

**MINUTES  
STATE HEALTH FACILITIES COUNCIL  
JANUARY 28-29, 2009  
LUCAS STATE OFFICE BUILDING  
321 EAST 12<sup>TH</sup> STREET  
FIFTH FLOOR, ROOM 517-518  
DES MOINES, IA**

**WEDNESDAY, JANUARY 28  
2:00 PM ROLL CALL**

**MEMBERS PRESENT:** Sid Scott, Chairperson, Chuck Follett, Suki Cell and Karen Hope

**MEMBER ABSENT:** Marc Elcock

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

**I. PROJECT REVIEW**

1. Stonehill Franciscan Services, Dubuque, Dubuque County: Convert nine residential care facility beds to nine nursing facility beds - \$495,000.

Staff report by Barb Nervig. The applicant was represented by Sister Bertha Bonert, administrator; Jane Wills, director of nursing and Ed McIntosh of Dorsey & Whitney. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

2. Lexington Square, LLC, Keokuk, Lee County: Add ten nursing facility beds – \$10,000.

Staff report by Barb Nervig. The applicant was represented by Ken Watkins of the Davis Law and Kathy Gabel. 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 Follett, to Grant a Certificate of Need carried 4-0.

**THURSDAY, JANUARY 29  
8:00 AM ROLL CALL**

**MEMBERS PRESENT:** Sid Scott, Chairperson, Chuck Follett, Suki Cell, Marc Elcock, and Karen Hope

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

**I. PROJECT REVIEW (CONT.)**

3. CCRC of Grimes, LLC, Grimes, Polk County: Construct 34-bed nursing facility as part of a continuing care retirement community – \$4,079,000.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney, Gib Wood and Susan Eichmeier. The applicant made a presentation and answered questions posed by the Council.

Brian Buethe, executive director of the Grimes Chamber and Marie Hutcheson appeared as affected parties in support of the proposal.

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

4. Evangelical Lutheran Good Samaritan Society d/b/a/ Great Oak Estates, Ottumwa, Wapello County: Construct new 60-bed nursing facility -- \$13,616,160.

Staff report by Barb Nervig. The applicant was represented by Doug Fulton of Brick Gentry Law, Dana S. Holland, Keith Kieliszewski and Tom P. Nelson. The applicant made a presentation and answered questions posed by the Council.

Representative Gaskill spoke in support of the project.

Patrick Luft of Ottumwa Ridgewood, Tim Bouseman of Oakwood NRC in Albia, Ken Carlson and Ron Stursma of Vista Woods in Ottumwa, and Brenda Hostetler of Regional Retirement Living in Ottumwa appeared as affected parties in opposition to the project.

A motion by Hope, seconded by Cell, to accept map submitted by Regional Retirement Living into the record carried 4-1.

A motion by Follett, seconded by Elcock, to Grant a Certificate of Need failed 1-4. Follett voted in favor.

A motion by Hope, seconded by Cell, to DENY a Certificate of Need carried 4-1. Follett voted no.

A motion by Hope, seconded by Follett, to hear testimony on each of the following projects (items 4. and 5.) prior to voting on either carried 5-0.

5. Arbor Court Fairfield, Fairfield, Jefferson County: Establish 65-bed nursing facility -- \$2,300,000.

Staff report by Barb Nervig. The applicant was represented by Doug Gross of Brown Winick, Ryan Matheney, Sheila Matheney, Rachel Longbine, Sheila Horras, Sheri Lowe, Jo Fetters and Virginia McTee. The applicant made a presentation and answered questions posed by the Council.

Representative David Heaton spoke in support of this project. William H. Stevens, Robert R. Lawson, Sr., and Janet Hunerdosse spoke as affected parties in support of the project.

Jens Lee of New London Nursing & Rehab; Jennifer Johannes and Ed Osby of Parkview Care Center; and Robert Baudino and David J. Darrell of Baudino Law Group representing Parkview Care Center spoke as affected parties opposed to the project.

A motion by Cell, seconded by Hope, to accept handouts into the record carried 5-0.

A motion by Cell, seconded by Follett, to Grant a Certificate of Need carried 3-2

6. SunnyBrook Living Care Center, L.C., Fairfield, Jefferson County: Purchase building housing Jefferson County Hospital & add 50 nursing facility beds to existing 36 beds -- \$2,743,080

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney, Betty Howell, Jerry Perdue (architect) and Deb Cardin, CEO of Jefferson County Hospital. The applicant made a presentation and answered questions posed by the Council.

Dr. Donal Hill of Fairfield spoke in support of this project. Warren G. Lawson spoke as an affected party in support of the project.

Jens Lee of New London Nursing & Rehab; Jennifer Johannes and Ed Osby of Parkview Care Center; and Robert Baudino and David J. Darrell of Baudino Law Group representing Parkview Care Center spoke as affected parties opposed to the project.

A motion by Cell, seconded by Follett, to Grant a Certificate of Need carried 3-2

## **II. EXTENSION OF PREVIOUSLY APPROVED PROJECTS:**

1. Wesley Retirement Services, West Des Moines, Dallas County: Build two 20-bed “services houses” for total of 40 nursing facility beds - \$5,337,800. Third extension request.

Staff reviewed the progress on this project. A motion by Hope, seconded by Follett to Grant a one-year extension carried 5-0.

2. University of Iowa Hospitals and Clinics, Iowa City, Johnson County: Purchase biplane angiography system -- \$3,700,000.

Staff reviewed the progress on this project. A motion by Cell, seconded by Elcock to Grant a 6-month extension carried 5-0

## **III. REQUEST FOR DETERMINATION OF NON-REVIEWABILITY AND THE DEPARTMENT’S RESPONSE**

1. Community Memorial Health Center, Hartley, O’Brien County: Replace generator and modernize facility without adding beds.

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

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

IN THE MATTER OF THE APPLICATION OF )  
 )  
STONEHILL FRANCISCAN SERVICES )  
 )  
DUBUQUE, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Wednesday, January 28, 2009.

The application proposes the conversion of 9 residential care facility (RCF) beds to 9 nursing facility (NF) beds at an estimated cost of \$495,000.

Stonehill Franciscan Services applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ed McIntosh of Dorsey and Whitney, Sister Bertha Bonert and Jane Wills 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. Stonehill Franciscan Services (“Stonehill”) offers multiple levels of care within one campus allowing residents to transition between levels of care with minimal disruption.
2. The applicant’s three distinct levels of care include: 51 units for independent living in Assisi Village (established in 1999), 50 beds currently licensed for residential care (recently reduced from 82 beds), and 168 beds licensed for nursing care. In addition, Stonehill operates an adult day care with a capacity of 23 persons.
3. Stonehill recently deleted 32 RCF beds to create more space for a short-term rehab/skilled nursing wing and more therapy space. The applicant states there is less need for RCF service because of the increase in the number of assisted living facilities and the increased acuity level in those assisted living facilities.

4. The applicant states that the proposed conversion of 9 RCF beds to 9 NF beds is driven by the lack of capacity to serve its own residents.
5. Currently approximately 15 residents living in the RCF need NF/SNF level of care or could qualify for that level of care in the near future.
6. The calculated bed need formula indicates a current overbuild for Dubuque County of 9 beds. There is an underbuild in three of the five counties surrounding the facility. The five-county region, as calculated by the bed need formula, is underbuilt by 150 beds. See the following table for additional bed information:

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

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed NF Beds as of 01/08/09	Difference – Formula vs. Licensed & Approved*
Dubuque	15,582	886	895	+9
Clayton	3,397	239	246	+7
Delaware	3,071	219	191	-28
Jackson	4,221	296	214	-82
Jones	3,464	247	191	-56
<b>Totals</b>	<b>29,735</b>	<b>1,887</b>	<b>1,737</b>	<b>-150</b>

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

7. Over the span of the last two and one half years the total number of beds in the five-county area has increased by 16 beds. See the following table for additional detail:

**Nursing Facility Beds by County  
Difference in Number Between July 2, 2006 and January, 2009**

County	# of NF Beds (facilities) as of 07/06	# of NF Beds (facilities) as of 01/09	Difference in # of NF Beds
Dubuque	899(9)	895(9)	-4
Clayton	246(4)	246(4)	0
Delaware	171(2)	191(2)	+20**
Jackson	214(3)	214(3)	0
Jones	191(2)	191(2)	0
<b>Totals</b>	<b>1721(20)</b>	<b>1737(20)</b>	<b>+16</b>

\*\*Addition of 20 NF beds for Delaware Co. approved 10/08

8. There are currently 1,737 licensed nursing facility beds in the five counties, 121 beds (7% 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)
Dubuque	28(2)
Clayton	16(1)

Delaware	16(1)
Jackson	37(1)
Jones	24(1)
<b>Totals</b>	<b>121(6)</b>

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

9. Department staff conducted a phone survey of all NF facilities in the five-county area. The results by facility for Dubuque County and the results by county are in the following tables:

**Phone Survey of Nursing Facilities Conducted January 2009**

<b>By Facility in Dubuque County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
BETHANY HOME	54	0	100%	20
DUBUQUE NURSING & REHAB CENTER	98	24	75.5%	44
ENNOBLE MANOR CARE CENTER	102	36	64.7%	47
HERITAGE MANOR	80	22	72.5%	30
LUTHER MANOR	103	2	98%	35
MANORCARE HEALTH SERVICES	99	19	80.8%	31
SHADY REST CARE CENTER	70	0	100%	23
STONEHILL CARE CENTER	168	12	92.9%	62
SUNNYCREST MANOR	121	12	90%	107
MERCY MEDICAL CENTER-DYERSVILLE	40	0	100%	15
MERCY MEDICAL CENTER-DUBUQUE	22	3	86.3%	0
THE FINLEY HOSPITAL	16	7	56.3%	0
<b>TOTALS</b>	<b>973</b>	<b>137</b>	<b>85.9%</b>	<b>414</b>

<b>County Totals</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
CLAYTON COUNTY TOTALS	246	38	84.6%	82
DELAWARE COUNTY TOTALS	171	14	91.8%	58
JACKSON COUNTY TOTALS	232	36	84.5%	92
JONES COUNTY TOTALS	191	32	83.2%	61

10. The strategic plan for Stonehill is to provide a continuum of care for residents. The master site plan includes all private rooms in the Care Center and a new skilled wing, which is being developed. The applicant states that this proposal, which is part of a larger project that began in May 2008, will assist Stonehill in achieving its goal of a full continuum of care.

11. The primary service area is Dubuque County with 73% of admissions for the past 3 years coming from Dubuque County. The remaining 27% of admissions were from outside Dubuque County.

12. The percentage of Medicaid recipients served in the NF beds in the last three years averaged 35.5%. The applicant projects that number to increase when the proposed conversion takes place. All of the proposed beds will be certified for Medicaid.

13. The following table displays other levels of service available in the five-county area

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Dubuque	138(3)	2	36(2)	502(4)	144(1)
Clayton	44(1)	1	0	54(4)	38(1)
Delaware	60(1)	1	25(1)	118(2)	0
Jackson	0	1	30(1)	36(1)	63(1)
Jones	95(2)	2	0	80(2)	0
<b>TOTALS</b>	<b>337(7)</b>	<b>7</b>	<b>91(4)</b>	<b>790(13)</b>	<b>245(3)</b>

Data source: DIA web site

14. There are eight additional freestanding nursing facilities in Dubuque County and the three hospitals in the county also have nursing care beds. One of the freestanding facilities, the county owned and operated Sunnycrest Manor, submitted a letter indicating an expansion of NF beds in the Dubuque area would adversely impact Sunnycrest’s ability to improve census. On the day of the phone survey Sunnycrest reported an occupancy of 90%.

15. The proposal involves renovating 5,346 square feet on the first floor of the care center. Renovation costs are estimated at \$495,000 which includes \$52,000 for demolition of the existing structure.

16. The applicant has existing debt at a face value of \$4,950,000 with a payment period to 2023, an interest rate of 4.1% (from 2008 to 2013) and a monthly payment of approximately \$36,863.00. The nine bed conversion, estimated to cost \$495,000, is part of a \$1,500,000 renovation project. The remainder of the existing debt is the result of refinancing debt which was related to the construction of independent living units.

17. Funds for the capital costs of the conversion have been borrowed as part of the \$1.5 million loan; the majority for renovation that did not add licensed beds.

18. The proposed conversion will result in a need to increase staff by 4.0 FTE certified nursing assistants, 1.0 FTE registered nurse and 1.0 FTE licensed practical nurse. Stonehill serves as a training site for nurses, nursing assistants, and social workers through partnerships with several local colleges.

19. The rate for nursing (NF) level of care in a private room is currently \$140.00-151.50/day and in a semi-private room the current rate is \$132.50-141.50/day. The applicant does not plan to increase the rate for nursing (NF) level of care as a result of this proposal.

**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 converting existing space is less costly than building new square footage. The Council concludes that with an average age of 85.5 years and high acuity levels, several of the current RCF residents either need health care services now or may need health care services soon. The Council further concludes that the growth of assisted living units in Dubuque has impacted the number of people who previously sought RCF level of care. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. Although the bed need formula indicates an excess of 9 beds in Dubuque County, the five-county region is underbuilt by 150 beds. In addition, the recent phone survey conducted by Department staff indicates over half of the existing free-standing facilities in the county have occupancy of 90% or better and the county as a whole has utilization levels over 85%. The Council has concluded in the past that occupancy rates over 85% indicate appropriate and efficient utilization of existing facilities, and the Council therefore gives significant weight to these current high occupancy rates. The Council concludes that the proposal is designed to meet the current and future needs of the individuals residing in the various levels of care at Stonehill and that other facilities will therefore not be adversely affected by the project. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves renovations to an existing building. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note of an increase in admissions from 145 in 2004 to 200 (40 of these from the Stonehill campus) in 2008. The Council further notes the average age and the acuity level of the residents entering independent living is increasing in concluding that residents who wish to remain in the Stonehill community will have difficulty doing so in the absence of

this project. Finally, the Council concludes that the high utilization rates in the county's facilities indicate patients will have difficulty in obtaining care of this nature in the absence of this project. Iowa Code Sections 135.64(1) and 135.64(2)d.

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

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

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

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

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

Dated this \_\_\_\_\_ day of April 2009

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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 )  
 )  
LEXINGTON SQUARE, LLC )  
 )  
KEOKUK, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Wednesday, January 28, 2009.

The application proposes the addition of 10 nursing facility (NF) beds at an estimated cost of \$10,000.

Lexington Square, 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 Watson of Davis Law and Kathy Gabel 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. Lexington Square operated with 126 licensed beds prior to April 2006 when they requested a reduction of bed capacity down to 116 beds.
2. The facility was experiencing low census at the time, 61% for calendar year 2005 and 69% for the first three months of 2006. Projections at the time did show an increase to 75% for the remainder of 2006, however with the requested downsizing of 10 beds that percentage would improve to 82%.
3. The current owners of Lexington Square purchased and remodeled the facility in 2004. It was shortly after they purchased the facility that the request for reduction of bed capacity was submitted. Since then, they have seen a steady increase in referrals and occupancy.

4. The applicant serves a high percentage of Medicaid recipients. Operating at 85% capacity or better provides an advantage on reimbursement due to improved efficiency.
5. Since 2006, the applicant's occupancy rate has increased significantly. Currently the applicant is functionally full and has a waiting list due to the separation of men and women in semi-private rooms. The applicant was forced to turn away 17 individuals in 2008 due to lack of available beds. This proposal puts 10 beds back on the license using existing space.
6. The applicant's statement that they often accept residents at a higher acuity level than other facilities in the area is supported by letters from the local hospital and the University of Iowa Hospitals and Clinics.
7. 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 311 beds. The total underbuild for Lee County is 12 beds. See the following table for additional bed information:

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

County	Projected 2014 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed NF Beds as of 01/08/09	Difference – Formula vs. Licensed & Approved*
Lee	6,879	486	474	-12
Des Moines	7,586	536	265	-271
Henry	3,290	236	247	+11
Van Buren	1,626	114	75	-39
<b>Totals</b>	<b>19,381</b>	<b>1,372</b>	<b>1,061</b>	<b>-311</b>

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

8. Over the span of the last two and one half years the total number of beds in the four-county area has decreased by 49 beds. See the following table for additional detail:

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

County	# of NF Beds (facilities) as of 07/06	# of NF Beds (facilities) as of 01/09	Difference in # of NF Beds
Lee	474(6)	474(6)	0
Des Moines	311(5)	265(4)	-46
Henry	250(5)	247(5)	-3
Van Buren	75(1)	75(1)	0
<b>Totals</b>	<b>1,110(17)</b>	<b>1,061(16)</b>	<b>-49</b>

9. 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)
<b>Totals</b>	<b>98(5)</b>

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

10. Department staff conducted a phone survey 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 Survey of Nursing Facilities Conducted January 2009**

By Facility in Lee County	License d Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
DONNELLSON HEALTH CENTER	60	6	90%	23
FORT MADISON HEALTH CENTER	100	7	93%	7
LEXINGTON SQUARE	116	4	96.6%	71
MONTROSE HEALTH CENTER INC	59	9	84.7%	30
RIVER HILLS VILLAGE	83	3	96.4%	37
WEST POINT CARE	51	20	60.8%	8
<b>TOTALS</b>	<b>469</b>	<b>49</b>	<b>89.6%</b>	<b>176</b>

County Totals	License d Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
DES MOINES COUNTY TOTALS	406	63	84.5%	191
HENRY COUNTY TOTALS	296	37	87.5%	136
VAN BUREN COUNTY TOTALS	75	10	86.7%	38

11. Nearly 60% of the 269 patients admitted to Lexington Square in the last three years were from Lee County. Slightly more than 16% were from either Missouri or Illinois.
12. In a letter of support for this proposal, the COO of Keokuk Area Hospital writes that the applicant routinely accepts residents with higher acuity and those with financial issues that other facilities will not accept. As a result, the facility draws residents from outside the community; from as far away as Cedar Rapids, Iowa City, Quincy, Burlington and Fort Madison.

13. The percentage of Medicaid recipients served, based on total residents served, in the last three years averaged 77%. The applicant projects that number to grow to 81% in 2010. All of the proposed beds will be certified for Medicaid.

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

<b>County</b>	<b>RCF Beds (Facilities)</b>	<b>Home Health Agencies</b>	<b>Adult Day Services</b>	<b>Assisted Living Units (Facilities)</b>	<b>ALP/D</b>
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
<b>TOTALS</b>	<b>127(5)</b>	<b>11</b>	<b>0</b>	<b>292(4)</b>	<b>296(5)</b>

Data source: DIA web site

15. There are five other nursing facilities in Lee County. The administrator of Fort Madison Health Center submitted occupancy for last year at 87.5% and stated there is no need for additional beds in the area. The remaining facilities in the area did not comment.

16. In addition to the two letters of support previously mentioned (Keokuk Area Hospital and UIHC), the mayor of Keokuk also submitted a letter of support for this project.

17. The proposal calls for the addition of 10 previously licensed nursing facility beds in existing space, therefore, no construction or renovation is necessary.

18. The applicant states that the source of funds is cash on hand.

19. The applicant took out a loan of \$3,550,000 in September 2008 for the purpose of consolidation and new money. The term of the loan is five years, the interest rate is 6.68% and the monthly payment is \$27,046.

20. The applicant states that their nurse to resident ratio is higher than other facilities in the area and they employ their own physical, occupational and speech therapists.

21. The applicant indicates that the proposal will result in the need for an additional 5.0 FTEs; 1.0 FTE licensed practical nurse, and 4.0 FTEs certified nursing assistants. The applicant states they offer a competitive wage and a substantial benefits package and has enjoyed a stable workforce, thus they are confident they will continue to retain and attract quality employees to meet this new need.

22. The current room rate of \$130 will not change as a result of the proposed additional beds..

## 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 new square footage. The Council concludes that this facility is accepting patients that are currently in a more costly, less appropriate hospital setting because other nursing facilities will not take on their specific level of care, such as wound care and bariatric patients. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates a need for 12 additional beds in Lee County and the phone survey conducted by Department staff indicates a county wide occupancy of nearly 90%. The Council has previously concluded that occupancy rates of over 85 % indicate appropriate and efficient utilization of existing nursing facilities. The Council takes note and gives significant weight to the fact that the applicant accepts patients that other facilities do not accept and as a result receives 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 does not involve construction or renovations. 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 serves. The Council

further takes note of the reported 40 individuals in a “holding” pattern at hospitals in the area waiting for placement at Lexington Square and gives significant weight to the letters from the local hospital and the UIHC in concluding that patients are experiencing problems in obtaining the type of care the applicant provides. Finally, the Council notes that the applicant was forced to turn away 17 individuals in 2008 due to lack of existing beds and that these patients will continue to experience problems in obtaining care of the type offered by the applicant 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 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 April 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



3. The skilled nursing “neighborhood” will have a separate outside entrance for guests and residents’ convenience. There will be 22 oversized private rooms and 6 semi-private rooms with separate bedrooms, two of which would only be used as semi-private rooms if someone within the community needs nursing facility level of care and there are no other beds available or if there are spouses who wish to share a room.
4. All 34 nursing facility beds will be certified for Medicare and Medicaid. The applicant is projecting about 2 of the 34 beds will be occupied by a Medicaid or Medicare recipient in the first year and close to 5 of the 34 beds by year three.
5. To demonstrate need, the applicant relies on the fact that there is no senior housing in the city of Grimes and the calculated bed need for Polk County.
6. The proposed project is to be located in a rapidly growing portion of a metropolitan area. The executive director of the Grimes Chamber stated that the City of Grimes has grown 50% since the 2000 census, has a population of 7,000 and an average resident age of 31 years. While the city attracts young families, older residents are unable to remain when their needs require living with assistance due to the lack of such facilities in the community.
7. The eight-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,254 beds. The total underbuild for Polk County is 962 beds. Polk County does have a large number of assisted living units (see table in number 12 below). See the following table for additional bed information:

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

<b>County</b>	<b>Projected 2014 Population Age 65+</b>	<b># of NF Beds needed per bed need formula</b>	<b># of licensed NF Beds as of 01/08/09</b>	<b>Difference – Formula vs. Licensed &amp; Approved*</b>
Polk	53,749	3,189	2,227	-962
Boone	4,079	294	379	+85
Dallas	6,034	370	453	+83
Jasper	6,473	461	334	-127
Madison	2,499	179	209	+30
Marion	5,818	414	226	-188
Story	9,837	730	458	-272
Warren	7,392	424	521	+97
<b>Totals</b>	<b>95,881</b>	<b>6,061</b>	<b>4,807</b>	<b>-1,254</b>

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

8. Over the span of the last two and one half years the total number of beds in the eight-county area has increased by 154 beds. See the following table for additional detail:

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

County	# of NF Beds (facilities) as of 07/06	# of NF Beds (facilities) as of 01/09	Difference in # of NF Beds
Polk	2129(26)	2,227(26)	+98
Boone	383(5)	379(4)	-4
Dallas	377(7)	453(8)	+76
Jasper	334(6)	334(6)	0
Madison	209(3)	209(3)	0
Marion	226(3)	226(3)	0
Story	474(6)	458(6)	-16
Warren	521(6)	521(6)	0
<b>Totals</b>	<b>4,653(62)</b>	<b>4,807(62)</b>	<b>+154</b>

9. There are currently 4,807 licensed nursing facility beds in the eight counties, 584 beds (12% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

County	# of CCDI Beds (facilities)
Polk	263(10)
Boone	56(2)
Dallas	59(3)
Jasper	40(2)
Madison	18(1)
Marion	0
Story	48(2)
Warren	100(4)
<b>Totals</b>	<b>584(24)</b>

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

10. Department staff conducted a phone survey of all NF facilities in the eight-county area. The results by facility for Polk County and the results by county are in the following tables:

**Phone Survey of Nursing Facilities Conducted January 2009**

By Facility in Polk County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
DEERFIELD RETIREMENT COMMUNITY	30	2	93%	0
ALTOONA NURSING AND REHAB	106	1	99%	60
BISHOP DRUMM CARE CENTER	150	0	100%	72
CALVIN MANOR	59	2	97%	19
FLEUR HEIGHTS CTR FOR WELLNESS & REHAB	120	7	94%	56
FOUNTAIN WEST HEALTH CENTER	175	14	92%	60

<b>By Facility in Polk County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
GENESIS SENIOR LIVING CENTER	80	15	81%	62
IOWA JEWISH SENIOR LIFE CENTER	58	7	90%	6
KAREN ACRES HEALTHCARE CENTER	38	3	92%	20
MANORCARE HEALTH SERVS OF WDM	120	72	40%	20
MILL POND RETIREMENT COMMUNITY	60	6	90%	15
MITCHELL VILLAGE CARE CENTER	65	5	92%	48
ON WITH LIFE (Not surveyed, special care)	26			
PARKRIDGE NURSING & REHAB CTR	74	1	99%	43
POLK CITY NURSING AND REHAB	68	4	94%	37
PRIME NURSING AND REHAB CENTER	44	17	61%	1
RAMSEY VILLAGE	78	5	94%	18
RIVERVIEW CARE CENTER	74	14	81%	53
SCOTTISH RITE PARK HEALTH CARE CTR	41	8	80%	0
SUNNY VIEW CARE CENTER	94	6	94%	6
UNION PARK HEALTH SERVICES	83	9	89%	46
UNIVERSITY PARK NURSING & REHAB CTR	108	4	96%	58
URBANDALE HEALTH CARE CENTER	180	122	38%	18
VALLEY VIEW VILLAGE	79	15	81%	20
WESLEY ACRES	80	1	99%	7
CHILDSERVE HABILITATION CENTER	58	7	88%	45
TRINITY CENTER AT LUTHER PARK	120	3	98%	51
IOWA LUTHERAN HOSPITAL	16	2	88%	9
MERCY MEDICAL CENTER-DES MOINES	35	15	57%	3
<b>TOTALS</b>	<b>2293</b>	<b>367</b>	<b>84%</b>	<b>853</b>

<b>County Totals</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
BOONE COUNTY TOTALS	411	101	75%	121
DALLAS COUNTY TOTALS	452	80	82%	156
JASPER COUNTY TOTALS	334	88	74%	123
MADISON COUNTY TOTALS	332	54	84%	77
MARION COUNTY TOTALS	354	48	86%	150
STORY COUNTY TOTALS	589	72	88%	194
WARREN COUNTY TOTALS	521	101	81%	248

11. The applicant anticipates 50% of the residents to be served at the nursing facility will come from outside the continuing care retirement community campus.

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Polk	201(5)	9	52(2)	1,757(22)	573(8)
Boone	145(2)	1	53(2)	144(2)	0
Dallas	123(2)	2	0	194(4)	0
Jasper	20(1)	2	28(1)	114(2)	0
Madison	18(1)	0	0	15(1)	66(1)
Marion	154(4)	4	0	83(1)	84(1)
Story	24(3)	1	30(1)	441(6)	0
Warren	62(3)	1	0	86(2)	78(1)
<b>TOTALS</b>	<b>747(21)</b>	<b>20</b>	<b>163(6)</b>	<b>2,834(40)</b>	<b>801(11)</b>

Data source: DIA web site

13. Two letters of opposition were received: one from the owner of Perry Health Care Center (48 beds) in Perry, who is also the leasee of the nursing facility at The Village of Legacy Pointe (48 beds) in Waukee and the other from the administrator of Spurgeon Manor (42 beds) in Dallas Center. (Grimes is part of the Dallas Center-Grimes school district) All of these are in Dallas County. These letters speak of available beds within 10 miles of Grimes and the difficulty in finding qualified staff.
14. Nine letters of support for the proposal were submitted. The majority of these are from city or chamber of commerce officials and businesses in Grimes. There is one letter of support from a local physician who wrote at the request of the chamber of economic development.
15. The executive director of the chamber describes Grimes as a young community and feels the proposed facility would benefit those who would like to move elderly family members closer to home. He also speaks of the positive economic impact of such a facility.
16. The applicant states that the proposal will be funded through borrowing \$3,507,000 and \$877,000 cash on hand. The application includes a letter from Green Belt Band and Trust in Iowa Falls indicating conditional approval of financing in the amount of \$8M for the construction of the project. This is based on the bank's successful relationship with the applicant over the years.
17. The proposal involves the construction of 20,400 square feet (this does not include the common areas) at a facility cost of \$3,287,000. In addition there are site costs of \$264,000, land improvements of \$129,000, movable equipment totaling \$250,000 and financing costs of \$149,000. The average cost per bed (turn key) is \$119,970.
18. The applicant anticipates an operating deficit of \$412,000 the first year of operation. By year two a profit of \$48,000 is anticipated. The applicant projects that about 85% of the residents will be private pay and about 15% will be Medicaid/Medicare recipients; those receiving skilled care would mostly likely receive Medicare reimbursement.

19. The applicant projects the need for 25.7 FTEs to staff the proposed 34 nursing facility beds. Fifteen of these would be in the nursing category; 3.8 registered nurses, 1.4 licensed practical nurses and 9.8 certified nursing assistants. Dietary, housekeeping, laundry, maintenance and some of the administrative duties will be shared with the other “neighborhoods” (independent and assisted living) within the project.
20. The applicant indicates a proposed private pay rate of \$170 per day with additional charges for supplies and level of care.

## 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 continuing care retirement communities appropriately include different levels of care for efficiency. The Council further concludes that there are no existing nursing facilities in the city of Grimes, a rapidly growing community. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council concludes that the independent living and assisted living components of the planned continuing care retirement community will serve as feeders for the nursing facility beds and thus have minimal impact on existing facilities. The facility is to be built in Polk County, a county that is statistically underbuilt. The Council concludes that occupancy rates for Polk County and nearby Dallas County indicate efficient rates of utilization at existing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves new construction as the proposed retirement community will be built in an area experiencing rapid growth. The Council further concludes that the town center approach does allow for some sharing of services among the different levels of care to be provided. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that proposed service. The Council gives significant weight to the known and projected increase in population in the services area and the impact that increase has on bed need projections. The Council concludes that there are no existing nursing facility beds in the city of Grimes, a rapidly growing community in Polk County, and that occupancy rates at existing facilities within the service are high. 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 April 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 )  
 )  
EVANGELICAL LUTHERAN GOOD SAMARITAN )  
SOCIETY D/B/A GREAT OAK ESTATES )  
 )  
OTTUMWA, IOWA )

**DECISION**

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

The application proposes the construction of a 60-bed nursing facility (NF) as part of a continuing care retirement community (CCRC) at an estimated cost of \$13,616,160.

Evangelical Lutheran Good Samaritan Society d/b/a Great Oak Estates 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. Douglas Fulton of Brick Gentry Law, Dana S. Holland, Tom P. Nelson and Keith Kieliszewski were present representing the applicant. The applicant made a presentation and answered questions.

Representative Gaskill spoke in support of the project.

Patrick Luft of Ottumwa Ridgewood, Tim Bouseman of Oakwood NRC in Albia, Ken Carlson and Ron Stursma of Vista Woods Care Center in Ottumwa and Brenda Hostetler of Regional Retirement Living in Ottumwa spoke as affected parties opposed to the project.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 4-1 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 60-bed nursing facility as a free standing building on their existing 75 acre campus known as Great Oak Estates.
2. The campus includes a 146-bed nursing facility built in 1970. In addition, Great Oak Estates operates a 36 unit independent living apartment complex and 8 duplex style housing units.

A 24-unit assisted living facility is under construction. Future plans include the addition of up to 48 new duplex style housing units and 20 new apartment units.

3. A 30-bed addition to the existing nursing facility was constructed in 2002 after eliminating six four bed wards and removing six semi-private beds from the old building and transferring these to the new addition. This utilized all of the remaining space on the existing nursing facility site making another connected addition impossible.
4. A 101-bed nursing facility, Ottumwa Manor, closed in September 2008 resulting in the relocation of 40 residents. Three nursing facilities remain in Wapello County, all in Ottumwa. They all have high occupancies, 93% or higher.
5. The eight-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 302 beds. The total underbuild for Wapello County is 151 beds. See the following table for additional bed information:

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

<b>County</b>	<b>Projected 2014 Population Age 65+</b>	<b># of NF Beds needed per bed need formula</b>	<b># of licensed NF Beds as of 01/08/09</b>	<b>Difference – Formula vs. Licensed &amp; Approved*</b>
Wapello	5,964	427	276	-151
Appanoose	2,426	171	144	-27
Davis	1,552	110	91	-19
Jefferson	2,871	204	90	-114
Keokuk	2,178	153	172	+19
Mahaska	3,394	244	224	-20
Monroe	1,402	98	147	+49
Van Buren	1,626	114	75	-39
<b>Totals</b>	<b>21,413</b>	<b>1,521</b>	<b>1,219</b>	<b>-302</b>

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

6. Over the span of the last two and one half years the total number of beds in the eight-county area has decreased by 101 beds, two facilities closed and one facility opened. See the following table for additional detail:

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

<b>County</b>	<b># of NF Beds (facilities) as of 07/06</b>	<b># of NF Beds (facilities) as of 01/09</b>	<b>Difference in # of NF Beds</b>
Wapello	377(4)	276(3)	-101
Appanoose	154(2)	144(2)	-10
Davis	91(1)	91(1)	0
Jefferson	153(2)	90(1)	-63

<b>County</b>	<b># of NF Beds (facilities) as of 07/06</b>	<b># of NF Beds (facilities) as of 01/09</b>	<b>Difference in # of NF Beds</b>
Keokuk	172(3)	172(3)	0
Mahaska	155(2)	224(3)	+69
Monroe	150(2)	147(2)	-3
Van Buren	75(1)	75(1)	0
<b>Totals</b>	<b>1,327(17)</b>	<b>1,219(16)</b>	<b>-108</b>

7. There are currently 1,219 licensed nursing facility beds in the eight counties, 62 beds (5% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

<b>County</b>	<b># of CCDI Beds (facilities)</b>
Wapello	20(1)
Appanoose	0
Davis	0
Jefferson	14(1)
Keokuk	0
Mahaska	10(1)
Monroe	0
Van Buren	18(1)
<b>Totals</b>	<b>62(4)</b>

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

8. Department staff conducted a phone survey of all NF facilities in the eight-county area. The results by facility for Wapello County and the results by county are in the following tables:

**Phone Survey of Nursing Facilities Conducted January 2009**

<b>WAPELLO COUNTY</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
Good Samaritan Society--Ottumwa	146	10	93.2%	95
Ridgewood Nursing & Rehab. Center	70	4	94.3%	44
Vista Woods Care Center	60	4	93.3%	18
<b>TOTALS</b>	<b>276</b>	<b>18</b>	<b>93.5%</b>	<b>157</b>

<b>County Totals</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
APPANOOSE COUNTY	164	44	73.2%	71
DAVIS COUNTY	123	20	83.7%	46
JEFFERSON COUNTY	126	17	86.5%	57
KEOKUK COUNTY	172	39	77.3%	61
MAHASKA COUNTY	224	39	82.6%	93
MONROE COUNTY	146	19	87.0%	91
VAN BUREN COUNTY	75	10	86.7%	38

9. The proposal will be part of a campus with lower levels of care. In the past three years the applicant has admitted 462 patients and about 87.5% of these were from Wapello County.

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

<b>County</b>	<b>RCF Beds (Facilities)</b>	<b>Home Health Agencies</b>	<b>Adult Day Services</b>	<b>Assisted Living Units (Facilities)</b>	<b>ALP/D</b>
Wapello	31(1)	2	0	0	231(2)
Appanoose	10(1)	2	20(1)	125(2)	0
Davis	6(1)	1	0	28(1)	0
Jefferson	0	3	0	118(2)	0
Keokuk	0	1	0	18(1)	0
Mahaska	59(2)	2	0	68(2)	0
Monroe	9(1)	2	0	0	0
Van Buren	48(1)	2	0	20(1)	0
<b>TOTALS</b>	<b>163(7)</b>	<b>15</b>	<b>20(1)</b>	<b>377(9)</b>	<b>231(2)</b>

Data source: DIA web site

11. There were four letters of opposition submitted: one from Ridgewood in Ottumwa; one from Centerville Nursing in Centerville (Appanoose County); and one from each of the two facilities in Albia (Monroe County), Monroe Care Center and Oakwood Nursing. The concerns expressed in objection were the cost of the proposed facility and the impact on Medicaid, the availability of skilled staff and the actual need for additional nursing facility beds in light of the proliferation of assisted living units in the area.

12. Affected parties testified that the growth of assisted living units has contributed to shorter lengths of stay in nursing facilities which means that existing beds can serve more people now than before. For example; Vista Woods (60 beds) admitted 50 individuals in 2005 and 132 individuals in 2008. Occupancy percentage in 2005 was 97% and in 2008 it was 94%.

13. Letters of support were received from the Mayor of Ottumwa, the medical director of the Great Oaks, the Chamber of Commerce, the county board of supervisors, State Representative Mary Gaskill, the Community College, a local physician of geriatrics and the Community Health Center. The general theme of these letters was improved health care access following the closure of a facility and the addition of jobs and revenue to the community.

14. The applicant states that the proposal will be funded through borrowing \$9,516,160 and \$4,100,000 cash on hand. The application includes a letter from PiperJaffray advising that they will underwrite tax exempt bonds in the approximate amount of \$9,516,160 that will amortize over 30 years at a fixed rate of 6.25%.

15. The proposal involves the construction of 47,613 square feet at a facility cost of \$11,786,160. In addition there are site costs of \$750,000, movable equipment totaling \$730,000 and financing costs of \$350,000. The average cost per bed (turn key) is \$226,936.

The cost per bed is the highest cost per bed ever proposed for a nursing facility in the history of the certificate of need program in Iowa.

16. The applicant anticipates an operating deficit of \$308,719 the first year of operation, \$196,262 the second year, and \$17,628 the third year. By year four, a surplus of \$184,339 is anticipated. The applicant projects that about 37% of the residents will be private pay and about 60% will be Medicaid recipients; this is based on the total 206 nursing beds on campus. The specific breakdown for the new 60-bed facility was not provided.
17. Revenue assumptions were based on private pay rates of \$192 the first year increasing to \$211 the third year.
18. The applicant projects the need for 54 FTEs to staff the proposed 60 nursing facility beds. Thirty-six of these would be in the nursing category; 6 RNs, 8 LPNs and 22 nurse aides. The applicant has the ability to share staff with their assisted living and independent living facilities. The applicant does not anticipate difficulty hiring the necessary staff due to the wage and benefit package they offer coupled with the rising unemployment rate. Also, Great Oaks participates as a clinical site for nursing students from Indian Hills Community College in Ottumwa.

#### 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 exorbitant cost of this project is the most significant factor for the Council in its determination to deny this application. The Council takes note that the cost per bed is the highest proposed per bed cost for a nursing facility in the history of the

CON program and is nearly \$100,000 more than the next highest cost per bed the Council has ever seen proposed, leading the Council to conclude that less costly alternatives to this proposal are available. 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 Council concludes that current strong census at existing facilities is due in part to the recent closing of Ottumwa Manor and the moving of 45 residents from that facility, 20 of those were placed in Ottumwa facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves new construction on land already owned by the applicant and that alternatives to the project were not adequately considered. The Council further concludes that the proposed cost is excessive and alternative designs or arrangements should be explored. 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 takes note that 45 residents of a recently closed facility in Ottumwa were placed in existing and available beds in the area within two and half weeks. The Council further notes that a recent phone survey indicated 18 empty NF beds in Ottumwa which leads the Council to conclude that patients will not experience problems in obtaining care. 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 April 2009

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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 )  
 )  
ARBOR COURT FAIRFIELD )  
 )  
FAIRFIELD, IOWA )

**DECISION**

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

The application proposes the establishment of a 65-bed nursing facility (NF) at an estimated cost of \$2,300,000.

Arbor Court Fairfield applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Doug Gross of Brown Winick Law, Ryan Matheney, Sheila Matheney, Rachel Longbine, Sheila Horras, Sheri Lowe, Jo Fetters and Virginia McTee were present representing the applicant. The applicant made a presentation and answered questions.

Representative David Heaton spoke in support of the Arbor Court proposal. William H. Stevens, Robert R. Lawson, Sr., and Janet Hunerdosse spoke as affected parties in support of the project.

Jens Lee of New London Nursing & Rehab; Jennifer Johannes and Ed Osby of Parkview Care Center; and Robert Baudino and David J. Darrell of Baudino Law Group representing Parkview Care Center spoke as affected parties opposed to the project.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 3-2 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 establishment of a 65-bed nursing facility through the acquisition and renovation of a building that housed a 63-bed nursing facility (Nelson Manor) until September 2008 when it voluntarily closed.
2. The applicant feels the proposed project is necessary for three reasons. First the population in the area is aging. Second, the closing of Nelson Manor created a situation where the

immediate needs of Jefferson County residents are not being served. The applicant plans to reach out initially to those residents who were displaced by the closure of Nelson, many of whom relocated outside of their town or county. Third, Jefferson County is underbuilt according to the state bed need formula.

3. The applicant considered constructing a new facility in Fairfield but rejected that option because the cost would be significantly higher than renovating the facility vacated by Nelson Manor. The applicant states that the building is structurally sound.
4. The applicant has successful experience with purchasing a facility in disrepair and through renovation and training of staff, opening a facility that is able to provide specialized care and maintain high occupancies. The applicant did this in 2002 when they purchased the former Maple Leaf facility in Mount Pleasant.
5. The Mount Pleasant facility takes many residents that hospitals find difficult to discharge and the proposed facility plans to treat similar residents, focusing on short-term rehabilitation residents as well as medically complicated residents. The Mount Pleasant facility has a wound care program and currently has two residents who are quadriplegic.
6. Eight residents of Nelson Manor relocated to Arbor Court in Mount Pleasant when Nelson closed. Many family members of these displaced residents urged the owners of Arbor Court to take over the facility in Fairfield.
7. The seven-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 248 beds. The total underbuild for Jefferson County is 114 beds. See the following table for additional bed information:

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

<b>County</b>	<b>Projected 2014 Population Age 65+</b>	<b># of NF Beds needed per bed need formula</b>	<b># of licensed NF Beds as of 01/08/09</b>	<b>Difference – Formula vs. Licensed &amp; Approved*</b>
Jefferson	2,871	204	90	-114
Davis	1,552	110	91	-19
Henry	3,290	236	247	+11
Keokuk	2,178	153	172	+19
Van Buren	1,626	114	75	-39
Wapello	5,964	427	276	-151
Washington	3,887	276	321	+45
<b>Totals</b>	<b>21,368</b>	<b>1,520</b>	<b>1,272</b>	<b>-248</b>

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

8. Over the span of the last two and one half years the total number of beds in the seven-county area has decreased by 175 beds; two facilities closed. See the following table for additional detail:

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

<b>County</b>	<b># of NF Beds (facilities) as of 07/06</b>	<b># of NF Beds (facilities) as of 01/09</b>	<b>Difference in # of NF Beds</b>
Jefferson	153(2)	90(1)	-63
Davis	91(1)	91(1)	0
Henry	250(5)	247(5)	-3
Keokuk	172(3)	172(3)	0
Van Buren	75(1)	75(1)	0
Wapello	377(4)	276(3)	-101
Washington	329(5)	321(5)	-8
<b>Totals</b>	<b>1447(21)</b>	<b>1272(19)</b>	<b>-175</b>

9. There are currently 1,272 licensed nursing facility beds in the seven counties, 90 beds (7% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

<b>County</b>	<b># of CCDI Beds (facilities)</b>
Jefferson	14(1)
Davis	0
Henry	0
Keokuk	0
Van Buren	18(1)
Wapello	20(1)
Washington	38(3)
<b>Totals</b>	<b>90(6)</b>

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

10. Department staff conducted a phone survey of all NF facilities in the seven-county area. The results by facility for Jefferson County and the results by county are in the following tables:

**Phone Survey of Nursing Facilities Conducted January 2009**

<b>Jefferson County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
Parkview Care Center	90	17	81.1%	47
Jefferson County Hospital	36	0	100%	10
<b>TOTALS</b>	<b>126</b>	<b>17</b>	<b>86.5%</b>	<b>57</b>

<b>County Totals</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>	<b># of Medicaid Recipients</b>
Davis County	123	20	83.7%	46

Henry County	296	37	87.5%	136
Keokuk County	172	39	77.3%	61
Van Buren County	75	10	86.7%	38
Wapello County	276	18	93.5%	113
Washington County	346	63	81.8%	191

11. The proposed project is to be located in a community that recently saw the closure of a 63-bed nursing facility resulting in the moving of residents to other facilities, many to other communities. The proposal will be in the same building the now closed facility occupied. At the time of the closure, 81% of Nelson Manor’s residents were from Jefferson County.
12. As noted above in the phone survey table, there is currently one freestanding nursing facility in Jefferson County: Parkview Care Center. Parkview is licensed for 90 beds and had 17 empty beds at the time of the survey. Jefferson County Hospital also has a 36-bed nursing facility unit that is full and has historically experienced near 100 % occupancy.
13. There was also a proposal before the Council for the establishment of a freestanding 86-bed nursing facility through the acquisition and renovation of the building that currently houses the Jefferson County Hospital, which includes the 36-bed nursing care unit.
14. The applicant is projecting 60% of the total 65 beds will be occupied by a Medicaid recipient in the first year and close to 56% by year three. All of the beds will be certified for Medicaid and Medicare.
15. The following table displays other levels of service available in the seven-county area:

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Jefferson	0	3	0	118(2)	0
Davis	6(1)	1	0	28(1)	0
Henry	34(2)	0	0	0	82(2)
Keokuk	0	1	0	18(1)	0
Van Buren	48(1)	2	0	20(1)	0
Wapello	31(1)	2	0	0	231(2)
Washington	27(2)	1	0	20(1)	61(2)
<b>TOTALS</b>	<b>146(7)</b>	<b>10</b>	<b>0</b>	<b>204(6)</b>	<b>374(6)</b>

Data source: DIA web site

16. There were six letters of opposition submitted from the following facilities: Parkview Care Center in Fairfield; Ridgewood in Ottumwa; the proposed SunnyBrook in Fairfield; Henry County Health Center; Pleasant Manor in Mt. Pleasant and New London Care Center in New London. The concerns expressed in objection were the actual need for additional nursing facility beds in light of the proliferation of assisted living units and the growth of Home and Community Based Services in the area and slow growth of elderly population. One objector also mentioned that the 40 residents at Nelson Manor were all placed in area facilities within a two week time period.

17. The applicant believes the regulations for assisted living are going to get stricter and the level of care provided in assisted living units is beginning to be scrutinized by the regulators. The applicant believes the NF population will return from assisted living to NF facilities.
18. The applicant states that at the time of closing, 80% of the Nelson Manor residents were from Jefferson County and only 20% of those remained in Jefferson County.
19. Letters of support were received from the Mayor of Mt. Pleasant, the Mount Pleasant Chamber of Commerce, a Mount Pleasant insurance agency, the pastor of the First Christian Church in Fairfield and 17 letters from former employees, residents or family members of residents of the Nelson Manor. The letters from Mount Pleasant praised the success of Arbor Court in that community. The remaining letters addressed the loss of Nelson Manor and the desire to return former residents to the community.
20. The applicant states that the proposal will be funded through borrowing \$2,300,000 and \$200,000 cash on hand. The application includes a letter from Farmers and Merchants Bank and Trust in Mount Pleasant that states based on past lending relationships with the applicant an estimated interest rate would be between 6.5% and 7% fixed for 3 years with a 20-year amortization.
21. The proposal involves the construction of 4,700 square feet and the renovation of 4,921 square feet at a facility cost of \$895,000. In addition there are site costs of \$900,000(including \$850,000 for the site), movable equipment totaling \$18,000 and financing costs of \$150,000. The average cost per bed (turn key) is \$38,500.
22. The proposed new north wing will serve short term rehabilitation patients.
23. The applicant anticipates an operating deficit of \$187,700 the first year of operation. By year two, a profit of \$167,743 is anticipated and by year three, a profit of \$428,431. Revenue assumptions were based on private pay rates of \$130 the first year increasing to \$140 the third year.
24. The applicant projects the need for 54.25 FTEs to staff the proposed 65 nursing facility beds. Thirty-four and one half of these would be in the nursing category; 5 RNs, 5 LPNs and 24.5 nurse aides. The applicant has already received calls from individuals seeking employment.
25. The applicant indicates a proposed private pay rate of \$130 per day.

#### 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 renovation and adding on to an existing building which was previously licensed as a nursing facility is less costly and more efficient than all new construction. The Council is concerned about the effect of a denial of this project on the former residents of Nelson Manor and concludes that for the residents who wish to return to this facility this option is the most appropriate alternative and best allows them to continue to receive nursing services in a consistent, familiar environment. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates a need for 114 additional beds in Jefferson County, and even if the Sunnybrook application is approved there is still a need under the formula for the number of beds included in this project. The Council takes note and gives significant weight to the fact that the applicant renovated a facility in Mount Pleasant that now accepts medically complicated patients that other facilities do not accept. The Council concludes that the applicant will focus on similar residents in Fairfield, which will not have a negative impact on existing facilities. Finally, the Council concludes that the average utilization rates for facilities in this county is over 85%, a number the Council has relied upon in the past to indicate that nursing facilities are currently being utilized in an appropriate and efficient manner. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does involve some new construction in the form of an addition to an existing building which will be renovated. The Council concludes that this is preferred to the alternative of all new construction. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that the applicant's facility in Mount Pleasant took eight of the

residents displaced by the closing of Nelson Manor. The Council also gives significant weight to the applicant's commitment to accept patients that hospitals find difficult to discharge in concluding that those types of patients will experience problems in obtaining care in the absence of this proposal. 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 April 2009

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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 )  
 )  
SUNNYBROOK LIVING CARE CENTER, L.C. )  
 )  
FAIRFIELD, IOWA )

**DECISION**

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

The application proposes the acquisition of the Jefferson County Hospital building, including the 36-bed long-term care unit and adding 50 nursing facility beds for the establishment of an 86-bed nursing facility (NF) at an estimated cost of \$2,743,080.

Sunnybrook Living Care Center, L.C. applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ed McIntosh of Dorsey & Whitney; Betty Howell; Jerry Perdue (architect) and Deb Cardin, CEO of Jefferson County Hospital were present representing the applicant. The applicant made a presentation and answered questions.

Dr. Donal Hill of Fairfield spoke in support of this project. Warren G. Lawson spoke as an affected party in support of the project.

Jens Lee of New London Nursing & Rehab; Jennifer Johannes and Ed Osby of Parkview Care Center; and Robert Baudino and David J. Darrell of Baudino Law Group representing Parkview Care Center spoke as affected parties opposed to the project.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 3-2 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 establishment of an 86-bed nursing facility through the acquisition and renovation of a building that currently houses the Jefferson County Hospital, which includes a 36-bed nursing care unit. The applicant proposes to add 50 nursing facility beds to the 36 currently in existence, for a total of an 86 bed facility.

2. SunnyBrook Assisted Living in Fairfield opened in February 2003. The owners expanded their services and opened a second facility in Mt. Pleasant and then partnered with Senior Housing Management of Cedar Rapids and recently opened assisted living facilities in Fort Madison, Burlington, Carroll and Muscatine. This proposal will be the applicant's first nursing facility.
3. The applicant feels the proposed project is necessary because Jefferson County is underbuilt according to the state bed need formula and a 63-bed facility recently closed in the county. The applicant further asserts the demographic data supports the need for this project.
4. There is one additional facility in Jefferson County, also in Fairfield, that provides long term care services: Parkview Care Center with 90 beds.
5. The seven-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 248 beds. The total underbuilt for Jefferson County is 114 beds. See the following table for additional bed information:

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

<b>County</b>	<b>Projected 2014 Population Age 65+</b>	<b># of NF Beds needed per bed need formula</b>	<b># of licensed NF Beds as of 01/08/09</b>	<b>Difference – Formula vs. Licensed &amp; Approved*</b>
Jefferson	2,871	204	90	-114
Davis	1,552	110	91	-19
Henry	3,290	236	247	+11
Keokuk	2,178	153	172	+19
Van Buren	1,626	114	75	-39
Wapello	5,964	427	276	-151
Washington	3,887	276	321	+45
<b>Totals</b>	<b>21,368</b>	<b>1,520</b>	<b>1,272</b>	<b>-248</b>

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

6. Over the span of the last two and one half years the total number of beds in the seven-county area has decreased by 175 beds; two facilities closed. See the following table for additional detail:

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

<b>County</b>	<b># of NF Beds (facilities) as of 07/06</b>	<b># of NF Beds (facilities) as of 01/09</b>	<b>Difference in # of NF Beds</b>
Jefferson	153(2)	90(1)	-63
Davis	91(1)	91(1)	0
Henry	250(5)	247(5)	-3
Keokuk	172(3)	172(3)	0

Van Buren	75(1)	75(1)	0
Wapello	377(4)	276(3)	-101
Washington	329(5)	321(5)	-8
<b>Totals</b>	<b>1447(21)</b>	<b>1272(19)</b>	<b>-175</b>

7. There are currently 1,272 licensed nursing facility beds in the seven counties, 90 of those beds (7% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

County	# of CCDI Beds (facilities)
Jefferson	14(1)
Davis	0
Henry	0
Keokuk	0
Van Buren	18(1)
Wapello	20(1)
Washington	38(3)
<b>Totals</b>	<b>90(6)</b>

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

8. Department staff conducted a phone survey of all NF facilities in the seven-county area. The results by facility for Jefferson County and the results by county are in the following tables:

**Phone Survey of Nursing Facilities Conducted January 2009**

Jefferson County	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
Parkview Care Center	90	17	81.1%	47
Jefferson County Hospital	36	0	100%	10
<b>TOTALS</b>	<b>126</b>	<b>17</b>	<b>86.5%</b>	<b>57</b>

County Totals	Licensed Beds	Empty Beds	Percent Occupied	# of Medicaid Recipients
Davis County	123	20	83.7%	46
Henry County	296	37	87.5%	136
Keokuk County	172	39	77.3%	61
Van Buren County	75	10	86.7%	38
Wapello County	276	18	93.5%	113
Washington County	346	63	81.8%	191

9. The proposed project is to be located in a community that recently experienced the closure of a 63-bed nursing facility resulting in the moving of residents to other facilities, many to other communities. The proposal involves the acquisition of the building currently housing the hospital, including the 36 nursing facility beds located there. In the last three years the

hospital has admitted 38 individuals into these beds; approximately 82% of them were from Jefferson County.

10. As noted above, the one freestanding nursing facility in Jefferson County -- Parkview Care Center -- licensed for 90 beds, had 17 empty beds at the time of the survey. The overall utilization rate in the county at the time of the phone survey was 86.5 %.
11. On the same date as this hearing, the Council also considered a proposal from Arbor Court to establish a 65 bed nursing facility through the acquisition and renovation of the former Nelson Manor, a 63 bed nursing facility that closed in September of 2008.
12. The applicant is projecting 47% of the total 86 beds will be occupied by a Medicaid recipient 6% by a Medicare patient and 47% private pay. All of the beds will be certified for Medicaid and Medicare.

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

<b>County</b>	<b>RCF Beds (Facilities)</b>	<b>Home Health Agencies</b>	<b>Adult Day Services</b>	<b>Assisted Living Units (Facilities)</b>	<b>ALP/D</b>
Jefferson	0	3	0	118(2)	0
Davis	6(1)	1	0	28(1)	0
Henry	34(2)	0	0	0	82(2)
Keokuk	0	1	0	18(1)	0
Van Buren	48(1)	2	0	20(1)	0
Wapello	31(1)	2	0	0	231(2)
Washington	27(2)	1	0	20(1)	61(2)
<b>TOTALS</b>	<b>146(7)</b>	<b>10</b>	<b>0</b>	<b>204(6)</b>	<b>374(6)</b>

Data source: DIA web site

14. There were five letters of opposition submitted from the following facilities: Parkview Care Center in Fairfield; Ridgewood in Ottumwa; Henry County Health Center; Pleasant Manor in Mt. Pleasant and New London Care Center in New London. The concerns expressed in objection were the actual need for additional nursing facility beds in light of the proliferation of assisted living units and the growth of Home and Community Based Services in the area and slow growth of elderly population. One objector also mentioned that the 40 residents at Nelson Manor were all placed in area facilities within a two week time period.
15. Representatives of Parkview Manor testified that they daily ask the hospital for placements and that they receive no calls from SunnyBrook assisted living looking for NF beds.
16. Letters of support were received from the Mayor of Fairfield, the Fairfield Chamber of Commerce, and State Representative John Whitaker. The letter from the mayor supported assisted living expansion in a new facility located in a nice residential area.
17. The medical director of the 36-bed unit at the hospital, Dr. Donald Hill, stated that this is an ethical issue, not all numbers. His main concern is to keep the current 36-beds open; over half of the 36 are his patients. He also stressed the financial ramifications to the community if the hospital building were to sit empty.

18. The applicant states that the proposal will be funded through borrowing \$2,700,000. The application includes a letter from CW Capital indicating the loan will be under the FHA/HUD 232 loan program. The proposed loan is a rehabilitation/construction and permanent loan.
19. The existing 36-bed long term care unit is in a wing off the first floor of the building. The proposed 50 beds will be developed on the second floor. The applicant does not have immediate plans for the first floor space below the proposed 50 bed unit.
20. The proposal involves the renovation of the building currently housing the hospital at a facility cost of \$1,318,080. In addition there are site costs of \$1,235,000 (including \$1,200,000 for the site), land improvements of \$10,000 and movable equipment totaling \$180,000. No financing costs were indicated. The average cost per bed (turn key) is \$54,861.
21. The applicant anticipates an operating deficit of \$289,119 the first year of operation, \$49,848 the second year and a profit of \$75,975 is anticipated by year three. Revenue assumptions were based on private pay rates of \$135 the first year increasing to \$149 the third year.
22. The applicant projects the need for an additional 37.3 FTEs to staff the proposed 50 additional nursing facility beds. Twenty-six of these would be in the nursing category. The applicant states they offer a competitive wage and benefits package and has a stable workforce at its assisted living facilities.
23. The applicant indicates a proposed private pay rate of \$135 per day.

#### CONCLUSIONS OF LAW

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

- a. Less costly, more efficient or more appropriate alternatives to the proposed institutional health service are not available and the development of such alternatives is not practicable;
- b. Any existing facilities providing institutional health services similar to those proposed are being used in an appropriate and efficient manner;
- c. In the case of new construction, alternatives including but not limited to modernization or sharing arrangements have been considered and have been implemented to the maximum extent practicable;

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

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that the ground floor space occupied by the 36-bed unit underwent a \$700,000 plus renovation in 2005. The Council further takes note that the proposed 50 additional beds will be located on the second floor of the former hospital and concludes that renovation of an existing building is less costly than new construction. The Council is concerned about the effect of a denial of this project on the 36 residents currently living in the nursing care unit, and concludes that for these 36 residents this option is the most appropriate alternative and best allows them to continue to receive nursing services in a consistent, familiar environment. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates a need for 114 additional beds in Jefferson County. Prior to voting on this proposal, the Council approved a proposal for 65 beds in Jefferson County which lowered the formula projected need to 49 beds. Approval of the 50 additional beds called for in this project fulfills that need and would result in optimal bed to need ratio under the formula for this county. The Council takes note and gives significant weight to the fact that the 36-bed unit at the hospital is fully occupied and has seen minimal turnover in the past three years (38 admissions). Finally, the Council concludes that the average utilization rates for facilities in this county is over 85%, a number the Council has relied upon in the past to indicate that nursing facilities are currently being utilized in an appropriate and efficient manner. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does not involve new construction, but renovation of an existing building. 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 gives significant weight to the full occupancy of the existing 36-bed unit at the hospital and the serious problems those patients would have in being forced to move if this project were denied. 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 April 2009

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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 )  
 )  
WESLEY RETIREMENT SERVICES )  
 )  
WEST DES MOINES, IOWA )

**DECISION**

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

The project, the construction of two 20-bed “services houses” for a total of 40 nursing facility beds, was originally approved on January 17, 2006 at an estimated cost of \$5,337,800. A one year extension was granted on January 16, 2007 and again on January 15, 2008.

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 one year from the date of these findings.

Dated this \_\_\_\_ day of April 2009

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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 )  
  
UNIVERSITY OF IOWA HOSPITALS & CLINICS )  
  
IOWA CITY, IOWA )

**DECISION**

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

The project, the purchase of a biplane angiography system, was originally approved on January 15, 2008 at an estimated cost of \$3,700,000.

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 April 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