

**MINUTES**  
**STATE HEALTH FACILITIES COUNCIL**  
**JUNE 30, 2005**  
**LUCAS STATE OFFICE BUILDING**  
**321 EAST 12<sup>TH</sup> STREET**  
**ROOMS 517 & 518, 5<sup>TH</sup> FLOOR**  
**DES MOINES, IOWA**

**I. 8:30 AM ROLL CALL**

**MEMBERS PRESENT:** Cynthia Beauman, Chairperson, Gary Butz, Chuck Follett, Karen Hope and Sid Scott.

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

**II. ELECTION OF VICE CHAIRPERSON**

Butz nominated Scott for vice-chairperson. Nomination was seconded by Hope. No further nominations. Scott elected vice-chairperson by a unanimous voice vote.

**III. PROJECT REVIEW**

1. Mercy Medical Center—Centerville, Centerville, Appanoose County: Convert 14 Acute Care Beds to Distinct Part Long-Term Care Beds and 9 Acute Care Beds to Skilled Care Beds - \$65,570.

Staff report by Barb Nervig. The applicant was represented by Clint Christianson and Sherri Doggett. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

2. Mercy Medical Center—Cedar Rapids, Cedar Rapids, Linn County: Acquire Tomo Therapy HI-ART Treatment System - \$3,080,000.

Staff report by Barb Nervig. The applicant was represented by Tim Charles, Dr. Kevin Murray, John Young and Karl Keeler. 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 5-0.

3. Trinity Medical Center, Bettendorf, Scott County: Offer Radiation Oncology Services through Arrangement with Existing Provider at No Capital Cost.

Staff report by Barb Nervig. The applicant was represented by Diane Radloff of Trinity Medical Center and Dr. Farida Rajput of the Radiation Therapy Center of the Quad Cities. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

4. Alegent Health—Mercy Hospital, Council Bluffs, Pottawattamie County: Add Cardiac Catheterization Services - \$1,811,810.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney, Kevin Nokels and Marie Knedler of Alegent Health Mercy Hospital and Dr. Randy Pritza of Bergan Cardiology Specialists, P.C. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

5. Mary Greeley Medical Center, Ames, Story County: Add Second Cardiac Catheterization Lab - \$1,400,000.

Staff report by Barb Nervig. The applicant was represented by Kim Russel, Neal Loes, Dr. Steve Wanzek and Imran Dotani, M.D. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

#### **IV. EXTENSIONS OF PREVIOUSLY APPROVED PROJECTS:**

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

Staff report by Barb Nervig. The applicant has withdrawn this project.

2. University of Iowa Hospitals & Clinics, Iowa City, Johnson County: Replace PET Scanner and Add 2<sup>nd</sup> PET/CT Scanner - \$6,060,000. *Third Extension Request.*

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

3. Great River Medical Center, West Burlington, Des Moines County: Add 2<sup>nd</sup> Cardiac Catheterization Lab - \$1,545,200.

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

4. Mason City Ambulatory Surgery Center, Mason City, Cerro Gordo County: Establish Ambulatory Surgery Center - \$2,640,330.

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

**V. APPROVE MINUTES OF PREVIOUS MEETING (APRIL 12, 2005)**

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

The Council will begin meeting on the second Tuesday of the month on a quarterly basis starting October 18, 2005. Therefore the next scheduled meetings of the Council will be October 18, 2005, January 17, 2006, April 18, 2006 and July 18, 2006. Other meetings may be scheduled if needed.

The meeting was adjourned at 2:50 PM.



3. Medicare reimburses Critical Access Hospitals at 101% of allowable costs. Based on an analysis conducted by Baird, Kurtz, and Dobson, LLP the reimbursements to Mercy Hospital could improve by nearly \$680,000 under the CAH program.
4. Last fiscal year, the hospital had an average daily acute care census of 16.97 and an average daily skilled care (swing beds) census of 3.45. There were 65 days in fiscal year 2004 when the census exceeded 25. For the first 11 months of fiscal year 2005, the average daily acute care census has been 13.36 and the average daily skilled care census has been 5.09. There have been 29 days when the census exceeded 25. The 20 beds currently used for long-term care maintain an occupancy of 97%. In order to have the flexibility to care for as many as 25 acute patients and continue to provide skilled care, a distinct part skilled unit is necessary.
5. The applicant's strategic vision is to create a health care system that is viable for the long-term and the applicant feels that critical access designation will provide them with the ability to achieve this vision.
6. Since the applicant states that there will be no change in the services currently offered, only a change in licensure status, the distance, convenience, cost of transportation and accessibility to these services should not be impacted by this proposal.
7. Nearly 90% of patients served are from Appanoose, Monroe and Wayne counties.
8. The applicant has experienced increasing losses related to declining Medicare margins. Year-to-date in fiscal year 2005, the applicant has experienced a \$470,173 loss in operations. During this time, Mercy's contractual adjustments for Medicare charges have been 57.2%. It is assumed that Medicare contractual adjustments will continue to increase in the coming years, climbing to over 61% by fiscal year 2007.
9. The applicant anticipates no increase in their charges or in the cost of care to the community.
10. Mercy works cooperatively with two local nursing facilities. The hospital routinely coordinates with the nursing homes to provide advanced rehabilitation services, IV therapies, complicated wound care, and other services not provided by the nursing homes. The applicant plans to continue a collaborative arrangement with these facilities.
11. The applicant states that the proposed change will require an additional .2 FTE in nursing (RN) in the long-term care unit. The applicant states there will be no operating deficit as a result of this project
12. Both nursing facilities in Centerville, Golden Age Care Center and Centerville Nursing and Rehab, submitted a letter expressing understanding of the needs of the hospital to proceed with this project. Ten other letters of support were received.
13. Golden Age Care Center has decertified 43 skilled beds in the last five years, decreasing their licensed beds from 128 to 85. In the last three years, Golden Age has seen a census decline from 72% in 2002 to 67% in 2003 and 68% in 2004. Centerville Nursing and Rehab Center reports an average daily census of 64 or 63 the last three years with an average daily skilled census of 3. They project an average daily census of 53 the next three years with a skilled census of 1.

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

## CONCLUSIONS OF LAW

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

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

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council concludes that the proposed bed conversion allows the applicant to continue to serve the same population while qualifying for Critical Access Hospital status, which will greatly improve the reimbursement and financial viability of the hospital. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council concludes that the nature of the patients currently served by the hospital and long term care facilities in the area will not be impacted by this project. The Council takes notice that no opposition to the proposal was received. The Council further takes notice that although census has been declining at the two local nursing facilities, these facilities recognize the importance of maintaining a viable hospital in the community. Iowa Code Sections 135.64(1) and 135.64(2)b.

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

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed

service. The Council concludes that due to the high average daily census of the hospital's acute care beds, using the proposed 25 acute care beds as swing beds for skilled care is not practicable. The Council concludes that if the hospital were to convert to CAH without a distinct part skilled unit, the patients currently receiving skilled nursing care in the hospital's swing beds would experience problems in obtaining care of that type locally. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2003), led the Council to find that a Certificate of Need should be awarded.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2005).

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 August 2005

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Cynthia Beauman, 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. According to the CON decision dated July 9, 1998, the 1999 linear accelerator replaced one that had been in service since 1985. The center decreased the number of linear accelerators from three to two at that time.
4. The applicant states that the TomoTherapy HI-ART System represents the next generation of radiation therapy technology. The system uses a patented multileaf collimator to modulate the intensity of the radiation beam so that it precisely conforms to the shape of the tumor. The onboard CT scanner helps determine if the tumor has shifted or changed shape since the previous treatment, which allows the radiation oncologist to plan treatment to avoid damage to muscle tissue, the spine, the lungs and other sensitive organs. The system has broad applicability to many forms of cancer.
5. Mercy provides the only radiation therapy service in Cedar Rapids. Historically 68% of the patients treated at the Hall Radiation Center come from Linn County. The seven surrounding counties, which include Benton, Buchanan, Delaware, Jones, Cedar, Johnson, and Iowa, comprise the secondary service area.
6. A general course of radiation treatment is five days a week for six to seven weeks. The closest FDA-approved helical image-guided IMRT facility is in Madison, WI.
7. The applicant states that the proposed project will provide state-of-the-art treatment capabilities not currently available in the local area, improve workflow, and allow more accurate treatment doses with fewer side effects.
8. The applicant has consistently treated about 500 patients a year for the past four years. There was a dip in that number in 2004 when the radiation oncologist relocated. The two current radiation oncologists started practicing in the last quarter of 2004.
9. The applicant is projecting they will treat 561 patients by 2007. The CON standards for expansion of radiation therapy services suggest that existing systems should not drop below 300 new patients a year as a result of the expansion.
10. Initially, the use of the two existing machines will decline with the offering of TomoTherapy. But the applicant feels that as Iowa's aging population grows, cancer incidence increases and that the proposed system is necessary to provide access for the additional patient need.
11. St. Luke's Hospital in Cedar Rapids has written a letter of support for the purchase of the proposed piece of equipment stating it would be an asset to the Linn County community. However, based on the need requirements for the expansion of radiation therapy services, St. Luke's representative felt the equipment should be purchased as a replacement rather than an addition.
12. The Council has not received many recent requests for the expansion of radiation therapy in Iowa. The last such request, from Mercy Medical Center in Des Moines, was approved in October 2002. That request was to add a third accelerator. The two existing accelerators at Mercy –Des Moines were treating 795 patients a year at that time, with projections of

increasing to over 900 patients by 2005. Mercy—Des Moines referred to an industry standard that a linear accelerator should be capable of comfortably treating 25-30 patients in a treatment day.

13. The applicant stated at hearing that they currently treat 25-30 patients per day per machine. On June 29, 2005, 60 patients were treated at Hall Radiation Center.
14. The applicant has a \$3,000,000 grant from the Hall-Perrine Foundation to purchase the equipment, estimated to cost \$2,700,000. The Hall-Perrine Foundation has provided previous grants to advance radiation therapy at the Hall Radiation Center. Cash on hand will cover a portion of the project cost (\$80,000).
15. The estimated life of the equipment is 10-15 years.
16. The applicant does not anticipate an increase in patient charges.
17. It is anticipated that payor and patient payments for services will cover the operational and hospital portion of the capital expenditure.
18. The Hall Radiation Center will not initially be adding staff. Currently 2.5 FTEs per existing linear accelerator are utilized for therapist staffing. Because the proposed system is much more automated and does not use wedges and blocks, the staffing for his machine is 2.0 FTEs.

#### CONCLUSIONS OF LAW

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

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

practicable. The Council concludes that the foundation grant available to the applicant provides an opportunity to acquire equipment that will offer the next generation of radiation therapy technology to the patient population of the Cedar Rapids area. The Council further concludes that the alternative of acquiring this system as a replacement for an existing system would not serve the current or anticipated patients in an efficient manner. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council notes that the applicant is the only provider of radiation therapy in Cedar Rapids and that no other provider in the state has the Tomo Therapy HI-ART system. Therefore, the Council concludes that existing providers will not be impacted by this proposal. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does not involve new construction. However, some renovation of the vault will be necessary. 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 notes that the closest FDA-approved helical image-guided IMRT facility is in Madison, WI. The Council concludes that the existing linear accelerators in service at the Hall Radiation Center are operating at capacity. The Council finds that patients may experience delays in the start of their treatments due to the volumes that can reasonably be served on two accelerators. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2003), led the Council to find that a Certificate of Need should be awarded.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2005).

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 August 2005

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

**DECISION**

This matter came before the State Health Facilities Council for hearing on Thursday, June 30, 2005.

The project, the replacement of a PET scanner and the addition of a second PET/CT scanner, was originally approved on July 11, 2002 at an estimated cost of \$6,060,000. A one-year extension was granted on July 11, 2003 and a second one-year extension was granted on June 30, 2004.

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

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

Dated this \_\_\_\_\_ day of August 2005

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Cynthia Beauman, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

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

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

IN THE MATTER OF THE APPLICATION OF )  
 )  
TRINITY MEDICAL CENTER-TERRACE PARK CAMPUS ) **DECISION**  
 )  
BETTENDORF, IOWA )

This matter came before the State Health Facilities Council for hearing on Thursday, June 30, 2005.

The application proposes the offering of radiation oncology services through a collaborative arrangement with an existing provider at no capital cost.

Trinity Medical Center—Terrace Park Campus applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Representing the applicant were Diane Radloff of Trinity Medical Center and Dr. Farida Rajput of the Radiation Therapy Center of the Quad Cities. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. The applicant made a presentation and answered questions.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 5-0 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2005) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Trinity Medical Center-Terrace Park Campus (Terrace Park) is proposing to enter into a collaborative arrangement with the Radiation Therapy Center of Quad Cities (Center) to provide radiation therapy services to Terrace Park’s inpatients. Currently, Terrace Park is unable to provide radiation therapy services to patients presenting for admission that require these services. In order to meet the needs of these patients, while avoiding unnecessary duplication of services in the community, Terrace Park proposes transporting these patients by ambulance to the Center for the necessary treatments.
2. The applicant estimates that 38 patients will be transferred for treatment the first year increasing to 94 patients by year three.

3. The applicant acknowledges that radiation treatments require very specific set-ups and treatment regimens, so once commenced the location where the treatment is provided should not be disrupted. Recognizing this, the applicant anticipates that patients in the course of ongoing treatments will continue to get their radiation services at the location where the services are currently provided.
4. Terrace Park currently has no intention of providing onsite radiation therapy services because the existing providers are adequately meeting the needs of the community.
5. The proposal targets patients admitted to Terrace Park who require emergent, initial or continuing radiation therapy services during an inpatient acute care hospitalization. The proposal does not target patients already receiving outpatient radiation therapy from another area health care facility.
6. The applicant is part of the Trinity Health System based in Illinois. As a part of this system, they have an established relationship with the health services in the area.
7. For the last three years, the average number of new patients annually treated at the Radiation Therapy Center of the Quad Cities is 150-165. These are patients receiving treatments as outpatients only. Inpatients have not been treated at the Center for the last five years due to exclusive contracts Genesis Health System currently have with other radiation oncologists in the area. Therefore, the linear accelerator at the Center is not being used to its full capacity of 300 new patients annually.
8. Two area providers of radiation treatment submitted data.

Patients seen and treated at **Mercy—Clinton** Radiation Oncology Center are as follows:

Year	2002-2003	2003-2004	2004-2005**
Referrals	131	116	82
Treatments	2973	2282	1796

\*\* 10 months

**Genesis** provided the following historic and projected procedures:

	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Total procedures	16,162	16,756	18,233	17,925	17,925	17,925

9. The Center will provide all staff, equipment and supplies to provide radiation oncology services to Terrace Park inpatients. Dr. Rajput has indicated that the services can be provided by the Center to the additional patients without the addition of staff or equipment.
10. There are no capital expenses.
11. Due to the limitations on reimbursement from some third party payors, including Medicare, only Terrace Park can bill for services provided to its inpatients. Terrace Park will not bill for outpatient radiation therapy services, the Center can provide these services and bill outpatients on its own.

12. An affiliate ambulance company will provide patient transportation to the Center and the cost will be absorbed by the hospital as a cost of hospitalization and there will be no additional cost to the patients.
13. Terrace Park will pay Center an agreed upon fee for each treatment provided.
14. Terrace Park will bill insurance companies consistent with the current charge structure used at Trinity Medical Center-Illinois.

### 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 this is the least costly, most effective arrangement available to provide radiation therapy services to the applicant's inpatients since no facilities will be built and no equipment purchased. The Council concludes that existing facilities and equipment will be more efficiently utilized. 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 existing facilities and equipment will be more efficiently utilized through the proposed collaborative arrangement. Iowa Code Sections 135.64(1) and 135.64(2)b.

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

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council concludes that Terrace Park inpatients in need of radiation therapy would no longer need to be transferred to another hospital in order to receive their 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) (2003), led the Council to find that a Certificate of Need should be awarded.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2005).

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 August 2005

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Cynthia Beauman, 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 )  
 )  
GREAT RIVER MEDICAL CENTER )  
 )  
WEST BURLINGTON, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Thursday, June 30, 2005.

The project, the addition of a second cardiac catheterization lab, was originally approved on June 30, 2004 at an estimated cost of \$1,545,200

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 August 2005

\_\_\_\_\_  
Cynthia Beauman, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

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



3. Mercy presents data that indicate almost half (47.4%) of all cath procedures performed on individuals in their primary and secondary service area are performed in Nebraska hospitals; 26.5% are performed at Jennie Edmundson and 26.2% at other Iowa hospitals.
4. There are 16 cardiac cath labs in Omaha, 14 of these are at hospitals while the other two are in physician offices. Bergan Mercy has two labs that are reaching capacity.
5. The applicant projects they will perform a total of 2,772 catheterization procedures in the first full year they are in operation. It is anticipated that over 80% of this volume will come from their primary service area.
6. The applicant states that neither Jennie Edmundson's nor other Iowa hospital's catheterization volume will be negatively affected by the addition of services at Mercy as their strategy is to decrease the number of Iowa residents traveling to Omaha and Lincoln for their health care needs.
7. The Council Bluffs Fire and Rescue Service has notified Mercy that they will no longer provide transport outside of the city to Omaha hospitals. Mercy will have to obtain transportation from an Omaha-based ambulance service, adding time to transport patients.
8. The primary service area is defined by the origin of 80% of Mercy's patients. Geographically, this translates into 9 Iowa counties. The entire primary service area is within a two-hour drive to Mercy.
9. The applicant points to those already traveling 60 miles to reach an emergency department for care and states that they will be able to be treated within the "window of opportunity" to save heart muscle (60-90 minutes).
10. Also, for those closest to the urban area, the proposal would eliminate a transport by ambulance to the Omaha site for care.
11. Funds for capital needs are available from cash on hand. No debt is required, as the entire project will be funded from operations. No price increases are anticipated as a result of this project. There will be no operating deficit as the financial analysis projects revenues exceeding the cost of providing cardiac catheterization services.
12. In fiscal year 2004, the applicant provided more that \$2.6 million in charity care and an additional \$8 million in care to people who were unable or unwilling to pay.
13. In seeking solutions for rural access to services, Mercy has implemented a hospitalist program. This program allows rural physicians direct admitting access to an urban facility without having to leave their rural practices. The hospitalists complete a discharge summary and plan of care for the patients, discharging them directly to the rural primary care physician. Since its inception two years ago, the hospitalists at Mercy have cared for over 2,000 patients coming from 25 various communities in SW Iowa.

- 14. The applicant states that they had the foresight to identify additional space for future expansion in their recently completed construction and renovation plan, therefore, the cost to construct a single cath lab in the open space is \$361,810.
- 15. The applicant states that four experienced employees will be needed to staff the cardiac cath lab at Mercy, two RNs and two radiology/cardiovascular technologists. The applicant plans to recruit these individuals from the Council Bluffs/Iowa market as well as cross train existing employees over time. Bergan Mercy staff will provide back up. Bergan Cardiology Specialists, P.C. will provide cardiac cath procedures at Mercy. Bergan Cardiology Specialists, PC and Iowa Heart Group are actively recruiting cardiologists to meet the community’s growing demand for these services.
- 16. The applicant provided the following data indicating where Iowa residents in their primary and secondary service areas have historically received cardiac cath services.

<b>Provider</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Alegent Health Omaha Hospitals	2,652	2,725	2,809
Jennie Edmundson	3,891	3,998	4,120
Other Omaha Hospitals	3,726	3,829	3,946
Other Iowa Hospitals	3,847	3,953	4,074
Lincoln, NE Hospitals	581	597	615
<b>Total Catheter Procedures</b>	<b>14,698</b>	<b>15,102</b>	<b>15,565</b>

- 17. The applicant also projected the number of procedures for each of the above to illustrate the impact of a cath lab at their facility.

<b>Provider</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Alegent Health Omaha Hospitals	1,795	1,822	1,831
Mercy Hospital, Council Bluffs	2,772	2,974	3,253
Jennie Edmundson	4,121	4,268	4,431
Other Omaha Hospitals	3,109	3,190	3,261
Other Iowa Hospitals	3,934	4,070	4,217
Lincoln, NE Hospitals	359	362	361
<b>Total Catheter Procedures</b>	<b>16,091</b>	<b>16,685</b>	<b>17,354</b>

**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 placing Alegant Health System's additional lab in Iowa would serve Iowa patients more efficiently and would alleviate congestion at Bergan Mercy in Omaha. 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 number of catheterizations currently performed in the area is sufficient to support the additional lab requested. 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 existing space. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council concludes that Iowa patients will have more timely access to catheterization services and will avoid ambulance trips across the river with the addition of a second lab in Council Bluffs. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2003), led the Council to find that a Certificate of Need should be awarded.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2005).

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 August 2005

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Cynthia Beauman, 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 )

MASON CITY AMBULATORY SURGERY CENTER) )

MASON CITY, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Thursday, June 30, 2005.

The project, the establishment of an ambulatory surgery center, was originally approved on June 30, 2004 at an estimated cost of \$2,640,330.

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 August 2005

\_\_\_\_\_  
Cynthia Beauman, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

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

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

IN THE MATTER OF THE APPLICATION OF )  
 )  
MARY GREELEY MEDICAL CENTER )  
 )  
AMES, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Thursday, June 30, 2005.

The application proposes the addition of a second cardiac catheterization lab at an estimated cost of \$1,400,000.

Mary Greeley Medical Center applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Representing the applicant were Kim Russel, Neal Loes, Dr. Steve Wanzek and Imran Dotani, M.D. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. The applicant made a presentation and answered questions.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 5-0 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2005) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Mary Greeley Medical Center (MGMC), a 220-bed acute care regional rural referral center located in Ames, is proposing the addition of a second cardiac catheterization lab.
2. Vascular angiography, pacemaker implantation and diagnostic cardiology services have been provided at MGMC since it initially opened a cath lab in 1987. In 1996 the cath lab was relocated to a new addition and MGMC introduced a dual-purpose lab providing both diagnostic cardiology and diagnostic and interventional peripheral vascular procedures. Electrophysiology studies and defibrillator implants were also added, expanding the scope of cardiac care available to patients in their primary service area.
3. Three interventional cardiologists representing Iowa Heart Center and McFarland Clinic began active cardiology practices at MGMC on August 1, 2004 and the volume of

interventional and diagnostic cardiac cath patients has increased dramatically. A fourth interventional cardiologist began his practice at MGMC on May 23, 2005.

4. The applicant states that individuals age 45 years and older are most at risk for cardiovascular disease as indicated by data from the National Center for Health Statistics. Demographics for the identified six county service area for the applicant indicate that 46.4% of the target population or 69,251 individuals fall within this age group. By 2007, it is estimated that 74,032 individuals will fall within the same category.
5. MGMC market share of the six county service area for this age group is 33.3% or 24,674 individuals. The applicant is projecting that they will be performing around 2,000 procedures in the cath lab by 2007.
6. Because of the volume growth, the applicant states that elective patients have been delayed or rescheduled as a result of emergent cases. Currently approximately 5 patients per month are experiencing this type of delay. The applicant believes a second lab would alleviate this problem.
7. The applicant states that approximately 71% of the total population they serve reside in medically underserved rural areas. Medicaid covers approximately 4.5% of MGMC patients.
8. Since the initiation of cardiac intervention in August 2004, Mary Greeley Medical Center (MGMC) has provided over \$60,000 of charity care in the cardiac catheterization lab.
9. Prior to MGMC providing cardiac interventions (August 2004), patients were often treated medically and transferred to Des Moines facilities for interventional cardiac treatment. In 2003 and 2004, 380 (190/year) patients, at an ambulance cost of \$337,174, were transferred to Des Moines for services.
10. The applicant states that currently, only about 2 patients a month (24/year) are being transferred. The applicant further states that being able to offer interventions in two labs without schedule conflicts will further save money, time and inconvenience to the rural population served by MGMC.
11. There are no other providers of cardiac catheterization services located in the applicant's identified six county service area. The applicant states that a little over 90% of their cath lab patients are from this six county area.
12. MGMC has operated a cardiac catheterization lab since 1987. Prior to August 2004 when interventional cardiologists began practicing at MGMC, several patients a year were transferred to Des Moines for these services. The number of transfers has been greatly reduced. There are two physician practices, McFarland Clinic and Iowa Heart, that currently utilize the cath lab at MGMC.
13. The applicant is the only provider of cardiac catheterization services in their identified service area. Their historical and projected volumes are:

<b>YEAR</b>	<b>FY 02-03</b>	<b>FY 03-04</b>	<b>FY 04-05</b>	<b>FY 05-06</b>	<b>FY 06-07</b>	<b>FY 07-08</b>
<b>TOTAL PROCEDURES</b>	142	151	1,983	2,063	2,145	2,231
<b>PROCEDURES PER LAB*</b>	142	151	1,983	<b>1,032</b>	<b>1,073</b>	<b>1,116</b>

\* Assumes equal number per lab and addition of second lab for FY05-06. Bold numbers include additional lab.

14. In 2004, the Council approved cardiac cath labs at four different facilities along the Eastern border of the state. The following tables display the data for those facilities that was before the Council at the time of the approval

**GENESIS MEDICAL CTR., DAVENPORT (APPROVED 2 ADD’L LABS IN FEB 04)**

<b>YEAR</b>	<b>FY 2001</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>TOTAL PROCEDURES</b>	7,457	8,399	9,143	10,396	11,396	12,281
<b>PROCEDURES PER LAB*</b>	1,243	1,400	1,524	<b>1,300</b>	<b>1,425</b>	<b>1,535</b>

\* Assumes equal number per lab. Bold numbers include additional labs (increase from 6 to 9 labs).

**MERCY MEDICAL CTR., DUBUQUE (APPROVED 1 ADD’L LAB IN APRIL 04)**

<b>YEAR</b>	<b>FY 2001</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>TOTAL PROCEDURES</b>	1,653	1,627	1,677	1,877	2,159	2,482
<b>PROCEDURES PER LAB*</b>	1,653	1,627	1,677	<b>939</b>	<b>1,080</b>	<b>1,241</b>

\* Assumes equal number per lab. Bold numbers include additional lab (increase from 1 to 2).

**TRINITY TERRACE PARK, BETTENDORF (APPROVED 1 ADD’L LAB IN MAY 04)**

<b>YEAR</b>	<b>FY 04</b>	<b>FY 05</b>
<b>TOTAL PROCEDURES</b>	5,000	5,500
<b>PROCEDURES PER LAB*</b>	1,667	<b>1,375</b>

\*Assumes equal number per lab. Trinity Health System had 3 labs in Illinois at time of application. Bold numbers include additional lab (increase from 3 to 4).

**GREAT RIVER MEDCAL CENTER, WEST BURLINGTON (APPROVED 1 ADD’L LAB IN JUNE 04)**

<b>YEAR</b>	<b>FY 03</b>	<b>FY 04</b>
<b>TOTAL PROCEDURES</b>	1,289	1,487
<b>PROCEDURES PER LAB*</b>	1,289	1,487

\* Assumes equal number per lab. Applicant did not project future numbers, but did state intention to begin interventional procedures that take more time.

15. Letters of support for MGMC’s proposal were received from Joe Smith, CEO of Boone County Hospital; Rob Cooper, President of Marshalltown Medical and Surgical Center; Eric

Crowell, President and CEO of Iowa Health-Des Moines in addition to City officials and various physicians. No letters of opposition were received.

16. Relevant costs associated with this project will be borne by the applicant and funded from cash on hand. The applicant does not anticipate any charge increase as a result of adding this equipment. Equipment will be purchased with funds on hand. The estimated useful life of the equipment is 7-10 years.
17. McFarland Clinic and Iowa Heart each have two interventional cardiologists who will be using this equipment. The applicant is confident that other personnel needed to staff the proposed second lab will be easy to recruit from within MGMC or external sources. The applicant states that the cardiac cath lab has traditionally been a desirable place to work.

### 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 to operate with one lab will result in patients waiting longer to schedule a procedure, longer wait times and patients driving home late into the evening following procedures. The Council further concludes that transferring patients to other facilities adds transportation costs and inconvenience to patients and families. 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 applicant is the only provider of catheterization services in their primary service area. The Council notes that letters of support were received from two hospitals in the service area and from Iowa Health System, based in Des

Moines and no letters of opposition were received. 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 existing space. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council notes that the current capacity of the existing lab is causing the need for long hours, delays, and travel to other facilities. The Council concludes that the addition of a second lab will alleviate some of the problems that patients in the Mary Greeley Medical Center service area currently experience. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2003), led the Council to find that a Certificate of Need should be awarded.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2005).

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 August 2005

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Cynthia Beauman, Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

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