MINUTES
STATE HEALTH FACILITIES COUNCIL
WEDNESDAY, OCTOBER 26, 2016
IOWA LABORATORY FACILITY, CONFERENCE CENTER, ROOM 208
DMACC CAMPUS, ANKENY

9:00 AM: ROLL CALL

MEMBERS PRESENT: Bob Lundin, Chairperson; Roberta Chambers; Brenda Perrin; Connie Schmett; and Roger Thomas

STAFF PRESENT: Becky Swift; and Heather Adams, Counsel for State

I. REQUEST FOR DETERMINATION OF NON-REVIEWABILITY AND THE DEPARTMENT’S RESPONSE
   1. **University of Iowa Hospitals and Clinics, Johnson County**: Replacement of a linear accelerator

      Staff report by Becky Swift. A motion by Chambers, seconded by Perrin, to affirm the Department’s determination carried unanimously by voice vote.

II. EXTENSIONS OF PREVIOUSLY APPROVED PROJECTS
   1. **ABCM Corporation d/b/a Rehabilitation Center of Lisbon, Lisbon, Linn County** – Build a 64-bed nursing facility - $9,470,276

      Staff report by Becky Swift. The applicant was represented by Ken Watkins, Davis Brown Law Firm and Massina Bloemke, ABCM. A motion by Perrin, seconded by Schmett, to grant a six-month extension carried 5-0.

   2. **The Evangelical Lutheran Good Samaritan Society - LeMars, LeMars, Plymouth County** – Add five beds to current 65 bed nursing facility - $1,343,100

      Staff report by Becky Swift. The applicant was represented by Ken Watkins, Davis Brown Law Firm. A motion by Thomas, seconded by Chambers, to grant a 12-month extension carried 5-0.

   3. **SunnyBrook Living Care Center, L.C., Fairfield, Jefferson County** – Convert eight residential care beds to skilled nursing beds - $0

      Staff report by Becky Swift. A motion by Chambers, seconded by Schmett, to grant a nine-month extension carried 5-0.

   4. **CCRC of Cedar Rapids, LLC, Cedar Rapids, Linn County**: Build a 40-bed nursing facility as part of a CCRC - $4,854,000
Staff report by Becky Swift. A motion by Perrin, seconded by Thomas, to grant a 12 month extension carried 5-0.

5. Wesley Retirement Services – Halcyon House, Washington, Washington County: Replace 37 bed nursing facility with 54 bed nursing households - $10,350,000

Staff report by Becky Swift. A motion by Chambers, seconded by Schmett, to grant a six-month extension carried 5-0.

6. UIHC Children’s Hospital, Iowa City, Johnson County: Construction of an 11-story Children’s Hospital - $284,973,243

Staff report by Becky Swift. The applicant was represented by Tessa Quintero, UIHC. A motion by Chambers, seconded by Perrin, to grant a six-month extension carried 5-0.

III. PROJECT REVIEW

1. Presbyterian Homes and Services, Walnut Ridge, Clive, Polk County: Addition of a 60-bed skilled nursing facility - $12,531,500

Staff report by Becky Swift. The applicant was represented by Doug Gross, Brown Winick Law; and J. Mark Hudson, Ann-Marie Habhab and Allison Bass, Walnut Ridge. The applicant made a presentation and answered questions posed by the Council. A motion by Perrin, seconded by Chambers, to enter exhibits presented in support of oral testimony into the record carried unanimously by voice vote. A motion by Schmett, seconded by Chambers, to enter additional exhibits presented in support of oral testimony into the record carried unanimously by voice vote.

No affected parties appeared at the hearing.

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

2. Symowa, LLC d/b/a Symphony of Crow Valley, Davenport, Scott County: Build a 70-bed nursing facility - $17,918,496

Staff report by Becky Swift. The applicant was represented by Jim Carney and George Appleby, Carney and Appleby; Andy Van Zee, Mainstreet Investments; Tim Fields, Symowa, LLC; Dr. Alexander Stemer, Symphony. The applicant made presentation and answered questions posed by the Council. A motion by Chambers, seconded by Perrin, to enter exhibits presented in support of oral testimony into the record carried unanimously by voice vote.

No affected parties in support of the application appeared at the hearing.
Affected parties in opposition included Cris Vetter, Iowa Masonic Health Facilities and Brent Fillmore, Christian Retirement Homes dba Ridgecrest Village.

A motion by Chambers, seconded by Thomas, to Grant a Certificate of Need carried 3-2. Schmett and Lundin voted no.

3. **Radiation Therapy Center of the Quad Cities, Bettendorf, Scott County**: Replacement of a linear accelerator - $1,968,067

Staff report by Becky Swift. The applicant was represented by Gary Streit, Shuttleworth & Ingersoll and Dr. Farida Rajput, 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 Schmett, seconded by Perrin, to Grant a Certificate of Need carried 4-1. Chambers voted no.

A motion by Thomas, seconded by Perrin, to adjourn carried unanimously by voice vote.

The meeting adjourned at 2:25 pm.
8:30 AM: ROLL CALL

MEMBERS PRESENT: Bob Lundin, Chairperson; Roberta Chambers; Brenda Perrin; Connie Schmett; and Roger Thomas

STAFF PRESENT: Becky Swift; and Heather Adams, Counsel for State

I. PROJECT REVIEW

1. Mercy Kindred Health, Clive, Polk County: Build a 50-bed inpatient rehabilitation center
   $5,276,151

   Staff report by Becky Swift. The applicant was represented by Alissa Smith, Dorsey & Whitney Law; Joe LeValley and Mary Beth Russell, Mercy Medical Center-Des Moines; and Donna Flannery, Kindred Healthcare. The applicant made a presentation and answered questions posed by the Council. A motion by Perrin, seconded by Schmett, to enter exhibits presented in support of oral testimony into the record carried unanimously by voice vote.

   Affected parties in support of the application included Ann Marvelli, Mercy Medical Center-Des Moines.

   No affected parties in opposition appeared at the hearing.

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

2. Iowa Methodist Medical Center, Des Moines, Polk County: Add 22 inpatient rehabilitation beds
   $4,740,000

   Staff report by Becky Swift. The applicant was represented by Doug Gross, Brown Winick Law Firm; David Stark, Kristi Smith, Kris Miller, and Jeffery Kallem, UnityPoint Health Des Moines (Iowa Methodist Medical Center) -Younker Rehab. The applicant made a presentation and answered questions posed by the Council. A motion by Thomas, seconded by Chambers, to enter exhibits presented in support of oral testimony into the record carried unanimously by voice vote.

   No affected parties appeared at the hearing.
A motion by Chambers, seconded by Thomas, to Grant a Certificate of Need carried 5-0.

Council member Connie Schmett was excused from the meeting at 1:00 pm in advance of the Strategic Behavioral Health hearing.

3. Strategic Behavioral Health, Bettendorf, Scott County – Continued from October 11:
   Build a 72 bed psychiatric hospital
   $14,243,365.

   The hearing resumed with the testimony of Genesis Medical Center, an affected party in opposition to the application. Genesis was represented by Ed McIntosh, Dorsey & Whitney; and Dr. Jeffery Weyeneth, Doug Cropper and Jackie Anhalt, Genesis.

   Additional affected parties in opposition included Todd Noack, Life Connections; Joel Moore, Davenport community member; Ralph Johanson, Davenport School Board; Austin Bird, community member; Diane Holst, community member; Emma Lennon, community member; Beth Lennon, community member; and Dr. David McEchren; retired psychologist.

   The applicant, represented by Doug Fulton, Brick Gentry; and Scott Williams and Mike Garone, Strategic Behavioral Health, provided rebuttal and closing remarks. A motion by Thomas, seconded by Chambers, to enter exhibits presented in support of oral testimony into the record carried by voice vote.

   A motion by Chambers, seconded by Thomas, to Grant a Certificate of Need did not carry. Chambers and Thomas voted in favor of the motion. Perrin and Lundin voted no.

   A motion by Thomas, seconded by Perrin, to adjourn carried unanimously by voice vote.

   The meeting adjourned at 4:30 pm.
IN THE MATTER OF THE
CERTIFICATE OF NEED EXTENSION FOR
ABC M CORPORATION D/B/A
REHABILITATION CENTER OF LISBON

LISBON, IOWA

This matter came before the State Health Facilities Council for review on Wednesday, October 26, 2016. The applicant was represented by Ken Watkins, Davis Brown Law Firm.

The project, construction of a 64-bed nursing facility, was originally approved on October 8, 2013, at an estimated cost of $8,400,694. The Council granted twelve month Extensions in October 2014 and October 2015. The Council granted a modification to the Certificate of Need in October 2015 for a cost over-run of $1,069,582 (12.7% of approved $8,400,694). The projected date of completion was originally October 2016; it is now January 2017. The delay was attributed to construction on the project being slower than anticipated due to a large number of construction projects in the area resulting in shortage of workers.

The Council, after reading the extension request and hearing comments by staff and the applicant, 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 and that the project is nearing completion.

The extension is valid for six months.

Dated this 8th day of November 2016

Robert Lundin, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: Health Facilities Council
    Department of Inspections & Appeals, Health Facilities Division
IN THE MATTER OF THE
CERTIFICATE OF NEED EXTENSION FOR

CCRC OF CEDAR RAPIDS, LLC

CEDAR RAPIDS, IOWA

This matter came before the State Health Facilities Council for review on Wednesday, October 26, 2016.

The project, the construction of a 40-bed nursing facility as part of a continuing care retirement community, was originally approved on October 28, 2015, at a cost of $4,854,000. The land has been approved for annexation and is moving through the city approval process. Final city approval is scheduled for October 2016 at which time the applicant can close on the land and begin construction. The original completion date was August 2017; the new completion date is February 2018. The completion date was delayed six months due to original rejection of the annexation, which was approved in August 2016.

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 progress has been made.

The extension is valid for twelve months.

Dated this 7/8 day of November 2016

Robert Lundin, Chairman
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

THE EVANGELICAL LUTHERAN GOOD
SAMARITAN SOCIETY - LE MARS

LE MARS, IOWA

This matter came before the State Health Facilities Council for review on Wednesday, October 26, 2016. The applicant was represented by Ken Watkins, Davis Brown Law Firm.

The project, the addition of five beds to a current 65-bed nursing facility, was originally approved on October 28, 2015, at an estimated cost of $1,343,100. The initiation of the project has been delayed due to two factors, (1) there are delays securing financing due to other projects within the Good Samaritan organization taking priority - it is anticipated that financing will be secured in January 2017; and (2) the architects have made changes to the proposed plans. The estimated completion date remains December 2017.

The Council, after reading the extension request and hearing comments by staff and the applicant, 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 progress has been impeded due to a variety of factors, but that the completion date remains the same.

The extension is valid for twelve months.

Dated this 11/15 day of November 2016

Robert Lundin, 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  
SUNNYBROOK LIVING CARE CENTER  
FAIRFIELD, IOWA

DECISION

This matter came before the State Health Facilities Council for review on Wednesday, October 26, 2016.

The project, the conversion of eight residential care beds to skilled nursing beds, was originally approved on October 29, 2015, at no cost. The initiation of the project has been delayed due to difficulty securing approval from the Department of Inspections and Appeals ("DIA"). The estimated completion date remains within 30 days to six months of DIA approval. If there are no changes required by DIA, the conversion can be completed within 30 days; if remodeling of the rooms is required, the conversion will take approximately six months. If the costs change, the applicant will request a cost over-run.

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 progress has been impeded due to a lack of DIA approval, but that sufficient progress is being made toward completion of the project.

The extension is valid for nine months.

Dated this 5th day of November 2016

[Signature]
Robert Lundin, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: Health Facilities Council
Department of Inspections & Appeals, Health Facilities Division
IN THE MATTER OF THE
CERTIFICATE OF NEED EXTENSION FOR

UNIVERSITY OF IOWA HOSPITALS & CLINICS

IOWA CITY, IOWA

This matter came before the State Health Facilities Council for review on Wednesday, October 26, 2016. The applicant was represented by Tessa Quintero, UIHC.

The project, the construction of an 11-story Children’s Hospital, was originally approved on April 12, 2011, at an estimated cost of $284,973,243. The Council granted twelve month Extensions in April 2012; July 2013; June 2014; May 2015 and October 2015.

The project sponsor submitted a revised Exhibit 3 outlining a cost over-run in September 2015. This request proposed an increase in cost of $75,226,243 (26.4% of approved $284,973,751) which required further review and approval by the Council. The Council voted on October 29, 2015, to grant a modification to the original Certificate of Need.

The original completion date for the project was October 2016; the new completion date is December 2016. Substantial completion of the building has occurred since October 2015, including loading of furniture and equipment.

The Council, after reading the extension request and hearing comments by staff and the applicant, 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 and that the project is nearing completion.

The extension is valid for six months.

Dated this 11th day of November 2016

Robert Lundin, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: Health Facilities Council
   Department of Inspections & Appeals, Health Facilities Division
IN THE MATTER OF THE
CERTIFICATE OF NEED EXTENSION FOR
WESLEY RETIREMENT SERVICES - HALCYON HOUSE
WASHINGTON, IOWA

This matter came before the State Health Facilities Council for review on Wednesday, October 26, 2016.

The project, the replacement of a 37-bed nursing facility with 54-bed nursing facility at a cost of $10,350,000, was originally approved November 4, 2014. On October 29, 2015 a twelve month extension request was granted. The original completion date was July 2016; the new estimated completion date is November 30, 2016.

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 has been made and that the project is nearing completion.

The extension is valid for six months.

Dated this 18th day of November 2016

Robert Lundin, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: Health Facilities Council
    Department of Inspections & Appeals, Health Facilities Division
IN THE MATTER OF THE APPLICATION OF

IOWA METHODIST MEDICAL CENTER

DECISION

DES MOINES, IOWA

This matter came before the State Health Facilities Council for hearing on Thursday, October 27, 2016.

The applicant proposes to add 22-beds to its current 27-bed Younker Rehabilitation Center at an estimated cost of $4,740,000.

Iowa Methodist 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. Becky Swift of the Iowa Department of Public Health summarized the project in relation to review criteria. Doug Gross, Brown Winick Law Firm; and David Stark, Kris Miller, Kristi Smith, and Jeffery Kallem, Iowa Methodist Medical Center 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 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) (2015) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Iowa Methodist Medical Center ("Methodist") proposes to add 22-beds to its 27-bed Younker Rehabilitation Center ("Younker Rehab").

2. The new beds would be located in an existing underutilized medical/surgical unit adjacent to and located on the same level as Younker Rehab. The expansion of the current center into this area as compared to new construction will lead to greater efficiencies as the applicant will avoid duplication of services such as laboratory, food service, and laundry.

3. Methodist expects to improve access to low income persons by enhancing availability of rehabilitation services to Medicaid members and states that it expects nearly 16 percent
of all its revenue will be from Medicaid, an increase from the 10 percent currently received.

4. Methodist serves all patients regardless of race, ethnicity, or ability to pay.

5. The applicant states the most underserved age group for inpatient rehabilitation services in Methodist’s service area is the 65-plus group, and this project will better serve these seniors.

6. The geographic service area for the project consists Polk, Greene, Story, Boone, Guthrie, Dallas, Jasper, Adair, Madison, Warren, Marion, Union, Clarke and Lucas Counties, which have a combined population of approximately 862,000. In 2015, 81 percent of Methodist’s rehabilitation discharges involved residents of these counties.

7. The target population for this project are patients that Methodist and its UnityPoint Health affiliates – Iowa Lutheran and Methodist West – are currently serving who would be eligible for inpatient rehabilitation services.

8. Younker Rehab serves patients who require an inpatient hospital setting with 24-hour rehabilitation care from a registered nurse; rehabilitation services in at least two therapy disciplines for three hours per day, five days per week; and a rehabilitation physician to lead the interdisciplinary team, and assess progress and goals with face-to-face visits with the patient three times per week. The 27 current beds in Younker Rehab have been consistently operating at high utilization.

9. The applicant states that in recent years, health care payors have placed an emphasis on providing care to patients in the least costly setting appropriate. In many cases this means transferring patients from a typical medical/surgical acute care bed to one where the patient can receive highly focused rehabilitation care, which results not only in more focused care, but also a cost savings to the patient and health care payor.

10. The cost per patient day is about 46 percent less in Younkers Rehab than in other acute care beds at the hospital. As a result of this, the demand for rehabilitation beds is growing and is expected to continue to grow for the foreseeable future.

11. The applicant engaged Murer Consultants, Inc. to conduct an analysis of how many Methodist patients would have been eligible for, and more effectively served in a rehabilitation bed during the last part of their hospitalization.

12. The Murer analysis concluded that on an annual basis, there should be approximately 1,269 inpatient rehabilitation admissions, and assuming a patient stay of 13 days, Murer concluded that the facility should have an average daily census of 45.

13. The applicant notes that the overwhelming majority of its rehabilitation patients come directly from Methodist and its UnityPoint Health affiliates. They note that in 2015, 313
of the 373 individual admitted were from Methodist and its UnityPoint affiliate acute care beds.

14. There were no letters of support received.

15. There was one letter of opposition received from a nursing home administrator citing low census numbers at her facility as the reason for her opposition.

16. The applicant expects to add approximately 59.6 full-time equivalent employees during the first three years of operation— including 14.8 registered nurses, 15.8 aides, and 13.0 professional techs/therapists.

17. The applicant states that they will renovate a 21,309 square foot area of an underutilized area of medical/surgical beds adjacent to Younker Rehab center, which includes 7,692 square feet for patient rooms and 3,374 square feet for physical therapy, resulting in a total square foot area of 22,300.

18. The applicant has $4,740,000 cash on hand for the project.

19. The applicant does not project an operating deficit.

CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considered 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 expansion of the current center into an adjacent unit is the most cost effective and the most practicable means to obtain additional rehabilitation beds,
and avoids duplication of services such as laboratory and food service. In addition, the Council notes that treating these patients in rehabilitation beds is a more appropriate, less costly alternative to providing care in traditional acute care beds. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed are being and will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council notes that no letters of opposition were received from area hospitals. The Council concludes that Younker Rehab would primarily serve Methodist and UnityPoint Health affiliate patients and would not impact other facilities offering similar services. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that this is not 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 health service, in the absence of that proposed service. The Council notes that 84% of all Younker Rehab patients are transferred from Methodist or its affiliates and only 16% from other locations. They further note that on the date of the hearing Younker Rehab was full and that the unit has been operating at consistently high rates of utilization. The Council concludes that the addition of beds to Methodist - Younker Rehab, would alleviate patients experiencing problems obtaining the type of care furnished by the facility. 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) (2015), 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 (2015).

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 21st day of December 2016

Robert Lundin, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: State Health Facilities Council
Iowa Department of Inspections and Appeals:
Health Facilities Division
IN THE MATTER OF THE APPLICATION OF
MERCY MEDICAL CENTER-DES MOINES
and KINDRED HEALTHCARE, INC
CLIVE, IOWA

DECISION

This matter came before the State Health Facilities Council for hearing on Thursday, October 27, 2016.

The applicant proposes a joint venture to build a 50 bed rehabilitation hospital at an estimated cost of $5,276,151.

Mercy Medical Center-Des Moines and Kindred Healthcare Inc. applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Becky Swift of the Iowa Department of Public Health summarized the project in relation to review criteria. Alissa Smith, Dorsey and Whitney; Dr. Mary Beth Russell and Joseph LeValley, Mercy Des Moines; and Donna Flannery, Kindred Healthcare, were present representing the applicant. The applicant made a presentation and answered questions.

Ann Marvelli, an affected party in support of the project, appeared at the hearing.

No affected parties in opposition 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) (2015) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Mercy Medical Center - Des Moines (“Mercy”) and Kindred Healthcare Inc. (“Kindred”) propose a joint venture partnership to build a 50-bed freestanding inpatient rehabilitation hospital (“Hospital”) in Clive, Polk County, Iowa.

2. The Hospital would provide comprehensive, state-of-the-art care for patients with impairments resulting from traumatic medical situations, such as stroke and spinal cord injury, other neurological injuries and disorders, and other medically-complex conditions.
3. The Hospital will serve the growing population of patients who are in need of the level of comprehensive rehabilitative care the hospital would provide. Providing specialized rehabilitation services to these patients will enhance their functional recoveries, deliver care in the most cost effective setting, and reduce hospital readmissions.

4. The Hospital will be accessible to all medically eligible patients, regardless of age, race, ethnicity or handicap.

5. The Hospital plans to care for low-income persons as demonstrated through its payor mix, which includes 7.9% of revenue from Medicaid. The applicant will also offer charity care through a formal financial assistance program.

6. The Hospital will be owned and operated through a joint venture organization created by Mercy and Kindred. Kindred is a national health care services company which operates rehabilitation hospitals in several states. Mercy will provide ancillary services and Kindred will provide management services.

7. Mercy and Kindred have collaborated to create a long-range plan for the new inpatient rehabilitation Hospital that will create an environment of excellent clinical care for patients that builds upon the strength of both organizations.

8. The applicant states that Kindred’s experience operating rehabilitation hospitals will complement the acute care that Mercy currently provides resulting in a collaboration that will drive efficiencies and clinical integration and deliver the best in patient care.

9. The principal population to be served by the Hospital is defined as the patient population of Mercy-Des Moines and Mercy West Lakes.

10. The applicant states that the five-year population estimate for the geographic service area indicates growth of 5% in the Des Moines Metro and 19% growth in the 65+ age group and that these growth increases will result in an increased demand for inpatient rehabilitation care over the next five years in order to meet the needs of this growing and aging population.

11. Among the annualized Mercy patients evaluated for the need for rehabilitative services, 11,485 would qualify for transfer to an inpatient rehabilitation hospital. It is estimated that 1,321 Mercy patients would have been well served in an inpatient rehabilitation hospital. It was noted by the applicant that an average stay of 13 days in the inpatient rehabilitation facility would result in an average daily census of 47 patients in the Hospital.

12. Mercy currently operates the Mercy Center for Rehabilitative Medicine ("MCRM"), a 14-bed dedicated adult inpatient rehabilitation unit at its Des Moines location. In the past three years the MCRM has added staff and has seen its volume grow from 54% occupancy in 2013 to 74% occupancy in 2015. In the past six months the unit has been
more than 85% occupied during more than 40% of days, and expansion is necessary to meet the needs of Mercy patients.

13. At the time the joint venture opens and is licensed, Mercy will cease to offer inpatient rehabilitation at the MCRM.

14. Expansion of rehabilitation services at the current facility is not practicable due to the expense of remodeling, space limitations, and patient needs.

15. A partnership was explored with UnityPoint Health - Iowa Methodist Medical Center, but due to a variety of factors, in particular payor issues, was not initiated.

16. The applicant submitted 10 letters of support for the proposal. Letters were from the CEO of Presbyterian Homes and Services; CEO of On With Life; Physical Therapy Chair at Des Moines University (signed by five others in the Department of Physical Therapy); Mayor, City of Clive; the CEO and the Chief Medical Officer of ChildServe; Associate Professor, Osteopathic Manipulative Medicine Department, Des Moines University; Interim Administrator of Regency Care Center; COO of CHI Living Communities, and two Mercy patients. The letters cite collaboration with Mercy to ensure the right level of care for patients, excellent care provided at Mercy, the need for intensive post-acute care, the need for rehabilitation beds in central Iowa, and the opportunity that a rehabilitation hospital provides for educational opportunities for physical therapy and medical students.

17. There was one letter of opposition received from a nursing home administrator citing low census numbers at her facility as the reason for her opposition. No existing hospitals opposed the project.

18. The applicant states they expect to increase staffing from 13 nursing positions at the existing rehabilitation unit to approximately 16 nursing FTE’s over the first few months of the joint venture and ultimately to 66 nursing FTE’s when the facility is fully operational at a 42.5 patient census. At a patient census of 42.5, non-nursing FTE’s will increase to approximately 76, 27 of which are therapists.

19. The Hospital will be 58,200 square foot and will feature all private rooms. In addition, the Hospital will feature a main therapy suite on the first floor with a therapy gym, rooms for multiple therapy protocols, private therapy rooms, cooking therapy room, and an activities of daily living therapy room.

20. A Real Estate Investment Trust (“REIT”) would own the Hospital building and lease it to the joint venture.

21. The applicant states that they have $2,569,800 cash on hand for the project, that they will receive $1,556,351 in operational cash flow for payment of lease costs, and that the value of the land contributed by Mercy is $1,150,000, for total of $5,276,151.

22. The applicant does not project an operating deficit after year one.
CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considered 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 expansion at the current facility is not practicable due to the expense of remodeling, space limitations, and other patient-care related issues, and that a partnership was explored with UnityPoint Health - Iowa Methodist Medical Center but was not initiated. Additionally, the Council finds that treating these patients in rehabilitation beds is a more appropriate, less costly alternative to providing care in traditional acute care beds. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed are being and will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council found that the Hospital would primarily serve Mercy-Des Moines and Mercy West Lakes patients and would not impact other facilities offering similar services. The Council notes that 10 letters of support for the project were received, and no letters of opposition were received from hospitals. The Council concludes that this project would not have a significant impact on similar facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project is the construction of a 50-bed rehabilitation hospital with a total of 58,200 square feet. The Council concludes that alternatives, including modernization and sharing arrangements have been considered and implemented to the maximum extent practicable. Iowa Code Sections 135.64(1) and 135.64(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 that in past six months the MCRM unit at Mercy Des Moines has been more than 85% occupied during more than 40% of days, and that expansion is necessary to meet the needs of patients in this service area who need inpatient rehabilitation 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) (2015), 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 (2015).

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 641202.14).

Dated this 27th day of December 2016

Robert Lundin, 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

PHS WALNUT RIDGE, LLC

CLIVE, IOWA

DECISION

This matter came before the State Health Facilities Council for hearing on Wednesday, October 26, 2016.

The application proposes the addition of a 60-bed skilled nursing facility at its Walnut Ridge campus at an estimated cost of $12,531,500.

PHS Walnut Ridge, 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. Becky Swift of the Iowa Department of Public Health summarized the project in relation to review criteria. Doug Gross, Brown Winick; J. Mark Hudson, Allison Bass, and Ann-Marie Habhab, PHS Walnut Ridge 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 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) (2015) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. PHS Walnut Ridge, LLC ("Walnut Ridge") intends to add a 38,178 square foot 60-bed skilled nursing facility to its campus that currently consists of 116 independent living apartments, 44 assisted living units, and 18 memory care assisted living units, thus allowing residents to age in place.

2. Based on the historical experience of Presbyterian Homes and Services ("PHS"), one out of every seven persons in independent and assisted living will require nursing facility services at some point in their life. Based on this, approximately 30 of the new beds would be used by residents of Walnut Ridge and the other 30 would serve the needs of the primary and secondary service areas.
3. Walnut Ridge will offer services to all persons regardless of race, ethnicity or disability and the facility will be accessible to persons with disabilities.

4. The nursing facility beds will be dually certified for Medicare and Medicaid and staff will assist residents in obtaining other funding that may be available.

5. The calculated bed need formula indicates a current under-build in six of the seven counties surrounding the facility. The under-build for Polk County is 1,171 beds. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 1,942 beds. See the following table for additional bed information.

<table>
<thead>
<tr>
<th>County</th>
<th>Projected 2021 Population Age 65+</th>
<th># of NF Beds needed per bed need formula</th>
<th># of licensed &amp; approved NF Beds as of 10/16</th>
<th>Difference – Formula vs. Licensed &amp; Approved*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polk</td>
<td>58,935</td>
<td>3,464</td>
<td>2,2931</td>
<td>-1,171</td>
</tr>
<tr>
<td>Boone</td>
<td>5,039</td>
<td>356</td>
<td>377</td>
<td>21</td>
</tr>
<tr>
<td>Dallas</td>
<td>8,968</td>
<td>532</td>
<td>5293</td>
<td>-3</td>
</tr>
<tr>
<td>Jasper</td>
<td>7,288</td>
<td>513</td>
<td>355</td>
<td>-158</td>
</tr>
<tr>
<td>Madison</td>
<td>3,248</td>
<td>229</td>
<td>190</td>
<td>-39</td>
</tr>
<tr>
<td>Marion</td>
<td>6,237</td>
<td>442</td>
<td>306</td>
<td>-136</td>
</tr>
<tr>
<td>Story</td>
<td>12,896</td>
<td>938</td>
<td>4932</td>
<td>-445</td>
</tr>
<tr>
<td>Warren</td>
<td>9,442</td>
<td>532</td>
<td>521</td>
<td>-11</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>112,053</strong></td>
<td><strong>7,006</strong></td>
<td><strong>5,064</strong></td>
<td><strong>-1,942</strong></td>
</tr>
</tbody>
</table>

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

1 Approved February 2016: 36 beds at WesleyLife in Johnston which are included in this count; 2This number does not include the currently licensed 59 beds from the now closed Riverside South in Ames. The license for these beds is in suspension; February 2016: 40 beds at Riverside North in Ames are included in this count. 3 Approved February 2016: 40 beds at CCRC of West Des Moines which are included in this count.

6. Over the span of the last three years, the total number of beds in the eight-county area has increased by 57 beds. There has been an increase of zero beds in Polk County in the last three years. See the following table for additional detail.

<table>
<thead>
<tr>
<th>County</th>
<th># of NF Beds (facilities) as of October 2013</th>
<th># of NF Beds (facilities) as of October 2016</th>
<th>Difference in # of NF Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Polk</td>
<td>2,257 (28)</td>
<td>2,257 (29)</td>
<td>0</td>
</tr>
<tr>
<td>Boone</td>
<td>377 (4)</td>
<td>377 (4)</td>
<td>0</td>
</tr>
<tr>
<td>Dallas</td>
<td>479 (9)</td>
<td>489 (9)</td>
<td>+10</td>
</tr>
<tr>
<td>Jasper</td>
<td>361 (6)</td>
<td>355 (7)</td>
<td>-6</td>
</tr>
<tr>
<td>Madison</td>
<td>190 (3)</td>
<td>190 (3)</td>
<td>0</td>
</tr>
</tbody>
</table>
7. The bed numbers in the tables above represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the eight-county area has 16 hospital based SNF beds in Polk County, 80 hospital based NF beds in Story County, and four hospital based SNF/NF beds in Boone County.

8. The applicant indicates the primary service area is Polk and Dallas Counties. The secondary market will be Warren and Madison Counties.

9. The applicant states that no less costly or more appropriate alternatives are available and that the construction of the nursing facility is the best means to fulfill its obligation to provide continued services to the people it serves. The applicant indicated that in the past two years 95 residents have had to transfer out of the facility, creating difficulties for the residents and their families.

10. Walnut Ridge will enter into transfer agreements with local hospitals.

11. There are 29 freestanding nursing facilities Polk County. The nursing facilities in Polk County report occupancies of 6%-98%. The overall average for Polk County is 81%, however one facility in Polk County very recently opened and is operating under a conditional license. If the occupancy rate of this facility is suppressed the overall occupancy for Polk County is 83%. The contiguous counties report overall occupancies of 71%-87%.

### Survey of Nursing Facilities Located in Polk County & Counties Contiguous to Polk County

**Conducted October 2016**

<table>
<thead>
<tr>
<th>Facility by County</th>
<th>Licensed Beds</th>
<th>Current Occupancy</th>
<th>Percent Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>POLK COUNTY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Altoona Nursing and Rehab</td>
<td>106</td>
<td>99</td>
<td>93%</td>
</tr>
<tr>
<td>Bishop Drumm Care Center</td>
<td>150</td>
<td>126</td>
<td>84%</td>
</tr>
<tr>
<td>Calvin Community</td>
<td>59</td>
<td>52</td>
<td>88%</td>
</tr>
<tr>
<td>Deerfield Retirement Community</td>
<td>30</td>
<td>24</td>
<td>80%</td>
</tr>
<tr>
<td>Fleur Heights Center for Wellness &amp; Rehab</td>
<td>120</td>
<td>96</td>
<td>80%</td>
</tr>
<tr>
<td>Fountain West Health Center</td>
<td>140</td>
<td>97</td>
<td>69%</td>
</tr>
<tr>
<td>Genesis Senior Living Center</td>
<td>80</td>
<td>72</td>
<td>90%</td>
</tr>
<tr>
<td>Iowa Jewish Senior Life Center</td>
<td>72</td>
<td>57</td>
<td>79%</td>
</tr>
<tr>
<td>Iowa Lutheran Hospital</td>
<td>16</td>
<td>14</td>
<td>88%</td>
</tr>
<tr>
<td>Karen Acres Healthcare Center</td>
<td>38</td>
<td>35</td>
<td>92%</td>
</tr>
<tr>
<td>Kennybrook Village</td>
<td>40</td>
<td>35</td>
<td>88%</td>
</tr>
<tr>
<td>Facility Name</td>
<td>Scores</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>--------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Manorcare Health Services of WDM</td>
<td>120</td>
<td>87</td>
<td>73%</td>
</tr>
<tr>
<td>Mill Pond Retirement Community</td>
<td>60</td>
<td>54</td>
<td>90%</td>
</tr>
<tr>
<td>Parkridge Nursing &amp; Rehab Ctr.</td>
<td>90</td>
<td>85</td>
<td>94%</td>
</tr>
<tr>
<td>Polk City Nursing and Rehab</td>
<td>68</td>
<td>50</td>
<td>74%</td>
</tr>
<tr>
<td>Prairie Vista Village</td>
<td>38</td>
<td>32</td>
<td>84%</td>
</tr>
<tr>
<td>QHC Mitchellville, LLC</td>
<td>65</td>
<td>55</td>
<td>85%</td>
</tr>
<tr>
<td>Ramsey Village</td>
<td>78</td>
<td>71</td>
<td>91%</td>
</tr>
<tr>
<td>Scottish Rite Park Health Care Ctr.</td>
<td>51</td>
<td>31</td>
<td>61%</td>
</tr>
<tr>
<td>Sunny View Care Center</td>
<td>94</td>
<td>91</td>
<td>97%</td>
</tr>
<tr>
<td>*The Bridges of Ankeny</td>
<td>70</td>
<td>4</td>
<td>6%</td>
</tr>
<tr>
<td>The Rehabilitation Ctr. Of Des Moines</td>
<td>74</td>
<td>55</td>
<td>74%</td>
</tr>
<tr>
<td>Trinity Center at Luther Park</td>
<td>120</td>
<td>110</td>
<td>92%</td>
</tr>
<tr>
<td>Union Park Health Services</td>
<td>81</td>
<td>57</td>
<td>70%</td>
</tr>
<tr>
<td>University Park Nursing &amp; Rehab Ctr.</td>
<td>108</td>
<td>94</td>
<td>87%</td>
</tr>
<tr>
<td>Urbandale Health Care Center</td>
<td>130</td>
<td>91</td>
<td>70%</td>
</tr>
<tr>
<td>Valley View Village</td>
<td>79</td>
<td>71</td>
<td>90%</td>
</tr>
<tr>
<td>Wesley Acres</td>
<td>80</td>
<td>75</td>
<td>94%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>2,257</strong></td>
<td><strong>1,820</strong></td>
<td><strong>81%</strong></td>
</tr>
</tbody>
</table>

**BOONE COUNTY**

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Scores</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accura Healthcare of Ogden</td>
<td>46</td>
<td>39</td>
</tr>
<tr>
<td>Boone County Health Care Center</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Eastern Star Masonic Home</td>
<td>76</td>
<td>74</td>
</tr>
<tr>
<td>Madrid Home for the Aging</td>
<td>155</td>
<td>91</td>
</tr>
<tr>
<td>Westhaven Community</td>
<td>100</td>
<td>88</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>381</strong></td>
<td><strong>292</strong></td>
</tr>
</tbody>
</table>

**DALLAS COUNTY**

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Scores</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adel Acres</td>
<td>50</td>
<td>40</td>
</tr>
<tr>
<td>Arbor Springs of WDM, LLC</td>
<td>56</td>
<td>48</td>
</tr>
<tr>
<td>Edgewater</td>
<td>40</td>
<td>37</td>
</tr>
<tr>
<td>Granger Nursing &amp; Rehab Center</td>
<td>67</td>
<td>50</td>
</tr>
<tr>
<td>Perry Health Care Center</td>
<td>46</td>
<td>16</td>
</tr>
<tr>
<td>Perry Lutheran Home</td>
<td>70</td>
<td>65</td>
</tr>
<tr>
<td>Rowley Memorial Masonic Home</td>
<td>57</td>
<td>55</td>
</tr>
<tr>
<td>Spurgeon Manor</td>
<td>55</td>
<td>51</td>
</tr>
<tr>
<td>The Village at Legacy Pointe</td>
<td>48</td>
<td>40</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>489</strong></td>
<td><strong>402</strong></td>
</tr>
</tbody>
</table>

**JASPER COUNTY**

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>Scores</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accura Healthcare of Baxter, LLC</td>
<td>44</td>
<td>33</td>
</tr>
<tr>
<td>Accura Healthcare of Newton East, LLC</td>
<td>62</td>
<td>49</td>
</tr>
<tr>
<td>Accura Healthcare of Newton West, LLC</td>
<td>53</td>
<td>41</td>
</tr>
<tr>
<td>Nelson Manor</td>
<td>36</td>
<td>32</td>
</tr>
<tr>
<td>Newton Health Care Center</td>
<td>70</td>
<td>67</td>
</tr>
<tr>
<td>Newton Village Health Care Center</td>
<td>24</td>
<td>21</td>
</tr>
<tr>
<td>Wesley Park Centre</td>
<td>66</td>
<td>65</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>355</strong></td>
<td><strong>308</strong></td>
</tr>
</tbody>
</table>
### MADISON COUNTY

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>In-Patient Care</th>
<th>Long-Term Care</th>
<th>Total Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>QHC Winterset Care Center North</td>
<td>75</td>
<td>40</td>
<td>53%</td>
</tr>
<tr>
<td>QHC Winterset Care Center South</td>
<td>45</td>
<td>30</td>
<td>67%</td>
</tr>
<tr>
<td>West Bridge Care &amp; Rehabilitation</td>
<td>70</td>
<td>65</td>
<td>93%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>190</strong></td>
<td><strong>135</strong></td>
<td><strong>71%</strong></td>
</tr>
</tbody>
</table>

### MARION COUNTY

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>In-Patient Care</th>
<th>Long-Term Care</th>
<th>Total Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accura Healthcare of Knoxville</td>
<td>75</td>
<td>55</td>
<td>73%</td>
</tr>
<tr>
<td>Accura Healthcare of Pleasantville</td>
<td>53</td>
<td>41</td>
<td>77%</td>
</tr>
<tr>
<td>Jefferson Place</td>
<td>36</td>
<td>33</td>
<td>92%</td>
</tr>
<tr>
<td>The Cottages</td>
<td>64</td>
<td>62</td>
<td>97%</td>
</tr>
<tr>
<td>West Ridge Nursing &amp; Rehab Center</td>
<td>78</td>
<td>73</td>
<td>94%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>306</strong></td>
<td><strong>264</strong></td>
<td><strong>86%</strong></td>
</tr>
</tbody>
</table>

### STORY COUNTY

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>In-Patient Care</th>
<th>Long-Term Care</th>
<th>Total Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accura Healthcare of Ames, LLC</td>
<td>70</td>
<td>48</td>
<td>67%</td>
</tr>
<tr>
<td>Bethany Life</td>
<td>180</td>
<td>145</td>
<td>81%</td>
</tr>
<tr>
<td>Green Hills Health Care Center</td>
<td>56</td>
<td>46</td>
<td>82%</td>
</tr>
<tr>
<td>Northridge Village</td>
<td>38</td>
<td>18</td>
<td>47%</td>
</tr>
<tr>
<td>Rolling Green Village</td>
<td>69</td>
<td>62</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Story County Hospital NF</strong></td>
<td><strong>80</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zearing Health Care</td>
<td>40</td>
<td>33</td>
<td>83%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>453</strong></td>
<td><strong>352</strong></td>
<td><strong>78%</strong></td>
</tr>
</tbody>
</table>

### WARREN COUNTY

<table>
<thead>
<tr>
<th>Facility Name</th>
<th>In-Patient Care</th>
<th>Long-Term Care</th>
<th>Total Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carlisle Center for Wellness &amp; Rehab</td>
<td>101</td>
<td>85</td>
<td>84%</td>
</tr>
<tr>
<td>Good Samaritan Society –Indianola</td>
<td>131</td>
<td>99</td>
<td>76%</td>
</tr>
<tr>
<td>Norwalk Nursing &amp; Rehab Center</td>
<td>51</td>
<td>41</td>
<td>80%</td>
</tr>
<tr>
<td>Regency Care Center</td>
<td>101</td>
<td>71</td>
<td>70%</td>
</tr>
<tr>
<td>The Village</td>
<td>54</td>
<td>45</td>
<td>83%</td>
</tr>
<tr>
<td>Westview of Indianola Care Center</td>
<td>83</td>
<td>68</td>
<td>82%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>521</strong></td>
<td><strong>409</strong></td>
<td><strong>79%</strong></td>
</tr>
</tbody>
</table>

*The Bridges of Ankeny in Polk County just opened on September 6, 2016 and have a provisional license.
** This facility did not provide the information requested, therefore its numbers were not included in the final count.

12. There were no letters of support received.

13. There was one letter of opposition received from a nursing home administrator who cited low census numbers at her facility as the reason for the opposition.

14. The applicant has $3,000,000 cash on hand for the project with plans to borrow $9,531,500. The applicant provided the terms of financing which note that Piper Jaffary & Co. is serving as the underwriter for PHS Walnut Ridge, LLC for issuance of its tax-exempt City of Clive, Iowa, Senior Housing Revenue Bonds (Walnut Ridge Care Center), Series 2016 which will together with other funds of the borrower (a) fund the construction of a 60-bed skilled nursing facility; (b) fund reserves; and (c) pay certain costs of issuance.
15. The applicant projects needing a total of 64 FTE’s to staff the new facility and notes that they will work with Signature Healthcare to recruit high quality staff to work on its campus.

16. Site costs are listed at $1,054,500, plus facility costs of $7,789,000 and $990,000 in movable equipment.

17. The total cost of the project is $12,531,500, including $926,000 in financing costs and $1,772,000 in other applications (such as debt service reserve account, working capital, city costs, etc.). The applicant indicates a turn-key cost of $208,858.

18. The applicant does not anticipate an operating deficit after year two.

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 notes the under-build according to the bed need formula for Polk County is 1,171 NF beds. The Council concludes that the proposal is an appropriate option to accommodate admissions within the Walnut Ridge community and the primary and secondary service areas who need skilled nursing care. The generally high occupancy rates of the other facilities within the county further indicate that other alternatives to the proposed construction of NF beds are not 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 continue to be used in an appropriate and efficient manner and will not be impacted by this project. The calculated bed need formula indicates a current under-build in six of the seven counties surrounding the facility. The under-build for Polk County is 1,171 beds.
Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 1,942 beds. The phone survey conducted by Department staff indicates an overall occupancy in Polk County of 83% (with utilization of a conditional license suppressed). The Council traditionally requires utilization over 85% to indicate appropriate occupancy rates of long term care facilities. Here, the utilization rate of 83% coupled with a lack of opposition from existing facilities supports a conclusion that existing facilities are being utilized in an efficient manner. The Council concludes that Walnut Ridge, with the construction of 60 beds, will have little impact on the appropriate and efficient use of other nursing facilities in a county with over 2,200 beds. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the project is the construction of 60 NF beds nursing facility with a total of 38,178 square feet. The Council concludes that alternatives including modernization and sharing arrangements have been considered and implemented to the maximum extent practicable. Iowa Code Sections 135.64(1) and 135.4(2)c. 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 takes note that approximately half the new beds will be used by current residents of Walnut Ridge, and that many residents of the current facility have been forced to transfer to receive a higher level of care creating serious problems for these residents and their families. The Council concludes that the generally high occupancies of the nursing facilities in the county demonstrate that residents of the applicant and within the service area will experience serious problems in obtaining care absent the proposed addition of beds. 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) (2015), 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 (2015).

It is required in accordance with Iowa Administrative Code 641-202.1.2 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 12th day of December 2016

Robert Lundin, Chairperson
State Health Facilities Council
Iowa Department of Public Health

cc: State Health Facilities Council
Iowa Department of Inspections and Appeals:
Health Facilities Division
IN THE MATTER OF THE APPLICATION OF
RADIATION THERAPY CENTER
OF THE QUAD CITIES
DAVENPORT, IOWA

DECISION

This matter came before the State Health Facilities Council for hearing on Wednesday, October 26, 2016.

The applicant proposes the replacement of a linear accelerator at a cost of $1,968,067.

Radiation Therapy Center of the Quad Cities 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. Becky Swift of the Iowa Department of Public Health summarized the project in relation to review criteria. Gary Streit, Shuttleworth & Ingersoll, PLC and Dr. Farida Rajput, Radiation Therapy Center of the Quad Cities, 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 4-1 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2015) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Radiation Therapy Center of the Quad Cities (“RTC”) sought a certificate of need for the purchase and installation of a replacement linear accelerator at its facility in Davenport, Scott County, Iowa.

2. The purchase and installation of the replacement linear accelerator were completed in 2012.

3. RTC is now seeking the certificate of need due to a mistaken belief that it did not have to obtain a certificate of need for the replacement equipment.
4. The applicant states that the legal basis for its determination that it did not have to apply for a certificate of need for the replacement equipment was the assumption that it was an institutional health facility and therefore was exempt and that the exclusion of Iowa Code Section 135.63.2(1) (replacement or modernization that does not add new health services) applied to the purchase.

5. The Department of Public Health took separate enforcement action against RTC for its provision of these services without a certificate of need.

6. RTC also assumed the cost of the replacement equipment would be under $1.5 million.

7. RTC obtained a certificate of need in 1996 for an earlier model of linear accelerator, and the manufacturer indicated that they were discontinuing support for that model.

8. RTC has made a substantial investment in the facility and may have had to close had it not purchased and installed the replacement linear accelerator on an expedited basis in 2012.

9. Since the operation of the clinic began the applicant has accepted and treated all patients without regard to ability to pay.

10. RTC is located within easy driving distance of a vast majority of the patient it serves, including those living in rural areas of Scott County and contiguous counties. By operating a facility that is adjoined by a medical oncology group, patients are able to coordinate care.

11. RTC has no plans for future expansion.

12. The applicant states that it has provided radiation therapy treatment to 3,510 patients since it opened in 1996 (approximately 175 per year), but that the number of patient it serves has been declining due to more physicians who are affiliated with a hospital and who are more likely to refer patients to a hospital-based radiation therapy center.

13. The applicant states that radiation therapy treatment modalities have changed so that patients receive smaller doses of radiation but more treatments, which keeps RTC busy. The applicant indicates RTC provides care to VA patients, Medicaid patients and other who encounter challenges receiving care from other facilities.

14. Genesis Medical Center operates the only other radiation therapy treatment center in Scott County.

15. There were no letters of support received.

16. There was one letter of opposition received from UnityPoint - Trinity which cited sufficient radiation therapy capacity in the Quad Cities and that RTC fails to meet the minimum utilization guidelines for radiation therapy as issues.
17. The cost of the Replacement Machine was $1,631,100 plus installation costs of $130,900. The applicant goes on to state that after a trade-in credit of $62,000, the total net cost was $1,700,000. RTC paid an additional $119,000 in state sales taxes and $149,067 for additional wiring, software, and ancillary computer for a total of $1,968,067.

18. RTC used $621,917 cash on hand and borrowed $1,346,150. The applicant states that the borrowing involved two loans. One was for $596,150.00 from the applicant’s UBS margin account and has been repaid in full. The second loan was a loan in the original principal amount of $750,000.00 from U.S. Bank, N.A., and is being repaid at the rate of $5,000.00 per month, including interest at 2.49%. The current unpaid balance is $333,199.

19. RTC provides only radiation oncology services and it is necessary to refer patients back to their referring physician for medical care.

20. Dr. Farida Rajput, a radiation oncologist, is the sole owner and operator of RTC, and she is the professional most involved with the linear accelerator. In addition, RTC employs two board certified radiation therapists, a dosimetrist, a part-time physicist, and clinical and administrative support.

CONCLUSIONS OF LAW

In determining whether to issue a certificate of need, the Council considered 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 RTC is the only freestanding radiation therapy center in Iowa and is used as a referral source by physicians not affiliated with a hospital. The Council
concludes that there is no more appropriate alternative to RTC. 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 are being and will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council notes that Genesis Medical Center is the only other facility in Scott County that provides radiation therapy services and it did not oppose the RTC application. The Council concludes that RTC has been providing radiation therapy since the 1996 receipt of a certificate of need and that its continued provision of this service would not have a significant impact on existing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the project does not involve 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 health service, in the absence of that proposed service. The Council notes that RTC serves roughly 175 patients per year and that treatment modalities are changing so that patients receive smaller doses of radiation but more treatments, which keeps RTC busy. The Council further notes RTC operates a unique stand-alone facility which serves as a choice for patients who need this care, and specifically for VA and Medicaid patients who may experience challenges receiving this care at other facilities. The Council concludes that patients would experience problems obtaining care in the absence of RTC. 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) (2015), 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 (2015).

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 7th day of December 2016

Robert Lunghi, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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

SYMOWA, LLC
d/b/a SYMPHONY OF CROW VALLEY

DAVENPORT, IOWA

DEcision

This matter came before the State Health Facilities Council for hearing on Wednesday, October 26, 2016.

The application proposes the construction of a 70-bed skilled nursing facility at an estimated cost of $16,918,495.

Symowa, LLC d/b/a Symphony of Crow Valley 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. Becky Swift of the Iowa Department of Public Health summarized the project in relation to review criteria. Jim Carney and George Appleby, Carney & Appleby; Andy VanZee, Mainstreet Investment; Dr Alexander Stemer, Symphony; and Tim Fields, Symowa, LLC were present representing the applicant. The applicant made a presentation and answered questions.

No affected parties in support appeared at the hearing.

Affected parties in opposition included Cris Vetter, Iowa Masonic Health Facilities and Brent Fillmore, Christian Retirement Homes d/b/a Ridgecrest Village.

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) (2015) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Symowa, LLC d/b/a Symphony of Crow Valley ("Symowa") proposes to build a 50,000 square foot 70-bed skilled nursing facility in Davenport, Scott County, Iowa.

2. The facility will be licensed as a skilled nursing facility, but the focus of the facility will be short-stay rehabilitation and therapy.

3. All 70 beds will be certified for Medicare; 10 beds will be certified for Medicaid.
4. Therapy and therapist's services will be provided to residents per physician’s orders even if the resident is covered by Medicaid, which does not reimburse for therapy.

5. The applicant conducted a market research study to identify the number of transitional care skilled nursing beds needed in the community. The applicant states that of the 700 skilled nursing beds identified by the State of Iowa to be needed in Scott County, 176 of those beds would be needed for short-term transitional care.

6. The average length of stay in the facility will be 14-21 days. The applicant testified the facility will not generally be utilized for long term stays and will not provide certain services more traditionally provided by long term care facilities like Alzheimer’s care.

7. The calculated bed need formula indicates a current under-build in each of the 3 contiguous counties. The under-build for Scott County is 700 beds. Overall the four-county area, as calculated by the bed need formula, is underbuilt by 1,084 beds. See the following table for additional bed information.

<table>
<thead>
<tr>
<th>County</th>
<th>Projected 2021 Population Age 65+</th>
<th># of NF Beds needed per bed need formula</th>
<th># of licensed &amp; Approved NF Beds as of October 2016</th>
<th>Difference – Formula vs. Licensed &amp; Approved*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott</td>
<td>30,840</td>
<td>1742</td>
<td>1042</td>
<td>-700</td>
</tr>
<tr>
<td>Cedar</td>
<td>3,717</td>
<td>262</td>
<td>238</td>
<td>-24</td>
</tr>
<tr>
<td>Clinton</td>
<td>9,850</td>
<td>692</td>
<td>412</td>
<td>-280</td>
</tr>
<tr>
<td>Muscatine</td>
<td>7,470</td>
<td>534</td>
<td>454</td>
<td>-80</td>
</tr>
<tr>
<td>Totals</td>
<td>51,877</td>
<td>3,230</td>
<td>2,146</td>
<td>-1,084</td>
</tr>
</tbody>
</table>

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

8. Over the span of the last three years, the total number of beds in the four-county area has decreased by 14 beds. There has been a decrease of 48 beds in the past three years for Scott County. See the following table for additional detail.

<table>
<thead>
<tr>
<th>County</th>
<th># of NF Beds (facilities) as of October 2013</th>
<th># of NF Beds (facilities) as of October 2016</th>
<th>Difference in # of NF Beds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott</td>
<td>1090 (10)</td>
<td>1042 (10)</td>
<td>-48</td>
</tr>
<tr>
<td>Cedar</td>
<td>238 (4)</td>
<td>238 (4)</td>
<td>0</td>
</tr>
<tr>
<td>Clinton</td>
<td>412 (4)</td>
<td>412 (4)</td>
<td>0</td>
</tr>
<tr>
<td>Muscatine</td>
<td>420 (4)</td>
<td>454 (5)</td>
<td>+34</td>
</tr>
</tbody>
</table>
9. The bed numbers in the tables above represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the four-county area has 77 hospital based nursing facility beds in Clinton County and 97 hospital based SNF/NF beds, also in Clinton County.

10. The intended population for the facility are individuals in the community primarily needing short-stay rehabilitation and therapy. The primary population served would be residents 50+ who live in Scott County and in surrounding communities within 20 minutes of the property who are in need of a strict rehabilitation program.

11. The applicant states that there are no alternatives to this project. They state that they plan to offer a state-of-the-art rehabilitation gym, on-site dialysis, piped in oxygen, complex medical care, and built in suction in the proposed facility, which will be unlike anything currently on the market.

12. The facility will provide physical, occupational, and speech therapy as well as have specialty programs for orthopedic, pulmonary and stroke patients. The applicant states the physician-resident interaction will be more frequent than at traditional long term care facilities and that the nurse to patient ratio is lower at its facilities than traditional nursing homes. The applicant indicates these specialized, targeted services will reduce hospital readmission rates.

13. There are 10 freestanding nursing facilities in Scott County, ranging in occupancy from 54%-94% (77% overall). The three contiguous counties report occupancies ranging from 70% to 82%.

Survey of Nursing Facilities Located in Scott County & Counties Contiguous to Scott County
Conducted October 2016

<table>
<thead>
<tr>
<th>Facility &amp; Phone by County</th>
<th>Licensed Beds</th>
<th>Current Occupancy</th>
<th>Percent Occupied</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SCOTT COUNTY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bettendorf Health Care Center</td>
<td>86</td>
<td>60</td>
<td>70%</td>
</tr>
<tr>
<td>Davenport Lutheran Home</td>
<td>98</td>
<td>77</td>
<td>79%</td>
</tr>
<tr>
<td>Good Samaritan Society – Davenport</td>
<td>142</td>
<td>133</td>
<td>94%</td>
</tr>
<tr>
<td>Iowa Masonic Health Facilities</td>
<td>79</td>
<td>71</td>
<td>90%</td>
</tr>
<tr>
<td>Kahl Home for Aged &amp; Infirm</td>
<td>135</td>
<td>122</td>
<td>90%</td>
</tr>
<tr>
<td>Manorcare Health Services of Davenport</td>
<td>105</td>
<td>78</td>
<td>74%</td>
</tr>
<tr>
<td>Manorcare Health Services-Utica Ridge</td>
<td>120</td>
<td>95</td>
<td>79%</td>
</tr>
<tr>
<td>Ridgecrest Village</td>
<td>137</td>
<td>74</td>
<td>54%</td>
</tr>
<tr>
<td>Riverview Manor</td>
<td>50</td>
<td>37</td>
<td>74%</td>
</tr>
<tr>
<td>St. Mary Healthcare &amp; Rehab Ctr</td>
<td>90</td>
<td>59</td>
<td>66%</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>1042</strong></td>
<td><strong>806</strong></td>
<td><strong>77%</strong></td>
</tr>
<tr>
<td><strong>CEDAR COUNTY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cedar Manor Nursing Home</td>
<td>60</td>
<td>52</td>
<td>87%</td>
</tr>
<tr>
<td>Location</td>
<td>Facility Name</td>
<td>Staffing</td>
<td>Utilization</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------------------------------</td>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td></td>
<td>Clarence Nursing Home</td>
<td>46</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td>Crestview Specialty Care</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td>Mechanicsville Specialty Care</td>
<td>67</td>
<td>34</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td>238</td>
<td>196</td>
</tr>
<tr>
<td>Clinton County</td>
<td>Eagle Point Nursing &amp; Rehab Ctr</td>
<td>150</td>
<td>77</td>
</tr>
<tr>
<td></td>
<td>Genesis Medical Center-DeWitt HSP-NF</td>
<td>77</td>
<td>74</td>
</tr>
<tr>
<td></td>
<td>Mercy Living Center – North</td>
<td>86</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td>Mercy Living Center –South HSP SNF/NF</td>
<td>97</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>The Alverno Health Care Facility</td>
<td>132</td>
<td>107</td>
</tr>
<tr>
<td></td>
<td>Wheatland Manor</td>
<td>44</td>
<td>37</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td>586</td>
<td>410</td>
</tr>
<tr>
<td>Muscatine County</td>
<td>Pearl Valley Rehab &amp; Health Ctr</td>
<td>100</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Lutheran Living Senior Campus</td>
<td>155</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>Premier Estates of Muscatine</td>
<td>100</td>
<td>85</td>
</tr>
<tr>
<td></td>
<td>Simpson Memorial Home</td>
<td>65</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td>Wilton Retirement Community</td>
<td>34</td>
<td>33</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td>454</td>
<td>369</td>
</tr>
</tbody>
</table>

14. There was one letter of support received from Representative Cindy Winkler, citing the need for the facility and the creation of jobs.

15. There were nine letters of opposition received and two of these facilities also appeared at hearing in opposition to the project. The letters were from the Administrators or Directors of the following facilities: the Kahl Home, Iowa Masonic Health Facilities, Good Samaritan Society Davenport, Ridgecrest Village, Simpson Memorial Home, Bettendorf Health Care Center, Davenport Lutheran Home; and Pearl Valley Rehabilitation and Healthcare Center in Muscatine (two letters received). Letters and testimony from affected parties cited census issues, staffing difficulties, concerns about a loss of Medicare patients, and the lack of need for another nursing facility in the area.

16. The applicant states that they will have a contracted medical director and relationships with local physicians and orthopedic groups. They note that they will have transfer agreements with Genesis Medical Center and Trinity Terrace Point Hospital, both of which are in Scott County.

17. The applicant projects needing a total 87.5 FTE's, including, among others, 5 in the administrative department, 23 nurses, nine dietary, and 22 “therapies.” The applicant states it has been and will be successful in recruiting staff due to its benefits and its recruitment efforts, which includes a tuition reimbursement program.

18. The facility will be owned by MS Davenport, LLC which is a joint venture between Mainstreet Asset Management, Inc. and Symowa, LLC. It’s noted in the application that Symowa will lease the building from MS Davenport. The lease has not been fully developed but it will have an initial term of 15 years with a renewal option. Mainstreet is a national
company which specializes in real estate development of transitional care properties, having
developed 32 completed properties with another 26 in production. Symowa dba Symphony
is part of a post-acute care network which operates 30 nursing facilities in four states. The
applicant states that in the other markets in which they operate they have treated patients who
may not have otherwise received rehabilitation services and that they have not seen a
negative impact on the existing traditional nursing facilities in terms of closure of existing
facilities.

19. The applicant states they have $895,925 cash on hand for the project with plans to borrow
$12,542,947. Additionally, they state that they have $1,791,850 in equity and $2,687,774 in
Mezzanine Capital. The applicant provided a letter from First National Bank of Omaha to
MS Davenport, LLC that outlined the terms of the loan. The face amount of the terms of debt
are 70% of the total project costs, with interest.

20. Site costs are listed at $1,000,000, plus land improvements of $716,740, facility costs of
$12,761,254 and $1,791,850 in movable equipment.

21. The total cost of the project is $16,918,496, including $648,652 in financing costs. The
applicant indicates a turn-key cost of $255,979.

22. The applicant does not anticipate an operating deficit after year one.

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 notes that the proposal has a focus on state-of-the-art rehabilitation care, which is unlike anything currently available in the community. The specialized services offered by the applicant will result in more patients receiving more appropriate services and a corresponding reduction in hospital readmission rates, presenting a more efficient and appropriate alternative. 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 calculated bed need formula indicates a current under-build in all three of the counties surrounding the facility. The under-build for Scott County is 700 beds. Overall, the four-county region, as calculated by the bed need formula, is underbuilt by 1,084 beds. Additionally, the Council takes note of the specialized services offered by the applicant and finds that the Council’s traditional requirement of 85% utilization of existing facilities in the county is mitigated by the unique nature of this proposal. The Council concludes that the construction of 70 beds and a focus on short-term therapy and rehabilitation will have little impact on the appropriate and efficient use of other nursing facilities in the county. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project is the construction of a 70-bed nursing facility with a total of 50,000 square feet. The Council concludes that alternatives including modernization and sharing arrangements have been considered and implemented to the maximum extent practicable. Iowa Code Sections 135.64(1) and 135.64(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 takes note that while the facility will be licensed for skilled nursing care, its focus will be on rehabilitation and therapy and that residents will experience serious problems in obtaining this type of care absent the proposed addition of the facility to Scott County. 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) (2015), 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 (2015).

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 28th day of December 2016

Robert Lundin, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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