPLICATION OF

IOWA JEWISH SENIOR LIFE CENTER

DECISION

DES MOINES, IOWA

This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2005.

The application proposes the addition of 14 nursing facility beds for a chronic confusion and dementing illness (CCDI) unit at an estimated cost of $1,758,771.

The Iowa Jewish Senior Life Center applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Representing the applicant were Ed McIntosh of Dorsey & Whitney, Stephen P. Blend, Amy Limyao and Char Bronemann, LISW. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. 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 4-1 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2005) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. The Iowa Jewish Senior Life Center (“the Jewish Home”) is proposing the addition of a 14-bed chronic confusion and dementing illness (CCDI) unit. The Jewish Home currently provides skilled services and intermediate nursing care in its 58-bed facility.

2. The Jewish Home is the only nursing facility in the state where Jewish traditions and religious practices are observed. The Jewish Home participates in both the Medicare and Medicaid programs; approximately 20% of the residents are Medicaid recipients. The average age of residents is 85 years.

3. In March 2000, the president of the Board of Directors of the Jewish Home formed an ad-hoc Strategic Planning Committee to assess and evaluate changing community needs. Hamlyn Senior Research on behalf of the Jewish Home prepared a market feasibility study for a
CCDI unit and outpatient rehabilitation services in Des Moines. The results of this study were submitted to the Board in October 2003. The Hamlyn Senior Research study found an unmet need for 41 CCDI/secure Assisted Living(AL) beds in the primary market area.

4. The proposal is to renovate the area on the second floor that currently houses assisted living beds. The applicant states that the 15-bed assisted living unit has poor occupancy partly due to design issues. There are currently 4 tenants in the unit.

5. The applicant states there are 6 current Jewish Home residents whose needs might be better met in a CCDI unit. Further, based on current levels of cognitive impairment amongst their existing residents, they anticipate that upwards of half of the unit will initially be filled by these individuals. The applicant also states that in the past 14 months, their admissions coordinator has received over 30 inquiries from interested individuals seeking placement for individuals affected with Alzheimer’s or other related dementias. These have been referred to other service providers. Finally, the applicant states that they have had to discharge individuals whose degree of cognitive impairment made them inappropriate for the existing nursing care offered at the Home.

6. Almost 90% of the home’s admissions are from Polk County, a metropolitan area.

7. The applicant states that the per diem for a CCDI bed will be $187.50 for private pay and $131.00 for Medicare.

8. According to the Department of Inspections & Appeals web site the following facilities in Polk and Dallas Counties have dedicated CCDI beds.

<table>
<thead>
<tr>
<th>Facility, City</th>
<th>CCDI Beds</th>
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<tbody>
<tr>
<td><strong>POLK COUNTY</strong></td>
<td></td>
</tr>
<tr>
<td>Bishop Drumm Care Center, Johnston</td>
<td>22</td>
</tr>
<tr>
<td>CLC Altoona, Altoona</td>
<td>14</td>
</tr>
<tr>
<td>Ramsey Home, Des Moines</td>
<td>24</td>
</tr>
<tr>
<td>Trinity Center at Luther Park, Des Moines</td>
<td>60</td>
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<tr>
<td>USA Health Care Center, Urbandale</td>
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<tr>
<td>Valley View Village, Des Moines</td>
<td>12</td>
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<tr>
<td>ManorCare, West Des Moines (opening June 2006)</td>
<td>30</td>
</tr>
<tr>
<td><strong>POLK TOTAL</strong></td>
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<tr>
<td><strong>DALLAS COUNTY</strong></td>
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<tr>
<td>Arbor Springs, West Des Moines</td>
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<tr>
<td>Perry Lutheran Home, Perry</td>
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<tr>
<td>Spurgeon Manor, Dallas Center</td>
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<tr>
<td><strong>GRAND TOTAL</strong></td>
<td><strong>243</strong></td>
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9. The results of a phone survey of nursing facilities in Polk County conducted by Department of Public Health staff on April 7 & 8, 2004 show 211 empty beds of the 1,997 surveyed for an average occupancy of 89.4%. One 80-bed facility, Wesley Acres, was contacted, but unable to provide the data requested. The CCDI units in Polk and Dallas Counties were also surveyed. There were 11 empty CCDI beds of 158 in Polk County (93% occupancy) and 5 empty CCDI beds of 59 in Dallas County (91.5% occupancy).

10. Manor Care has submitted a letter of support for the Jewish Home’s proposal. In the letter, they state they anticipate no adverse impact on their 30-bed CCDI unit or its 99-bed facility. They further state that their experience to date in West Des Moines has reaffirmed their original belief that they should construct a 120-bed facility.

11. The application includes a letter of support from Wesley Retirement Services in Des Moines. Other letters of support were submitted from Dr. Stanton Danielson of Iowa Health System; Carol Sipfie, Executive Director of the Alzheimer’s Association; Polly Oxley, President of the Jewish Federation of Greater Des Moines; Rabbi Berel Simpser, Dean of the Des Moines Community Kollel; and Rabbi Baruch HaLevi, Rabbi David Kaufman and Rabbi Aaron Schwarzbau, spiritual leaders of the Des Moines Jewish community.

12. No letters opposing the project were submitted.

13. The CON bed need formula for nursing facility beds calculates a need for 2,647 beds for Polk County and 303 beds for Dallas County. According to the DIA summary of long-term care facilities as of March 7, 2005, there are 2,200 NF beds in Polk County and 377 NF beds in Dallas County. Nursing facility beds that have been approved and not yet licensed number 129 in Polk County (99 at ManorCare and 30 at Deerfield in Urbandale). There are no approved, not licensed beds for Dallas County.

14. The applicant states that the Jewish Home has a long history of funding its building projects through contributions from the general community and reports that to date $2.3 million has been pledged and the formal fund raising campaign has not begun. The Jewish Home will use its Endowment Fund monies for purposes of start-up, during the time of the initial fill of the facility.

15. The applicant anticipates the need for an additional 11 FTEs to staff the proposed addition. Eight of these are in the nursing/nursing aide area. Although the new ManorCare facility will be seeking to fill about 85 FTEs (almost 50 of those in the nursing area) at the same time, the Jewish Home does not anticipate problems with obtaining the staff they will need. Among other qualities, they point to their strong leadership and focus on training as two factors in recruiting and retaining employees.

16. The proposal involves substantial demolition and rebuild within a portion of the current building. The unit will consist of two memory care “neighborhoods” – one of which will provide care for early-stage dementia patients and a second neighborhood for patients with more advanced dementia. The design is based on the most economic use of existing HVAC and plumbing infrastructure. The cost per bed is $125,626.
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 to continue the current practice of referring individuals to other facilities is not efficient due to the high occupancies of the CCDI beds in the area and the diminished ability of those facilities to meet the cultural needs of the Jewish population. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council concludes that the CON bed need formula calculates the need for an additional 318 nursing facility beds in Polk County and the existing facilities in the county are currently experiencing very high rates of utilization. Further, the Council takes note that no opposition to the proposal was raised by current facilities and in fact, two letters of support from existing/approved Polk County facilities were received. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves renovation of existing space, which includes the addition of a firewall that adds to the cost. 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 residents of the Jewish Home have had to move to other facilities when their needs (for dementia services) exceeded what was available at the facility. The Council further concludes that existing CCDI beds in Polk and Dallas Counties are experiencing high occupancies and notes the rapid fill of a new facility in Dallas County.
dedicated to dementia care. Finally, the Council takes note of the unique position the Jewish Home is in to meet the dietary and spiritual needs of the Jewish community. 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) (2003), 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 (2003).

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 May 2005

_______________________________
Edward C. Nichols, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: State Health Facilities Council
Iowa Department of Inspections and Appeals:
Health Facilities Division
This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2005.

The application proposes the addition of 20 pediatric skilled beds at an estimated cost of $750,000.

ChildServe Habilitation Center applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Representing the applicant were Ed McIntosh of Dorsey & Whitney, Lloyd VanderKwaak, Mary Goodrich and Amy K. Leister, R.N. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. 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 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) (2005) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. ChildServe serves children, birth to 21 years of age, with chronic developmental and/or physical conditions needing specialty health care and related support services. ChildServe is proposing to add 20 pediatric skilled care beds to their facility in Johnston.

2. This proposal resulted from a yearlong planning process, which involved participation by residents’ family, staff focus groups, and Board members. The applicant also gathered medical and social service professionals from Mercy, Blank and the Child Health Specialty Clinics in a focus group to provide the organization with feedback regarding the support needs of children who would benefit from short-term skilled care.
3. The applicant currently has 38 skilled care beds at their Johnston location along with 30 ICF/MR beds. ChildServe will transition the 30 ICF/MR beds into six community based group homes. The space currently occupied by these 30 beds, along with 5 rooms currently reserved for support services, will be converted into single occupancy bed rooms for children needing long or short term skilled care.

4. The applicant states that for several years the medical community in central Iowa has requested that ChildServe begin providing a short-term skilled service for children no longer requiring intensive hospital care but who are not ready to return home or don’t have necessary staffing or support systems available in their home.

5. Based on information from discussions with other providers in the central Iowa area, the applicant estimates there are 30-50 children needing this level of care in Iowa. Also, there are at least 5 children from Iowa who are receiving skilled nursing care services out of state.

6. Although the applicant’s primary service area includes the 12 counties within a 50-mile radius of Ames and Des Moines, children from other Iowa counties and from outside Iowa are also served at the Johnston facility. ChildServe is centrally located in the state, which helps to minimize the distance and cost of transportation.

7. ChildServe has been serving children with health care needs in the greater Des Moines community since 1985 building on a 75-year history of community based residential services. ChildServe now operates residential services for over 100 children with special health care needs. Last year the applicant served 2,196 children through the Home and Community Based Services (HCBS) waiver program. The applicant is well established in the existing health care system and as evidenced by the letters of support is well thought of by others concerned with the needs of the children served.

8. ChildServe is the only facility in the state that provides skilled nursing services exclusively to individuals under age 21. The applicant’s existing 38 skilled beds for children maintain high occupancy rates. This proposed expansion of services is a result of requests for the service by members of the medical community who would be the most likely to refer children for this service, Blank Children’s Hospital, Child Health Specialty Clinics and Mercy Hospital—Des Moines. Letters of support for this proposal have been received from these three organizations as well as On With Life in Ankeny.

9. About 75% of the children served receive Medicaid. This is the only pediatric skilled facility in the State.

10. Some Iowa residents are currently sending their children out of state to receive skilled care services because of lack of services available in Iowa.

11. The cost to renovate the existing space for the proposed 20 skilled beds is $750,000. The cost to establish 6 community based ICF/MR homes is estimated at $2,400,000 (this is not a reviewable cost). For the $750,000, the applicant states that gifts and contributions will provide $250,000 and the remaining $500,000 will come from cash on hand.
12. The applicant is projecting an operating deficit of $1,073,682 the first year the expanded service is offered. By year two, revenues are projected to exceed expenses by $717,411.

13. The applicant states that the current daily rate for care per skilled bed is $330 and the projected rate per day for 2005-2006 is $346, about a 5% increase.

14. Cash on hand and contributions will supply the capital for the proposed renovation of existing space.

15. The applicant estimates the need for an additional 40.5 FTEs to staff the proposed addition. Half of these positions are in the nursing field. The applicant plans to utilize their “Staff Office” for aggressive recruiting externally as well as internal applicants who may want to change services or remain at the facility in light of the ICF/MR transition. The proposed service would provide a unique opportunity for nursing personnel wishing to work with children.

CONCLUSIONS OF LAW

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

a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;

b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;

c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;

d. Patients will experience serious problems in obtaining care of the type which will be furnished by the proposed new institutional health service or changed institutional health service, in the absence of that proposed new service.

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council concludes that the proposal includes the offering of short-term skilled care for children, which is a new and less costly alternative to acute care settings. The Council further concludes that some Iowa children are currently leaving the state to receive this level of care as there is nothing available in the state. 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 other facilities in Iowa that
offer skilled nursing services exclusively to children. The Council also concludes that children often receive these services in an acute care setting and takes notice that the acute care providers in the immediate area all wrote letters of support for this proposal. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves renovation of existing space. 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 Iowa children needing short-term skilled care are currently receiving this care in acute care settings or in out-of-state facilities. 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) (2003), 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 (2003).

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 May 2005
Edward C. Nichols, 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 )
) )
JEFFERSON COUNTY HOSPITAL )
) )
FAIRFIELD, IOWA )

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, April 12, 2005.

The project, the establishment of a 36-bed distinct part long-term care unit by converting acute care beds to nursing beds, was originally approved on April 22, 2004 at an estimated cost of $760,610.

The Council, after reading the extension request and hearing comments by staff, voted 5-0 to Grant an Extension of Certificate of Need per Iowa Administrative Code 641—202.13. The decision is based upon the finding that adequate progress is being made.

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

Dated this ________ day of May 2005

__________________________________
Edward C. Nichols, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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