

MINUTES
STATE HEALTH FACILITIES COUNCIL
OCTOBER 7 & 8, 2013
IOWA LABORATORY FACILITY, CONFERENCE CENTER, ROOM 208
DMACC CAMPUS, ANKENY

I. 9:15 AM ROLL CALL

MEMBERS PRESENT: Bill Thatcher, Chairperson, Bob Lundin, Roberta Chambers, Connie Schmett and Vergene Donovan.

STAFF PRESENT: Barb Nervig, Jim Goodrich and Heather Adams, Counsel for the State

II. PROJECT REVIEW

1. Pleasant Acres Care Center, Hull, Sioux County: Add 10 nursing facility beds – \$2,341,782.

Staff report by Jim Goodrich. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Tami Lund and Vera Dieck. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

2. Whittier Living & Rehabilitation Center, Sioux City, Woodbury County: Build 78-bed nursing facility – \$8,960,415.

Staff report by Jim Goodrich. The applicant was represented by Paul Lundberg, Stephanie Amick, Joseph DeWitt and Mike Neswick of RML Architects.

A motion by Chambers, seconded by Donovan, to enter exhibits presented in support of oral testimony into the record carried 5-0. The applicant made a presentation and answered questions posed by the Council.

Affected parties hearing at the hearing in opposition to the proposal were Matt Niemeier with Countryside Nursing & Rehab in Sioux City; Beverly Zenor with Sunrise Retirement Community; Patrick Tomscha with Holy Spirit Retirement Home and Gay Harberts of Hallmark Care Center.

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

II. EXTENSIONS OF PREVIOUSLY APPROVED PROJECTS:

1. University of Iowa Hospitals and Clinics, Iowa City, Johnson County: Acquire proton beam radiation therapy unit.

Staff reviewed the progress on this project. The applicant was represented by Brandt Echternacht and John Buatti. A motion by Lundin, seconded by Schmett, to Grant a one year extension carried 4-1. Chambers voted no.

2. CCRC of Ames, Inc., Ames, Story County: Build 38-bed nursing facility as part of new CCRC - \$3,917,000.

Staff reviewed the progress on this project. Ed McIntosh of Dorsey Whitney and Gib Wood were present representing the applicant. The applicant explained that a new site had to be secured due to unresolved issues with the water at the original site. A motion by Lundin, seconded by Chambers, to Grant a one year extension carried 5-0.

3. CCRC of Altoona, Altoona, Polk County: Build 38-bed nursing facility as part of new CCRC - \$3,894,500.

Staff reviewed the progress on this project. Ed McIntosh of Dorsey Whitney and Gib Wood were present representing the applicant. A motion by Chambers, seconded by Donovan, to Grant a one year extension carried 5-0.

4. Mercy Medical Center—North Iowa, Mason City, Cerro Gordo County: Expand cardiac catheterization services with 3rd lab while renovating space to relocate existing labs-\$8,174,536.

Staff reviewed the progress on this project. Hall Hudson, Steve Davis and Mitch Morrison were present representing the applicant. A motion by Donovan, seconded by Schmett, to Grant a one year extension carried 5-0.

5. Simpson Memorial Home, Wilton, Muscatine County: Build 34-bed nursing facility as final phase of CCRC - \$3,993,700.

Staff reviewed the progress on this project. Shelly Wicks and Trish Myers were present representing the applicant. The applicant requested a six-month extension. A motion by Schmett, seconded by Chambers, to Grant a six-month extension carried 5-0.

III. REQUESTS FOR DETERMINATION OF NON-REVIEWABILITY AND THE DEPARTMENT'S RESPONSE

1. Outpatient Surgery Center of Cedar Rapids, LLC, Cedar Rapids, Linn County: Expand existing surgery center to new construction across the street, annual lease – \$600,000.

Staff report by Barb Nervig. The applicant was represented by Catherine Cownie of Brown Winick. A motion by Chambers, seconded by Lundin, to affirm the Department's determination, carried 5-0.

2. Hawarden Regional Healthcare, Hawarden, Sioux County: Modernization of existing institutional health facility that will not add new services or additional bed capacity – \$11,333,254.

Staff report by Barb Nervig. A motion by Donovan, seconded by Schmett, to affirm the Department's determination, carried 5-0.

3. Floyd Valley Hospital, LeMars, Plymouth County: Modernization of existing institutional health facility that will not add new services or additional bed capacity – \$24,592,341.

Staff report by Barb Nervig. A motion by Lundin, seconded by Chambers, to affirm the Department's determination, carried 5-0.

4. Genesis Health System, Davenport, Scott County: Modernization of existing institutional health facility that will not add new services or additional bed capacity – \$106M or \$147M.

Staff report by Barb Nervig. A motion by Chambers, seconded by Schmett, to affirm the Department's determination, carried 5-0.

IV. PROJECT REVIEW (CONT.)

3. Good Shepherd, Inc., Mason City, Cerro Gordo County: Add 10 nursing facility beds in existing space at no cost.

Staff report by Barb Nervig. The applicant was represented by Mike Svejda. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

4. Mary Greeley Medical Center, Ames, Story County: Convert 19 skilled nursing beds to 19 medical/surgical acute care beds at no cost.

Staff report by Jim Goodrich. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Jodi Whitt, and Neal Loes. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

5. Select Specialty Hospital, Des Moines, Polk County: Establish long term care hospital as a hospital within a hospital at Mercy—Des Moines – \$3,671,400.

Council member Lundin declared a conflict of interest and recused himself from this proposal.

Staff report by Jim Goodrich. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Kristi McNeil, Jamie Taets and Austin Cleveland with Select Specialty Hospital; and Joseph LeValley and Ann Marvelli with Mercy Medical Center—Des Moines. 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 Donovan, to Grant a Certificate of Need carried 4-0.

TUESDAY, OCTOBER 8
9:00 AM: ROLL CALL

IV. PROJECT REVIEW (CONT.)

5. Stonehill Franciscan Services, Dubuque, Dubuque County: Convert 41 residential care beds to 21 nursing facility beds – \$693,375.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney, Sister Bertha Bonert and Jane Wills with Stonehill Franciscan Services. The applicant made a presentation and answered questions posed by the Council.

Janet Warren, executive director of Luther Manor in Dubuque appeared at the hearing as an affected party. Luther Manor has a letter of intent on file to add beds and she expressed concern about their request in consideration of the bed need formula.

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

The Council announced that the final three projects would be “batched.” Since all three are located in the same county, all proposals will be heard prior to a vote being taken. Each proposal will then be voted on individually following all presentations.

6. Grand Haven Homes, Inc. d/b/a Linn Manor Care Center, Marion, Linn County: Add 22 nursing facility beds – \$3,510,000.

Staff report by Jim Goodrich. The applicant was represented by Rich Crow, administrator; Grant Hagen, former administrator and Marc Wilkinson, MD, medical director. The applicant made a presentation and answered questions posed by the Council.

Joe Scavore, Jake Scavore and Marjorie Carson Zach appeared as affected parties in support of the project.

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

7. Hiawatha Care Center, Inc., Hiawatha, Linn County: Add 12 nursing facility beds in existing space – \$150,000.

Staff report by Jim Goodrich. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Ken Carlson, Robyn McNamara and Becky Stebral. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

8. Rehabilitation Center of Lisbon, Lisbon, Linn County: Build 64-bed nursing facility in Lisbon - \$8,400,694.

Staff report by Jim Goodrich. The applicant was represented by Richard Allbee, Beryl OConnor, Chris Yancey, Steve Deike, Tim Roberts and Massina Bloemke. The applicant made a presentation and answered questions posed by the Council.

Affected parties appearing at the hearing in opposition to the proposal were Catherine Cownie of Brown Winick and Melissa Reed representing Solon Care Center and Tina Wendt and Amy Johnson representing Mechanicsville Nursing and Rehab Center.

A motion by Donovan, seconded by Schmett, to Grant a Certificate of Need carried 4-1. Lundin voted no.

V. APPROVE MINUTES OF PREVIOUS MEETINGS (APRIL & MAY 2013)

A motion by Lundin, seconded by Chambers, to approve the minutes of the April 25, 2013 meeting and the May 13, 2013 electronic meeting, passed by voice vote.

The meeting was adjourned at 1:00 PM.

The dates of the Council's next meetings are November 4, 2013 and April 14, 2014.

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
)
CCRC OF ALTOONA, INC.)
)
ALTOONA, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Monday, October 7, 2013.

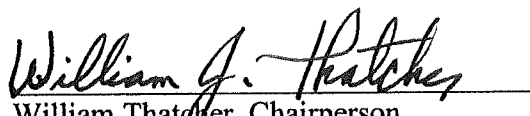
The project, the construction of a 38-bed nursing facility, was originally approved on October 5, 2012 at an estimated cost of \$3,894,500.

The extension request states that the foundation is complete and framing has begun. The completion date remains May 2014.

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.

The extension is valid for one year, to October 7, 2014.

Dated this 3rd day of February 2014


William Thatcher, 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)

CCRC OF AMES, INC.)

AMES, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Monday, October 7, 2013.

The project, the construction of a 38-bed nursing facility, was originally approved on April 4, 2012 at an estimated cost of \$3,917,000. A six-month extension was granted on April 25, 2013.

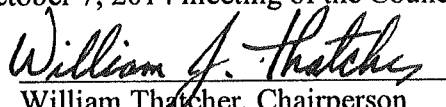
The April 2013 request for extension stated that the land had been approved for annexation by Ames Planning and Zoning and as soon as the City Council approved annexation, the applicant would begin submissions for building with the Department of Inspections and Appeals to run concurrently with the City approvals. The applicant anticipated beginning construction in July 2013. There was an issue with Xenia water that needed resolution.

The current extension request states that the water issue could not be resolved timely and the application now has another property under contract that is not affected by the water issue. The new site does need to be rezoned which is estimated to take about five months. The applicant anticipates construction to begin in late spring 2014 with a completion date of May 2015. The architectural work is approximately 80% complete.

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.

The extension is valid for one year, until October 7, 2014 meeting of the Council.

Dated this 3rd day of February 2014


William Thatcher, 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)	
)	
GOOD SHEPHERD, INC.)	DECISION
)	
MASON CITY, IOWA)	

This matter came before the State Health Facilities Council for hearing on Monday, October 7, 2013.

The application proposes the addition of ten nursing facility beds in existing space at no cost.

Good Shepherd, 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. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Mike Svejda was 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) (2013) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Good Shepherd has a Continuum of Care with 220 independent living apartments, 106 assisted living units and 200 nursing facility beds. Good Shepherd is proposing the addition of 10 nursing beds by using existing private rooms for semi-private rooms.
2. Good Shepherd has been in the Mason City area since 1946. The assisted living units are located in two complexes; Cornerstone Assisted Living, which is attached to the nursing center and has 46 one and two bedroom apartments and Kentucky Ridge Assisted Living, which is located off campus, has 60 one and two bedroom apartments. Good Shepherd has three independent living complexes: The Manor is located in downtown Mason City with 93 one and two bedroom apartments; the Shalom Towers I & II are HUD sponsored apartments with 127 units in two complexes for lower income individuals.
3. The applicant states that when they began the Continuum of Care, tenants in the assisted living and independent apartments were informed they would have priority status for entering

the nursing facility if they needed to. The applicant states they have not been able to fulfill this obligation due to continued high census.

4. Currently Good Shepherd has 64 private rooms and 78 semi-private rooms. This is with a 31-bed private room addition that was added in the fall of 2012 to accommodate individuals desiring private rooms (no additional licensed beds were added at that time). The applicant states that even with this addition, 14 double rooms are used as private rooms. This proposal would add 10 licensed beds so 10 of those double rooms used as private rooms could return to double rooms if the census warranted it.
5. Good Shepherd currently serves an elderly population, providing a continuum of care for adults age 55 and older. All of the current nursing facility beds are dually certified for Medicare and Medicaid. The applicant reports that approximately 46% of occupied beds are Medicaid reimbursed.
6. Overall, the nine-county region, as calculated by the bed need formula, is underbuilt by 58 beds. The underbuild for Cerro Gordo County is 151 beds. See the following table for additional bed information.

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed NF Beds as of Sept. 2013	Difference – Formula vs. Licensed & Approved*
Cerro Gordo	9,443	662	511	-151
Butler	3,315	231	273	+42
Floyd	3,663	255	226	-29
Franklin	2,184	152	150	-2
Hancock	2,594	180	175	-5
Mitchell	2,416	168	227	+59
Winnebago	2,386	166	180	+14
Worth	1,573	110	110	0
Wright	2,784	194	208	+14
Totals	28,023	1,970	2,060	-58

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

7. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, Franklin County has 25 hospital-based NF beds and Cerro Gordo County has 26 hospital-based SNF/NF beds.
8. Over the span of the last three years the total number of beds in the nine-county area has decreased by 5 beds. There has been an increase of 12 beds in Cerro Gordo County in the last three years. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number Between Oct. 2010 and Sept. 2013

County	# of NF Beds (facilities) as of Oct. 2010	# of NF Beds (facilities) as of Sept. 2013	Difference in # of NF Beds
Cerro Gordo	499(5)	511(5)	+12
Butler	273(6)	273(6)	0
Floyd	232(4)	226(4)	-6
Franklin	150(2)	150(2)	0
Hancock	175(3)	175(3)	0
Mitchell	228(5)	227(5)	-1
Winnebago	185(3)	180(3)	-5
Worth	110(2)	110(2)	0
Wright	213(3)	208(3)	-5
Totals	2,065(33)	2,060(33)	-5

9. There are currently 2,060 licensed and approved nursing facility beds in the nine counties, 152 licensed and approved beds (7.4% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Cerro Gordo	29(1)
Butler	0
Floyd	34(2)
Franklin	19(1)
Hancock	12(1)
Mitchell	0
Winnebago	14(1)
Worth	27(2)
Wright	17(1)
Totals	152(9)

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

10. The applicant indicates that the service area for this project includes all of Cerro Gordo County and parts of Worth, Franklin, Floyd, and Hancock Counties. In 2011, the nursing beds at Good Shepherd had 205 admissions, 87% of these from Cerro Gordo County. In 2012 there were 180 admissions with 82% from Cerro Gordo and of the 76 admissions for 2013 at the time the application was submitted, 93% are from Cerro Gordo.
11. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population and the need for services. The proposed project will allow the applicant to fulfill their obligations to provide health care to their residents in the continuum of care.

12. Good Shepherd has been providing services to the elderly in the Mason City area for 67 years. The applicant is well established in the area. The applicant has an arrangement with Mercy Medical Center of North Iowa and Hospice of North Iowa.
13. There are four additional freestanding nursing facilities in Cerro Gordo County. Letters of opposition to this proposal were received from Rockwell Community Nursing Home, Rehabilitation Center of Hampton and Lutheran Retirement Home in Northwood. The applicant indicated it receives a very small number of residents from the counties where these facilities are located.
14. In a phone survey of facilities conducted October 2013, two of the five freestanding facilities in Cerro Gordo County reported occupancies below 85%. Two of the five, including the applicant, reported occupancies that were near capacity. The overall county utilization was 89%. Additional details from the phone survey are in the following table.

Facility by County	Licensed Beds	Empty Beds	Percent Occupied
CERRO GORDO COUNTY			
GOOD SHEPHERD HEALTH CENTER	200	5	97.5%
HERITAGE CARE & REHAB CENTER	87	13	85.0%
IOWA ODD FELLOWS & ORPHANS HOME	86	0	100%
MERCY MEDICAL CTR.—NORTH IOWA	26	NA	NA
OAKWOOD CARE CENTER	90	28	68.9%
ROCKWELL COMMUNITY NURSING HOME	46	10	78.3%
TOTALS	509	56	89.0%
BUTLER COUNTY			
CLARKSVILLE NURSING & REHAB	42	2	95.2%
DUMONT WELLNESS CENTER	38	5	86.8%
LIEBE CARE CENTER	39	13	66.7%
MAPLE MANOR VILLAGE	50	16	68.0%
REHABILITATION CENTER OF ALLISON	60	13	78.3%
SHELL ROCK HEALTHCARE CENTER	44	5	88.6%
TOTALS	273	54	80.2%
FLOYD COUNTY			
CEDAR HEALTH	50	2	96%
CHAUTAUQUA GUEST HOME #2	61	11	82%
CHAUTAUQUA GUEST HOME #3	65	10	84.6%
NORA SPRINGS CARE CENTER	50	10	80%
TOTALS	226	33	85.4%
FRANKLIN COUNTY			
FRANKLIN GENERAL HOSPITAL	25	18	28%
REHABILITATION CENTER OF HAMPTON	105	47	55.2%
SHEFFIELD CARE CENTER	45	4	91%
TOTALS	175	69	60.6%
HANCOCK COUNTY			
CONCORD CARE CENTER	66	15	77.3%

KANAWHA COMMUNITY HOME	38	15	60.4%
WESTVIEW CARE CENTER	71	22	69%
TOTALS	175	52	70.3%
MITCHELL COUNTY			
FAITH LUTHERAN HOME	60	7	88.3%
GOOD SAMARITAN SOCIETY	46	14	69.6%
OSAGE REHAB & HEALTH CARE CENTER	50	6	88.0%
RICEVILLE FAMILY CARE & THERAPY CTR.	37	NA	NA
STACYVILLE COMMUNITY NURSING HOME	34	17	50%
TOTALS	190	44	76.8%
WINNEBAGO COUNTY			
GOOD SAMARITAN SOCIETY	56	0	100%
LAKE MILLS CARE CENTER	78	25	67.9%
TIMELY MISSION NURSING HOME	46	12	73.9%
TOTALS	180	37	79.4%
WORTH COUNTY			
LUTHERAN RETIREMENT HOME	60	14	76.7%
MANLY NURSING & REHAB CENTER	50	10	80.0%
TOTALS	110	24	78.2%
WRIGHT COUNTY			
CLARION WELLNESS & REHAB CTR	76	15	80.3%
REHABILITATION CENTER OF BLEMOND	86	33	61.6%
ROTARY CLUB OF EAGLE GROVE	42	8	81.0%
TOTALS	204	56	72.5%

15. The following table displays other levels of service available in the nine-county area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Cerro Gordo	0	2	30(1)	441(6)	0
Butler	0	1	0	242(6)	0
Floyd	73(2)	1	0	98(3)	0
Franklin	4(1)	1	0	106(3)	0
Hancock	51(1)	1	0	118(2)	0
Mitchell	34(2)	1	0	106(2)	0
Winnebago	0	1	0	150(2)	0
Worth	0	1	0	40(2)	0
Wright	42(1)	1	0	68(2)	0
TOTALS	204(7)	10	30(1)	1,369(29)	0

Data source: DIA web site

16. The applicant states the proposal to add beds in existing space has no costs. The current daily rates for nursing facility care are listed below and those rates will not change as a result of this proposal.

DOUBLE ROOM: \$143 TO \$145/DAY
PRIVATE ROOM: \$163 TO \$165/DAY

17. The applicant indicates that the proposal would not require the addition of staff because Good Shepherd is a large facility with 6 different units. The 10 rooms that are proposed to be converted from private to double are scattered among these 6 nursing units. The applicant states they currently have a staffing ratio of over 3.29 for direct care workers.
18. The applicant states this proposal does not require a financial outlay.

CONCLUSIONS OF LAW

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

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

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that the applicant has been unable to fulfill the Continuum of Care obligation of priority status to tenants in the assisted living and independent apartments when those tenants require nursing care due to continued high census. The Council further notes that the applicant plans to use private rooms as double rooms only when high census dictates the need to accommodate those within the Continuum of Care. The Council concludes that the proposal is an appropriate option to accommodate the applicant's current tenants when in need of a nursing unit. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates Cerro Gordo County is underbuilt by 151 beds; while the nine-county region is underbuilt by 58 beds. The phone survey conducted by Department staff indicates a county wide occupancy of 89% for the free standing nursing facilities in Cerro Gordo County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. Finally, the affected parties who submitted letters of opposition to this project are unlikely to be negatively

impacted given that the application does not draw significant numbers of residents from those communities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed 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 changed health service, in the absence of that proposed service. The Council takes note that the applicant anticipates the proposed nursing beds will be utilized by existing residents and only when high census dictates the need to accommodate those within the Continuum of Care. The Council concludes that the consistently high occupancies at Good Shepherd demonstrate that patients at Good Shepherd will experience problems in obtaining care absent the proposed service and that the high utilization rate within the county indicates patients in this service area will experience difficulties in obtaining these services if more beds are not approved.. 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) (2013), led the Council to find that a Certificate of Need should be awarded.

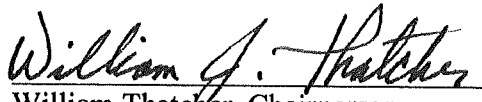
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 3rd day of February 2014


William Thatcher, 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)
)
HIAWATHA CARE CENTER)
)
HIAWATHA, IOWA)

3. The applicant states the facility has continued to experience increasing demand for skilled and rehabilitation services. Because some residents' conditions require they remain as long-term residents, the facility experiences a shortage of beds to both accommodate long-term residents and have available space for new short-term skilled and rehabilitation residents.
4. If this project is approved, the facility will have 65 private rooms and 22 semi-private rooms. The total number of licensed beds will be 109.
5. The eight-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,675. The underbuild for Linn County is 707 beds.

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of April 2013	Difference – Formula vs. Licensed & Approved*
Linn	33,237	1,916	1,209	-707
Benton	4,644	330	172	-158
Buchanan	3,609	257	136	-121
Cedar	3,492	246	238	-8
Delaware	3,317	234	191	-43
Iowa	3,126	220	222	+2
Johnson	18,039	1,075	535	-540
Jones	4,140	291	191	-100
Totals	73,604	4,569	2,894	-1,675

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

6. Over the span of the last three years, the total number of beds in the eight-county area has decreased by 12 beds; the number of beds in Linn County has decreased by 29 beds.

Nursing Facility Beds by County
Difference in Number Between April 2010 and September 2013

County	# of NF Beds (facilities) as of October 2010	# of NF Beds (facilities) as of April 2013	Difference in # of NF Beds
Linn	1,238(14)	1,209(14)	-29
Benton	172(3)	172(3)	0
Buchanan	137(2)	136(2)	-1
Cedar	238(4)	238(4)	0
Delaware	171(2)	191(2)	+20
Iowa	229(4)	237(4)	+8
Johnson	533(7)	547(7)	+14
Jones	191(2)	191(2)	0
Totals	2,909(38)	2,921(38)	-12

7. The following table displays hospital-based nursing care units in the eight-county area.

County	Hospital based NF	Hospital based SNF	Hospital based SNF/NF
Linn		21(1)	
Benton	40(1)		
Buchanan	59(1)		
Cedar			
Delaware			
Iowa			
Johnson		16(1)	
Jones			
Totals	99(2)	37(2)	0

8. There are currently 2,915 licensed and approved nursing facility beds in the eight counties, 220 beds (7.5% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Linn	94(4)
Benton	14(1)
Buchanan	0
Cedar	0
Delaware	36(1)
Iowa	15(1)
Johnson	37(2)
Jones	24(1)
Totals	220(10)

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

9. The geographical services area for the proposed facility is Linn County. A large number of small communities in northern Linn County have convenient access to Hiawatha via I-380. These communities do not have long-term care services and make up a sizable percentage of the facility's residents. Currently, 28% of the facility's residents are from this rural area.
10. The target population for this project is primarily that portion of the community over the age of 65 years who reside in and around the geographical area. The make-up of persons served will be largely persons 75 years of age and older, which experience the need for rehabilitation and nursing facility services.
11. The applicant states there are no less costly or more effective alternatives to this project. The applicant further states this project will provide Linn County with additional long-term care service in the most economical way.
12. Within the first three years, Hiawatha Care Center, Inc. projects that there will be no operating deficits. The applicant indicates a proposed daily rate of \$176-\$198.

13. The cost of the proposed project is \$150,000.00. The applicant states they have sufficient reserves to pay for the project from cash on hand. Funds from operation are sufficient to hire the additional staff needed if the project is approved.
14. Hiawatha Care Center maintains a referral relationship with both Mercy Hospital and St. Luke's Hospital in Cedar Rapids. The facility listed 14 physicians who regularly refer residents to the facility, 18 medical clinics who regularly refer and 13 surgical specialists who regularly refer patients to the facility.
15. The applicant states need for the project is demonstrated by the facility's occupancy which has been at 96% for the previous three years. The applicant states there has been a dramatic increase over the past five years in the census of Medicare skilled residents and a corresponding increase in the number of persons who, after rehabilitation, require continued services as long-term care residents. The applicant maintains an extensive waiting list.
16. There are 15 free-standing nursing facilities in Linn County and one hospital-based long-term care unit. According to the Department's phone survey, at least eight of these facilities report occupancies above 85%. The Council traditionally requires utilization rates over 85% to indicate appropriate utilization of existing long term care facilities. Linn County's average census utilization is 80 %.

**Phone Survey of Nursing Facilities Located in Linn County
& Counties Contiguous to Linn County
Conducted September 2013**

Facility by County	Licensed Beds	Empty Beds	Percent Occupied
LINN COUNTY			
Cottage Grove Place-The Club	52	3	98%
Crestview Acres	110	19	83%
Hallmark Care Center	55	14	75%
Heritage Nursing & Rehab Center	201	64	68%
Hiawatha Care Center	95	3	97%
Linn Manor Care Center	39	0	100%
Living Center East	67	17	75%
Living Center West	100	17	83%
Manorcare Health Services	105	23	78%
Mercy Medical Ctr—Hallmar Unit	55	4	93%
Mercy Medical Center—SNF	21	3	86%
Meth Wick Health Center	65	4	94%
Northbrook Manor Care Center	130	52	60%
West Ridge Care Center	60	8	87%
Willow Gardens Care Center	91	24	74%
Winslow House Care Center	50	6	88%
TOTALS	1,296	255	80%
BENTONCOUNTY			
Belle Plaine Nursing & Rehab Ctr	66	32	52%
Keystone Nursing Care Center	45	4	91%
The Vinton Lutheran Home	61	1	98%
Virginia Gay Hospital NF	40	2	95%
TOTALS	212	39	82%

BUCHANAN COUNTY			
ABCM Rehab Ctr of Independence East	50	12	76%
ABCM Rehab Ctr of Independence West	86	24	72%
Buchanan County Health Center NF	25	20	20%
TOTALS	161	56	65%
CEDAR COUNTY			
Cedar Manor	60	1	98%
Clarence Nursing Home	46	0	100%
Crestview Nursing & Rehab Center	65	0	100%
Mechanicsville Nursing & Rehab Ctr	67	15	78%
TOTALS	238	16	93%
DELAWARE COUNTY			
Edgewood Convalescent Home	58	11	81%
Good Neighbor Home	133	9	93%
TOTALS	191	20	90%
IOWA COUNTY			
Colonial Manor of Amana	60	6	90%
English Valley Care Center	60	14	77%
Highland Ridge Care Center	59	3	95%
Rose Haven Nursing Home	58	5	91%
TOTALS	237	28	88%
JOHNSON COUNTY			
Atrium Village	20	0	100%
Briarwood Healthcare Center	64	3	95%
Iowa City Rehab & Health Care Ctr.	82	14	83%
Lantern Park Nursing & Rehab Ctr	90	4	96%
Lone Tree Health Care Center	44	8	82%
Mercy Hospital - SNF	16	10	38%
Oaknoll Retirement Residence	48	1	98%
Solon Nursing Care Center	92	3	98%
Windmill Manor	120	38	68%
TOTALS	576	81	86%
JONES COUNTY			
Anamosa Care Center	74	10	86%
Monticello Nursing & Rehab Center	115	32	72%
TOTALS	189	42	78%

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Linn	463(6)	8	115(2)	443(7)	654(7)
Benton	76(2)	2	0	156(4)	0
Buchanan	0	0	20(1)	20(1)	104(1)
Cedar	0	1	0	36(1)	78(1)
Delaware	60(1)	1	25(1)	128(2)	0
Iowa	2(1)	1	0	174(3)	0
Johnson	114(1)	3	85(2)	460(6)	147(3)
Jones	51(1)	2	0	80(2)	0
TOTALS	766(12)	18	245(6)	1,497(26)	983(12)

Data source: DIA web site

18. All 109 of the beds will be Medicaid and Medicare certified.
19. The applicant projects the need of an additional 8.75 FTEs as a result of the proposed project. If approved the total FTEs for the facility would be 91 FTEs. Seventy percent of these would be in the nursing category; 18.75 RNs, 6.0 LPNS and 39.0 for nursing aides. The remaining FTEs are spread among administrative (4.0), dietary (10.5), housekeeping (5.0), laundry (3.75), maintenance (2.0) and activities (2.0). Hiawatha Care Center, Inc. anticipates filling the additional FTEs in the same manner it currently recruits employees and does not anticipate any problems filling the 8.75 FTEs. The applicant has a relationship with area colleges and the University of Iowa to assist with recruitment of staff.
20. The proposal involves the construction of 476 square feet for patient's room. This additional square feet is offset by subtracting 476 square feet from their conference room. The total square feet is 53,513. The average cost per bed (turn key) is \$10,715.
21. Two letters of opposition were received from administrators of facilities in Cedar Rapids, citing concerns about occupancy rates and staffing.
22. Ten letters of support were received, including support from physicians, Mercy Medical Center, and the mayor of Hiawatha.

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 applicant has experienced high utilization rates exceeding 96 % and maintains an extensive waiting list. The bed need formula shows Linn County is underbuilt by 707 beds. The Council concludes that the proposal represents an efficient and appropriate alternative for

those individuals seeking a nursing facility in Linn County, and specifically for residents of Hiawatha and the surrounding rural areas. 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 currently being used in an appropriate and efficient manner and will not be impacted by this project. The occupancy average for Linn County is 80%, with eight of the facilities within the county experiencing occupancies of 85 % or greater, the number traditionally relied upon by the Council to indicate appropriate rates of utilization. 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 serious problems obtaining nursing facility care in Linn County if this proposal is denied. The applicant and the majority of the facilities in Linn County have maintained high occupancy rates and have had to deny admissions. The applicant has maintained an extensive waiting list. The Hiawatha region in northern Linn County has no other long term care facility and the county as a whole has a bed need of 707 beds, indicating patients in northern Linn County and the county in general will experience continued difficulties in obtaining long term care if this project in the absence of this proposal. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), led the Council to find that a Certificate of Need should be awarded.

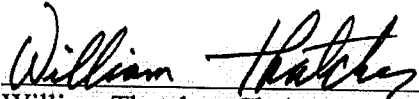
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 25th day of February 2014

A handwritten signature in cursive script, reading "William Thatcher", written over a horizontal line.

William Thatcher, 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)
)
THE GRAND HAVEN HOMES, INC., DBA)
LINN MANOR CARE CENTER)
)
MARION, IOWA)

3. Linn Manor's target population is the conservative Christians living in the Marion, Iowa area, who desire to remain in the in the community and close to their church ties. The applicant states a factor leading to the need for additional beds is the large demand for services that Linn Manor provides. Since July of 2010, Linn Manor has consistently had an occupancy rate exceeding 98%. During the eleven month time period from April 1, 2012 to February 14, 2013, Linn Manor states they have had to turn away 56 residents who requested admission.
4. When the facility was built, small sized semi-private rooms and three-bed wards were the norm. The original semi-private rooms have a total of 240 square feet, or 120 square feet per resident. After accounting for traffic areas, closet space and the bed, each resident in the applicant's semi-private room has 24 square feet of personal space. The proposed new rooms will have just over 200 square feet per resident in their own private room.
5. The eight-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,675 beds. The underbuild for Linn County is 707 beds.

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of April 2013	Difference – Formula vs. Licensed & Approved*
Linn	33,237	1,916	1,209	-707
Benton	4,644	330	172	-158
Buchanan	3,609	257	136	-121
Cedar	3,492	246	238	-8
Delaware	3,317	234	191	-43
Iowa	3,126	220	222	+2
Johnson	18,039	1,075	535	-540
Jones	4,140	291	191	-100
Totals	73,604	4,569	2,894	-1,675

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

6. Over the span of the last three years, the total number of beds in the eight-county area has decreased by 12 beds; the number of beds in Linn County has decreased by 29 beds. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number Between April 2010 and September 2013

County	# of NF Beds (facilities) as of October 2010	# of NF Beds (facilities) as of April 2013	Difference in # of NF Beds
Linn	1,238(14)	1,209(14)	-29
Benton	172(3)	172(3)	0
Buchanan	137(2)	136(2)	-1
Cedar	238(4)	238(4)	0

Delaware	171(2)	191(2)	+20
Iowa	229(4)	237(4)	+8
Johnson	533(7)	547(7)	+14
Jones	191(2)	191(2)	0
Totals	2,909(38)	2,921(38)	-12

7. There are currently 2,291 licensed and approved nursing facility beds in the eight counties, 220 (7.5% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Linn	94(4)
Benton	14(1)
Buchanan	0
Cedar	0
Delaware	36(1)
Iowa	15(1)
Johnson	37(2)
Jones	24(1)
Totals	220(10)

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

8. Linn Manor has been operating in Marion since 1979 and states it has long established patterns of community cooperation and the sharing of services between the various health care providers in Marion, Cedar Rapids and the surrounding community. Linn Manor states that they work closely with discharge planners at St. Luke's and Mercy hospitals in Cedar Rapids to coordinate transfer of residents should the health status of the resident require. The following table displays hospital-based nursing care units in the eight-county area.

County	Hospital based NF	Hospital based SNF	Hospital based SNF/NF
Linn		21(1)	
Benton	40(1)		
Buchanan	59(1)		
Cedar			
Delaware			
Iowa			
Johnson		16(1)	
Jones			
Totals	99(2)	37(2)	0

9. Linn Manor's primary service area is the community of Marion, with a current population of just over 35,000 residents. Over the past three years, approximately 51% of current residents have come from Marion, while 25% have come from Cedar Rapids, 15% have come from rural areas surrounding Marion and 9% have come from more than 20 miles away.

10. Linn Manor assessed various alternatives, including purchasing and renovating a nearby empty facility that had been intended as a hospice house. The cost of purchasing the building and renovation were higher than building a new facility. Additionally, as the proposed new beds would be constructed next to the existing facility, there will be a sharing of resources, equipment and personnel in areas such as laundry, dietary and maintenance, reducing the overhead cost per resident day.
11. Linn Manor assumes that the rate of individuals applying for admission would be the same as they have experienced the past two years, the years for which they have maintained admission volume information Linn Manor assumes that expenses would rise an average of 5% each year. Linn Manor believes that after the first year, residents' census would remain at 57 out of 60 (95% full). Linn Manor assumes that after the first year, the ratio of private pay to State Aide residents will hold steady at 23:31.
12. There are 15 free-standing nursing facilities in Linn County and one hospital-based long-term care unit. According to the Department's phone survey conducted in September of 2013, eight of these facilities report occupancies above 85%. The Council traditionally requires utilization rates over 85% to indicate appropriate utilization of existing long term care facilities. Linn County's average census utilization is 80%.

**Phone Survey of Nursing Facilities Located in Linn County
& Counties Contiguous to Linn County
Conducted September 2013**

Facility by County	License d Beds	Empty Beds	Percent Occupied
LINN COUNTY			
Cottage Grove Place-The Club	52	3	98%
Crestview Acres	110	19	83%
Hallmark Care Center	55	14	75%
Heritage Nursing & Rehab Center	201	64	68%
Hiawatha Care Center	95	3	97%
Linn Manor Care Center	39	0	100%
Living Center East	67	17	75%
Living Center West	100	17	83%
Manorcare Health Services	105	23	78%
Mercy Medical Ctr—Hallmar Unit	55	4	93%
Mercy Medical Center—SNF	21	3	86%
Meth Wick Health Center	65	4	94%
Northbrook Manor Care Center	130	52	60%
West Ridge Care Center	60	8	87%
Willow Gardens Care Center	91	24	74%
Winslow House Care Center	50	6	88%
TOTALS	1,296	255	80%
BENTONCOUNTY			
Belle Plaine Nursing & Rehab Ctr	66	32	52%
Keystone Nursing Care Center	45	4	91%
The Vinton Lutheran Home	61	1	98%
Virginia Gay Hospital NF	40	2	95%
TOTALS	212	39	82%

BUCHANAN COUNTY			
ABCM Rehab Ctr of Independence East	50	12	76%
ABCM Rehab Ctr of Independence West	86	24	72%
Buchanan County Health Center NF	25	20	20%
TOTALS	161	56	65%
CEDAR COUNTY			
Cedar Manor	60	1	98%
Clarence Nursing Home	46	0	100%
Crestview Nursing & Rehab Center	65	0	100%
Mechanicsville Nursing & Rehab Ctr	67	15	78%
TOTALS	238	16	93%
DELAWARE COUNTY			
Edgewood Convalescent Home	58	11	81%
Good Neighbor Home	133	9	93%
TOTALS	191	20	90%
IOWA COUNTY			
Colonial Manor of Amana	60	6	90%
English Valley Care Center	60	14	77%
Highland Ridge Care Center	59	3	95%
Rose Haven Nursing Home	58	5	91%
TOTALS	237	28	88%
JOHNSON COUNTY			
Atrium Village	20	0	100%
Briarwood Healthcare Center	64	3	95%
Iowa City Rehab & Health Care Ctr.	82	14	83%
Lantern Park Nursing & Rehab Ctr	90	4	96%
Lone Tree Health Care Center	44	8	82%
Mercy Hospital - SNF	16	10	38%
Oaknoll Retirement Residence	48	1	98%
Solon Nursing Care Center	92	3	98%
Windmill Manor	120	38	68%
TOTALS	576	81	86%
JONES COUNTY			
Anamosa Care Center	74	10	86%
Monticello Nursing & Rehab Center	115	32	72%
TOTALS	189	42	78%

13. Linn Manor plans to procure financing for this project in the form of a commercial bank loan in the amount of \$3,000,000. All together (i.e., cash on hand, gifts and contributions) the applicant has a total of \$4,000,000 on hand. The applicant states they have not finalized the financing for the project, but have contacted a lender that has stated an interest in helping. The applicant states the lender will not commit to the project until a CON is received.
14. The proposal involves the construction of 13,653 square feet, which includes 5,280 square feet for resident rooms, at a facility cost of \$3,510,000. The average cost per bed (turn key) is \$159,545.45.
15. The applicant projects the need of an additional 19.9 FTEs as a result of the proposed project. If approved the total FTEs for the facility would be 55.8 FTEs. Thirty-six percent of these would be in the nursing category; 8.8 RNs, 5.8 LPNS and 21.0 for nursing aides. The remaining FTEs are spread among administrative (3.0), dietary (7.1), housekeeping (2.8), laundry (2.8), maintenance (2.5) and activities (2.0). Linn Manor anticipates filling the

additional FTEs in the same manner it currently recruits employees and does not anticipate any problems filling the 19.9 FTEs.

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Linn	463(6)	8	115(2)	443(7)	654(7)
Benton	76(2)	2	0	156(4)	0
Buchanan	0	0	20(1)	20(1)	104(1)
Cedar	0	1	0	36(1)	78(1)
Delaware	60(1)	1	25(1)	128(2)	0
Iowa	2(1)	1	0	174(3)	0
Johnson	114(1)	3	85(2)	460(6)	147(3)
Jones	51(1)	2	0	80(2)	0
TOTALS	766(12)	18	245(6)	1,497(26)	983(12)

Data source: DIA web site

17. There were 36 letters of support received. All but three letters were from residents and loved ones of residents who reside in Linn Manor. The majority of letters portrayed the staff as efficient and caring and discussed the need for expansion.

18. Two letters of opposition were received; one from the administrator of St. Luke's Living Center East in Cedar Rapids and one from the administrator of Living Center West in Cedar Rapids. Both letters spoke to the strain of Linn Manor requesting 22 additional beds would put on their ability to recruit personnel for their existing facilities. Both also pointed to the current availability of beds in the area and the negative impact additional beds would have on their declining occupancy rates.

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 applicant has experienced high utilization rates exceeding 98 % and routinely maintains a waiting list with approximately 5 to 10 prospective admissions. The bed need formula indicates a need for 707 additional beds in Linn County. The Council concludes that the 22 additional nursing facility beds are needed to serve this county. The Council concludes that the proposal represents an efficient and appropriate alternative for those individuals seeking a nursing facility in Linn County, and specifically for residents of Marion and the surrounding rural areas seeking care of this type. The applicant's proposal of 22 NF beds would comprise only three percent of the current calculated underbuild in Linn County, and leave a need for 685 beds. The Council concludes this application is the most cost effective way to meet the need for additional private rooms. 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 currently being used in an appropriate and efficient manner and will not be impacted by this project. The occupancy average for Linn County is 80%, with eight of the facilities within the county experiencing occupancies of 85 % or greater, the number traditionally relied upon by the Council to indicate appropriate utilization. In addition, the majority of Linn Manor's admissions come from the community of Marion and surrounding rural areas, resulting in a less significant impact upon the other facilities within the county. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves new construction and that alternatives were considered and implemented to the extent possible. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes patients will experience serious problems obtaining nursing facility care if this proposal is denied. The applicant and the majority of the facilities in Linn County have maintained high occupancy rates and have had to deny admissions. The applicant has maintained a waiting list. The Marion region has experienced high occupancy rates and a bed need formula for 707 beds. The Council concludes the 22 additional beds will allow residents from the community of Marion and surrounding rural areas to remain in the community rather than be placed in facilities outside of their community. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), led the Council to find that a Certificate of Need should be awarded.

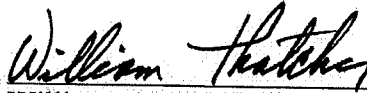
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 25th day of February 2014



William Thatcher, 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)
)
REHABILITATION CENTER OF LISBON)
)
LISBON, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday October 8, 2013.

The application proposes to construct a 64-bed skilled nursing facility. The construction of a 64-bed skilled nursing facility comes at an estimated cost of \$8,400,694.

The Rehabilitation Center of Lisbon 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. James Goodrich of the Iowa Department of Public Health summarized the project in relation to review criteria. The applicant was represented by Richard Allbee, Beryl O'Connor, Chris Yancy, Steve Dieke, Tim Roberts and Massina Bloemke. The applicants made a presentation and answered questions.

Affected parties at the hearing in opposition to the proposal were Catherine Cownie of Brown Winick and Melissa Reed representing Solon Care Center and Tina Wendt and Amy Johnson representing Mechanicsville Nursing and Rehab Center.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 4 to 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) (2013) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. ABCM Corporation operates 30 skilled nursing and rehabilitation facilities in Iowa, including a facility in Mount Vernon which is licensed for 55 beds. The applicant states that the Mount Vernon facility operates only 43 beds as 12 rooms were originally designed as 3-bed rooms. ABCM Corporation is proposing the construction of a 64-bed nursing facility in Lisbon, approximately 2 miles east of Mount Vernon in Linn County.
2. The applicant states that the size of the facility (64 beds) was chosen based on the optimum number of residents that could be served utilizing the most efficient design. The applicant feels a larger project would increase costs and take longer to become occupied to a viable level and a smaller project would not be able to meet the needs of the population in the service area.

3. In describing the need for the proposal, the applicant relies heavily on the calculated bed need for the area, see table below. The applicant also states that the proposed facility would provide the rural elderly access to required services in a modern facility without having to relocate to a larger community farther from their friends and relatives.

The eight-county region surrounding the facility, as calculated by the bed need formula, is underbuilt by 1,675 beds. The underbuild for Linn County is 707 beds. See the following table for additional bed information.

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of April 2013	Difference – Formula vs. Licensed & Approved*
Linn	33,237	1,916	1,209	-707
Benton	4,644	330	172	-158
Buchanan	3,609	257	136	-121
Cedar	3,492	246	238	-8
Delaware	3,317	234	191	-43
Iowa	3,126	220	222	+2
Johnson	18,039	1,075	535	-540
Jones	4,140	291	191	-100
Totals	73,604	4,569	2,894	-1,675

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

4. Over the span of the last three years the total number of beds in the eight-county area has decreased by 12 beds; the number of beds in Linn County has decreased by 29 beds. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number Between April 2010 and September 2013

County	# of NF Beds (facilities) as of October 2010	# of NF Beds (facilities) as of April 2013	Difference in # of NF Beds
Linn	1,238(14)	1,209(14)	-29
Benton	172(3)	172(3)	0
Buchanan	137(2)	136(2)	-1
Cedar	238(4)	238(4)	0
Delaware	171(2)	191(2)	+20
Iowa	229(4)	237(4)	+8
Johnson	533(7)	547(7)	+14
Jones	191(2)	191(2)	0
Totals	2,909(38)	2,921(38)	-12

5. The following table displays hospital-based nursing care units in the eight-county area.

County	Hospital based NF	Hospital based SNF	Hospital based SNF/NF
Linn		21(1)	
Benton	40(1)		
Buchanan	59(1)		
Cedar			
Delaware			
Iowa			
Johnson		16(1)	
Jones			
Totals	99(2)	37(2)	0

6. There are currently 2,921 licensed and approved nursing facility beds in the eight counties, 220 beds (7.5% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Linn	94(4)
Benton	14(1)
Buchanan	0
Cedar	0
Delaware	36(1)
Iowa	15(1)
Johnson	37(2)
Jones	24(1)
Totals	220(10)

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

7. The applicant states the geographical service area for its proposed project is a portion of Linn County and portions of the counties surrounding Linn County. Linn County is considered a metropolitan area. In supplemental information, the applicant states the actual service area of the proposed care center is a 15-mile radius around Lisbon.
8. All 64 beds will be dually certified for Medicaid and Medicare.
9. The applicant states they attempted to pursue an addition to the Hallmark Care Center in Mount Vernon to recapture the 12 unused beds under their current license but were denied a building permit by the City. The Mount Vernon facility is landlocked with very little adjacent property available.
10. The applicant states they also considered a replacement facility but the land acquisition costs in Mount Vernon made that scenario cost prohibitive when compared to the Lisbon project. Regarding the possible replacement of the Mount Vernon facility the applicant further states that if that were to occur, they would be left with a single purpose building on the existing site and no possible feasible utilization for that site.

11. In the original application, the applicant projected that the proposed facility would reach occupancy of 72% by year three. When questioned about this low occupancy, the applicant changed their projection to 83.9% by year two and 89.2% by year three, stating the original projections were based on a more conservative fill up rate. ABCM Corporation operates a facility in Mount Vernon (2 miles from Lisbon) that is licensed for 55 beds, but according to the applicant only 43 beds efficiently fit into the building. Occupancy for this facility is 73% based on licensed capacity and 93% based on operating capacity.
12. There are 15 free-standing nursing facilities in Linn County and one hospital-based long-term care unit. According to the Department's phone survey conducted in September of 2013, at least eight of these facilities report occupancies above 85%. The Council traditionally requires utilization rates over 85% to indicate appropriate utilization of existing long term care facilities. A summary of the results of a recent phone survey of facilities in the eight-county area is provided below.

**Phone Survey of Nursing Facilities Located in Linn County
& Counties Contiguous to Linn County
Conducted September 2013**

Facility by County	Licensed Beds	Empty Beds	Percent Occupied
LINN COUNTY			
Cottage Grove Place-The Club	52	3	98%
Crestview Acres	110	19	83%
Hallmark Care Center	55	14	75%
Heritage Nursing & Rehab Center	201	64	68%
Hiawatha Care Center	95	3	97%
Linn Manor Care Center	39	0	100%
Living Center East	67	17	75%
Living Center West	100	17	83%
Manorcare Health Services	105	23	78%
Mercy Medical Ctr—Hallmar Unit	55	4	93%
Mercy Medical Center—SNF	21	3	86%
Meth Wick Health Center	65	4	94%
Northbrook Manor Care Center	130	52	60%
West Ridge Care Center	60	8	87%
Willow Gardens Care Center	91	24	74%
Winslow House Care Center	50	6	88%
TOTALS	1,296	255	80%
BENTONCOUNTY			
Belle Plaine Nursing & Rehab Ctr	66	32	52%
Keystone Nursing Care Center	45	4	91%
The Vinton Lutheran Home	61	1	98%
Virginia Gay Hospital NF	40	2	95%
TOTALS	212	39	82%
BUCHANAN COUNTY			
ABCM Rehab Ctr of Independence East	50	12	76%
ABCM Rehab Ctr of Independence West	86	24	72%
Buchanan County Health Center NF	25	20	20%
TOTALS	161	56	65%
CEDAR COUNTY			
Cedar Manor	60	1	98%
Clarence Nursing Home	46	0	100%

Crestview Nursing & Rehab Center	65	0	100%
Mechanicsville Nursing & Rehab Ctr	67	15	78%
TOTALS	238	16	93%
DELAWARE COUNTY			
Edgewood Convalescent Home	58	11	81%
Good Neighbor Home	133	9	93%
TOTALS	191	20	90%
IOWA COUNTY			
Colonial Manor of Amana	60	6	90%
English Valley Care Center	60	14	77%
Highland Ridge Care Center	59	3	95%
Rose Haven Nursing Home	58	5	91%
TOTALS	237	28	88%
JOHNSON COUNTY			
Atrium Village	20	0	100%
Briarwood Healthcare Center	64	3	95%
Iowa City Rehab & Health Care Ctr.	82	14	83%
Lantern Park Nursing & Rehab Ctr	90	4	96%
Lone Tree Health Care Center	44	8	82%
Mercy Hospital - SNF	16	10	38%
Oaknoll Retirement Residence	48	1	98%
Solon Nursing Care Center	92	3	98%
Windmill Manor	120	38	68%
TOTALS	576	81	86%
JONES COUNTY			
Anamosa Care Center	74	10	86%
Monticello Nursing & Rehab Center	115	32	72%
TOTALS	189	42	78%

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Linn	463(6)	8	115(2)	443(7)	654(7)
Benton	76(2)	2	0	156(4)	0
Buchanan	0	0	20(1)	20(1)	104(1)
Cedar	0	1	0	36(1)	78(1)
Delaware	60(1)	1	25(1)	128(2)	0
Iowa	2(1)	1	0	174(3)	0
Johnson	114(1)	3	85(2)	460(6)	147(3)
Jones	51(1)	2	0	80(2)	0
TOTALS	766(12)	18	245(6)	1,497(26)	983(12)

Data source: DIA web site

14. Five letters of opposition were received; one from the administrator of Mechanicsville Nursing and Rehab Center in Mechanicsville (7.5 miles from Lisbon), one from the administrator of St. Luke's Living Center East in Cedar Rapids, one from Cedar Manor Nursing Home in Tipton (21.63 miles from Lisbon), one from Living Center West in Cedar Rapids, and one from Brown Winick Law representing Solon Nursing Care Center in Solon (11.5 miles from Lisbon). Representatives from Mechanicsville and Solon also appeared at the hearing in opposition to the proposal. All letters and oral testimony spoke to the strain a

new 64-bed facility would put on the ability to recruit personnel to existing facilities, the current availability of beds in the area, and the negative impact additional beds would have on existing facilities operating efficiently.

15. The applicant projects the need for 39.86 FTEs to staff the proposed 64 nursing facility beds. Twenty-five and one quarter of these would be in the nursing category; 3.43 RNs, 4.47 LPNs and 17.36 nurse aides. The remaining FTEs are spread among administrative (4.22), dietary (5.83), housekeeping (1.34), laundry (1.39), maintenance (0.66) and activities (1.16). There was no mention of possibly sharing some of these positions with the ABCM Corporation facility in Mount Vernon (2 miles away). The applicant states that the staffing at the Mount Vernon facility has been very good with an average retention of 77.3% over the last three years. The applicant also stated that according to Iowa Workforce Development, the total number of unemployed citizens in the four-county area was 11,780 in January 2013. The applicant indicated they will work with area colleges, regional job fairs, and Iowa Workforce Development to attract a qualified workforce, and that the employees exist within the area to appropriately staff this facility and existing facilities.
16. The applicant states that the proposal will be funded through borrowing \$8,114,694 and \$286,000 equity in the project provided by ABCM Corporation. The applicant also states that ABCM Corporation has guaranteed the funds required to cover any deficits experienced by this project. The applicant states they have not finalized the financing for the project, but have contacted several lenders that have stated an interest in helping. The applicant states the lenders will not commit to the project until a CON is received.
17. The proposal involves the construction of 36,857 square feet, which includes 3,000 square feet for a therapy area, at a facility cost of \$7,294,000. In addition there are site costs of \$294,000, land improvements of \$30,000, movable equipment totaling \$446,000 and financing costs of \$336,694 for a total project cost of \$8,400,694. The average cost per bed (turn key) is \$140,011.57.

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 construction of a 64-bed skilled nursing facility is needed to serve this county. The bed need formula shows Linn County is underbuilt by 707 beds. The Council concludes that the proposal represents an efficient and appropriate alternative for those individuals seeking a nursing facility in Linn County, and specifically for residents in Libson and surrounding rural areas. 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 currently being used in an appropriate and efficient manner and will not be impacted by this project. The occupancy average for Linn County is 80%, with eight of the facilities within the county experiencing occupancies of 85 % or greater, the number traditionally relied upon by the Council to indicate appropriate utilization. In addition, the majority of the residents of the facility will come from the community of Libson and surrounding rural areas. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves new construction and that alternatives were considered and implemented to the extent possible. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The council concludes that patients will experience serious problems in obtaining long term care in the absence of this project. The majority of facilities in Linn County have maintained high occupancies and have had to deny admissions. According to the bed need formula, this county has a need for 707 additional beds. In addition, the elderly population of four counties, parts of which lie in the service area of Lisbon, totals over 7,000. The facility in Lisbon would add to the resources that this population could draw upon to service their needs. The facility would help maintain access for the elderly in a rural community. The Council concludes construction of a 64-bed skilled nursing facility will allow residents from the community of Lisbon and surrounding rural areas to remain in the community rather than be placed in facilities outside of their community. The rural elderly would have access to these services in a modern facility without having to relocate to a larger community thus enabling them to maintain easier contact with family and friends. 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) (2013), led the Council to find that a Certificate of Need should be awarded.

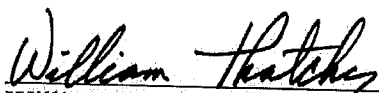
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 25th day of February 2014



William Thatcher, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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

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

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

MERCY MEDICAL CENTER—NORTH IOWA)

MASON CITY, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Monday, October 7, 2013.

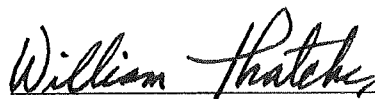
The project, the expansion of cardiac catheterization services with the addition of a third lab and the relocation of the two existing labs, was originally approved on May 23, 2012 at an estimated cost of \$8,174,536. A six-month extension was granted on April 25, 2013.

The request for extension states the schematic design is completed for the project and work continues on interim departmental moves to vacate space for the expanded service. Final selection on the equipment is scheduled to be made in the first week of June 2013. The scheduled completion date has been revised to October 2014 due to better knowledge of the project's phasing requirements and the impact of the critical requirement that two labs be kept open at all times during the project.

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.

The extension is valid for one year, until October 7, 2014.

Dated this 3rd day of February 2014



William Thatcher, 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)
)
MARY GREELY MEDICAL CENTER)
)
AMES, IOWA)

3. The applicant states for patients who need skilled care, it is most appropriately provided in a long-term care center. For patients in rural areas the closing of the unit will allow the patients to receive care in a community nursing home or through therapy provided in the patient's home.
4. The applicant states the primary geographic service area consists of the following counties: Story, Boone, Hamilton, Hardin, Marshall and Greene. The total 2010 census population for this service area is 199,039.
5. The applicant states there is no cost associated with the conversion of the 19 beds. With the offering of skilled care in long-term care facilities and critical access hospitals, as well as the increased ability to provide for recovery at home with home-based services, and the applicants concerted effort to return patients to their home or to a skilled facility in their home community sooner, the patient volume in the skilled nursing unit has declined significantly. The current average daily census is slightly over two patients per day. There is no longer a need for a dedicated skilled nursing unit in the acute setting.
6. The applicant states it will continue to honor its commitment to care for all patients regardless of their ability to pay, diversity status and/or special needs. The change in bed status licensure will have no adverse impact to any patients. In fiscal year 2013, the applicant states they provided nearly \$6.9 million in financial assistance (charity care) to those patients unable to pay for their health care services.
7. The applicant considered simply deleting the 19 beds. However, the applicant does have continued need for the beds for acute care. Several of its specialized units such as rehab, psych, and OB do not allow for patients to overflow into other types of bed which may be underutilized.
8. There is no cost associated to the conversion of the 19 skilled level of care beds to 19 general medical-surgical beds. There are no additional FTEs associated with this proposal. The few staff associated with the existing Skilled Nursing Unit will be reallocated to existing positions within the medical center.
9. For the past several years and in support of positive regional relationships, the applicant made concerted efforts to transfer patients needing skilled level of care back to their own community providers or providers close to their home. The applicant believes this is in the best interest of the patient to be closer to their support system and provides an opportunity for the local facility to meet the needs of the patient. Patients are also given the opportunity to go to local facilities within Story County or may remain receiving services at Mary Greeley Medical Center.
10. The applicant currently operates a ten-bed acute rehabilitation unit. It is anticipated that some of the 19 beds converted to medical/surgical will ultimately be converted to rehab beds to meet a projected increase in the number of rehab patients served.
11. Inpatient care for mental health is a growing concern in Iowa and in the nation. Mary Greeley Medical Center currently has 12 adult beds and 7 adolescent beds dedicated to the care of

those suffering from a mental illness. In the past 6 weeks they have declined admission/transfer of over 160 requests due to lack of beds available. Having additional general acute care beds would offer the flexibility to study an expansion project for adult behavioral health. This evaluation would likely include moving semi-private rooms to private rooms so the behavioral health patients are provided a similar hospitalization environment as other patients.

12. With this project, the skilled nursing unit will be closed. The average cost per day for medical/surgical patients is \$2,128. The transition from skilled beds to medical/surgical beds will not affect patient charges.

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. With the offering of skilled care in long-term care facilities and critical access hospitals, as well as the increased ability to provide recovery at home with home-based services, and Mary Greeley Medical Center's concerted effort to return patients to their home or to a skilled facility in their home community sooner, the patient volume in the skilled nursing unit has declined significantly. The current average daily census is slightly over two patients per day. The Council concludes that there is no longer a need for a dedicated skilled nursing unit in Mary Greeley Medical Center. In addition, the proposal is the most appropriate option to meet the needs for additional medical/surgical beds in rehabilitation and mental health. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing hospitals providing health services similar to the applicant are currently being used in an appropriate and efficient manner and will not be

impacted by this project. The only other acute care hospital in Story County is Story County Medical Center in Nevada. Trinity Hospital in Fort Dodge, Marshalltown Medical & Surgical Center in Marshalltown, Sartori Hospital, Covenant Medical Center and Allen Memorial Hospital in Waterloo and Genesis Medical System in Davenport have all discontinued the offering of skilled services in the acute setting. The conversion of these beds to medical/surgical beds will not negatively impact any existing facilities. 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 serious problems in obtaining care of the type which will be furnished by the proposal in the absence of the proposed bed conversion. Mary Greely has demonstrated that need exists for additional medical/surgical beds to serve rehabilitation, mental health, and other patients. 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) (2013), led the Council to find that a Certificate of Need should be awarded.

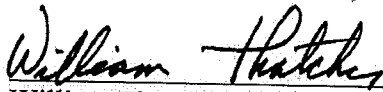
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 25th day of February 2014



William Thatcher, 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)
)
PLEASANT ACRES CARE CENTER)
)
HULL, IOWA)

This matter came before the State Health Facilities Council for hearing on Monday October 7, 2013.

The Pleasant Acres Care Center applied through the Iowa Department of Public Health for a Certificate of Need.

No affected parties appeared at the hearing.

FINDINGS OF FACT

- 1

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & <u>approved</u> NF Beds as of April 2013	Difference – Formula vs. Licensed & Approved*
Sioux	5,229	376	197	-179
Cherokee	2,705	188	228	+40
Lyon	2,084	147	178	+31
O'Brien	3,000	210	213	+3
Osceola	1,247	88	110	+22
Plymouth	4,734	334	332	-2
Totals	18,999	1,343	1,258	-103

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

3. The applicant states that out of 80 admissions in the last three years; 78 came from Sioux County and 2 from O'Brien County .
4. The ten additional licensed beds will allow residents from the community of Hull and surrounding rural area to remain in the community rather than be placed in facilities outside of their community.
5. The addition of a large therapy space will allow the applicant to provide Skilled Rehab services for the surrounding community, allowing for more short stays for residents receiving inpatient therapy near their home. The applicant states this need is currently underserved in the area, with many patients staying in the acute hospital on "Swing bed" status after their acute stay in the hospital.
6. The applicant states the proposed project is the most cost effective way to meet the need for additional private rooms and additional therapy space and additional improvements to the facility.
7. Within the first three years, the applicant projects that there will be no operating deficits. The applicant indicates a proposed daily rate of \$150-\$171.
8. Over the span of the last three years, the total number of beds in the six-county area has decreased by 41 beds; the number of beds in Sioux County has decreased by 19 beds. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number Between April 2010 and September 2013

County	# of NF Beds (facilities) as of October 2010	# of NF Beds (facilities) as of September 2013	Difference in # of NF Beds
Sioux	197(4)	178(4)	-19
Cherokee	228(5)	228(5)	0
Lyon	181(4)	178(4)	-3
O'Brien	213(4)	213(4)	0
Osceola	113(2)	110(2)	-3
Plymouth	348(6)	332(6)	-16
Totals	1,280(25)	1,239(25)	-41

9. There are currently 1,239 licensed and approved nursing facility beds in the six counties, 70 beds (6% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Sioux	0
Cherokee	0
Lyon	9(1)
O'Brien	30(2)
Osceola	0
Plymouth	31(2)
Totals	70(5)

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

10. The following table displays hospital-based nursing care units in the six-county area.

County	Hospital based NF	Hospital based SNF	Hospital based SNF/NF
Sioux			65(1)
Cherokee			
Lyon			
O'Brien	70(1)		
Osceola			
Plymouth			
Totals	70		65

11. Pleasant Acres Care Center has been operating in Hull since 1965 and states it has long established patterns of community cooperation and the sharing of services between the various health care providers in Hull and the surrounding community. The applicant states that they work closely with eight health care facilities in their six county region. These health care facilities include four hospitals, hospice and the remaining various health care facilities.

12. Pleasant Acres Care Center assumes that the rate of individuals applying for admission would be the same as they have experienced the past three years. The applicant believes that after the first year, residents' census would remain at 57 out of 60 (95%).

13. There are six free-standing nursing facilities in Sioux County. According to the Department's phone survey conducted in September of 2013, Sioux County is experiencing occupancy rates of 93 % . The Council traditionally requires utilization rates over 85% to indicate appropriate utilization of existing long term care facilities.

**Survey of Nursing Facilities Located in Sioux County
& Counties Contiguous to Sioux County
Conducted September 2013**

Facility by County	Licensed Beds	Empty Beds	Percent Occupied
SIOUX COUNTY			
Hegg Memorial Health Ctr	60	2	97%
Heritage House	50	3	94%
Hillcrest Health Care Services	64	17	73%
Orange City Municipal Hospital LTC Unit	33	0	100%
Pleasant Acres Care Center	50	1	98%
Sioux Center Community Hospital & Health Center	69	1	99%
TOTALS	326	24	93%
CHEROKEE COUNTY			
Careage Hills	44	11	75%
Cherokee Villa Nursing & Rehab Center	62	15	76%
Country Side Estates	48	8	83%
Heartland Care Center	30	0	100%
Sunset Knoll Care & Rehab Ctr	44	10	77%
TOTALS	228	44	81%
LYON COUNTY			
Fellowship Village	40	3	93%
Good Samaritan Society	45	17	62%
Lyon Manor Nursing & Rehab Ctr	49	0	100%
Rock Rapids Health Centre	44	1	98%
TOTALS	178	21	88%
O'BRIEN COUNTY			
Community Memorial Health Center	68	0	100%
Prairie View Home	73	5	93%
Primghar Rehab & Care Ctr	40	21	48%
Sanford Senior Care	70	9	87%
Sutherland Care Center	35	6	83%
TOTALS	286	36	87%
OSCEOLA COUNTY			
Country View Manor	59	24	59%
Sibley Nursing & Rehab Center	51	4	92%
TOTALS	110	28	75%
PLYMOUTH COUNTY			
Akron Care Center, Inc	45	3	93%
Good Samaritan Society	65	2	97%
Happy Siesta Health Care Ctr	62	14	77%
Kingsley Nursing & Rehab Ctr	43	8	81%
Plymouth Manor Care Center	65	12	82%
The Abbey of Lemars	52	26	50%
TOTALS	332	65	80%

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Sioux	0	3	0	256(6)	0
Cherokee	0	2	12(1)	113(3)	0
Lyon	0	0	0	39(1)	0
O'Brien	42(2)	1	0	182(4)	0
Osceola	60(1)	1	0	44(1)	0
Plymouth	110(3)	1	0(1)	158(3)	0
TOTALS	212(6)	8	245(6)	1,497(26)	0

Data source: DIA web site

15. Five letters of opposition were received; all letters were from area nursing facilities. All letters stated Pleasant Acres' request of 10 additional beds would place a strain on their ability to recruit patients for their existing facilities. The opposition letters also pointed to the low occupancy rates of beds in the area and the negative impact additional beds would have on their declining occupancy rates. No letters of opposition were received from facilities within Sioux County.
16. Five letters of support were received. Two of the letters came from area physicians, one from the CEO of the Orange City Area Health System, and two from residents of the area. The letters portrayed the staff as efficient and caring and discussed the need for expansion.
17. The applicant projects the need of an additional 8.5 FTEs as a result of the proposed project. When approved, the total FTEs for the facility would be 49.5 FTEs. Sixty-five percent of these would be in the nursing category; 6.0 RN, 6.0 LPNs and 20.0 for nursing aides. The remaining FTEs are spread among administrative (3.0), dietary (7.0), housekeeping (2.5), laundry (1.5), maintenance (1.5), and activities (2.0). Pleasant Acres plans to use part-time staff members to provide care as they recruit and train new staff.
18. Pleasant Acres plans to procure financing for this project in the form of a commercial bank loan in the amount of \$2,341,782.00. All together (i.e., cash on hand, gifts and contributions) the applicant has a total source of \$ 2,341,782.00 on hand. The applicant states they have not finalized the financing for the project, but have contacted a lender that has stated an interest.
19. This proposal involves an area to be renovated of 2,931 square feet, at a facility cost of \$2,341,782. The average cost per bed (turn key) is \$234,178.

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 applicant has experienced high utilization rates and the overall census for Sioux County is 93 %. The bed need formula indicates a need for 179 beds for this county. The Council concludes that the ten additional nursing facility beds are needed to serve this county and its rural population. The Council concludes that the proposal represents an efficient and appropriate alternative for those individuals seeking a nursing facility in Sioux County. 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 currently being used in an appropriate and efficient manner and will not be impacted by this project. The average occupancy utilization for Sioux County is 93%. The Council traditionally finds that utilization rates of 85 % or greater indicate existing facilities are being utilized in an appropriate and efficient manner. Iowa Code Sections 135.64(1) and 135.64(2)b.

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

4. The Council concludes that patients will experience serious problems in obtaining nursing facility care in the absence of the proposal. The applicant and other facilities in Sioux County have maintained high occupancy rates, have maintained waiting lists, and have had to deny admissions. Sioux County has a bed need of 179 beds. The Council concludes the ten additional beds will allow residents from the community of Hull and surrounding rural areas to remain in the community rather than be placed in facilities outside of their community, and that patients will experience difficulties in obtaining this care in the absence of this project. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), led the Council to find that a Certificate of Need should be awarded.

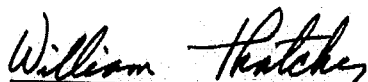
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 25th day of February 2014.



William Thatcher, 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)
)
SELECT SPECIALTY HOSPITAL – DES MOINES, INC.)
)
DES MOINES, IOWA)

2. Select Medical projects that 1.75 % of patients from large tertiary care hospitals and .5 % of patients from smaller hospitals would be transferred to an LTCH. In the Des Moines area, there were a total of 70,974 admissions in 2010. At 0.5% for hospitals with less than 14,000 admissions and 1.75% for hospitals with 14,000 or more admissions, 1,091 patients would potentially be discharged to an LTCH. With an assumed average length of stay of 26 days, the estimated LTCH bed need is 77. This estimate includes Des Moines hospitals only. The statistics are based on Select Medical's experience.
3. The proposed LTCH service area is the Metropolitan Statistical Area that includes Polk, Warren, Dallas, Madison, and Guthrie counties in Iowa. There are no LTCH beds currently available in this service area. The only approved LTCHs in Iowa are Select Specialty Hospital—Quad Cities, Inc., a 50-bed free standing LTCH 167 miles from Des Moines, and Cedar Rapids, IA 126 miles from Des Moines.
4. LTCH patients have significant co-morbidity having more than one condition being treated while a patient. Patients seen in LTCHs are typically 65+ years of age. They are among the most medically fragile and complex patients seen in a patient population. Access to all major specialty and subspecialty physicians is necessary to allow for appropriate service to high acuity patients.
5. An LTCH provides specialized treatment for long-stay, critically ill, medically complex patients and has the following characteristics:
 - A licensed hospital, under federal regulations (42 CFR Section 412.22) for acute care hospitals with an average length of stay of 25 days or greater for patients who require daily physician monitoring and supervision of care.
 - An alternative to an extended stay in the ICU of a general acute care hospital, with a focus on recovery as well as stabilization.
 - A distinct element in the health care continuum serving high-acuity patients – not a skilled nursing facility or rehabilitation unit.
6. Patients treated at LTCHs have complicated medical conditions, including chronic respiratory disorders and other pulmonary conditions; cardiac, neurological, and renal conditions; infections and severe wounds. Many are medically complex, with a combination of issues that often require cardiac monitoring, long-term antibiotic and nutritional therapies, pain control, and continued life support.
7. The Department of Inspections and Appeals (DIA) has historically viewed the state hospital statute as not allowing a hospital within a hospital. On April 6, 2006, an applicant filed a petition for rulemaking with the DIA. The DIA promulgated rules that provide a definition and specific licensure for long-term care hospitals in Iowa. The rules which became effective on January 10, 2007 also allow for the licensure of a long-term care hospital within a currently licensed hospital.
8. The options reviewed for development of LTCH services included: 1) Build a freestanding facility; 2) Hospital in Hospital lease or 3) Do nothing. The cost of building a new 30-bed facility along with related equipment is estimated to be \$13,500,000. The cost of leasing existing acute care space inside Mercy Medical Center-Des Moines is far less expensive than

building a free-standing facility. The applicant states offering LTCH services in Des Moines will better meet the needs of patients requiring the services of a LTCH in a central Iowa.

9. The applicant is familiar with the 75 percent rule that impacts HWHs and does not anticipate the rule impacting their operations. The applicant anticipates an operating deficit of \$1,737,879 the first year.
10. The applicant's LTCH will be a hospital within a hospital and as such will maintain a degree of separateness from and remain outside of the control of their host hospital. To be excluded from the prospective payment system the HWH needs to have a separate governing body; a separate chief medical officer, separate medical staff and a chief executive officer. CMS regulations relative to hospitals within hospitals are to ensure that LTCHs are genuinely separate organizations from their hosts and are not operated as units of their hosts.
11. The applicant projects an occupancy of 40% the first year, 67% the second year and 74% the third year.
12. At the present time, the applicant states the residents in need of long-term acute care hospital services must either (1) be cared for in acute care hospitals, creating congestion and accessibility problems for limited critical care beds, or (2) be referred to long-term acute care hospital services, requiring transportation of the patient out of the community to the closest LTCHs which range in distance from 126-167 miles from Des Moines.
13. Personnel requirements for the LTCH are 81.80 FTEs. The majority of FTEs (66.0) is for the clinical area. Select Medical Corporation has a nationwide recruitment program that reportedly has been successful in attracting and retaining high quality employees in the Midwest.
14. Patients served in LTCHs typically have chronic conditions and a high incidence of co-morbidity. As a result their lengths of stay are substantially longer than the norms established under the short-term prospective payment system established by the federal government. In addition, over 75% of all patients served in Select Hospitals nationwide are 65 years of age or older.
15. The establishment of the Select Specialty Hospital – Des Moines will allow residents of a metropolitan area that is surrounded by a highly rural area to have access to services currently available only if they travel distances in excess of 120 miles. Because the majority of patients are covered by Medicare, the financial barriers to treatment are limited.
16. Select Specialty Hospitals treat patients without regard to race, ethnicity, disability, and age. The applicant expects to treat patients in a ratio proportionate to their representation in the Des Moines area population demographics. As previously stated, the majority of LTCH patients are above the age of 50 with most being 65 years of age or older.
17. The applicant has agreed to provide a level of charity care which will be determined and incorporated into the applicant's lease with Mercy Medical Center – Des Moines.

18. The proposed project will have a Patient Transfer Agreement and Purchased Services Agreement with Mercy Medical Center-Des Moines. Additionally, the applicant will seek transfer agreements with Iowa Methodist Medical Center, Iowa Lutheran Hospital and Broadlawns Medical Center.
19. Although there is no partnership proposed in the application, the proposal indicates Select Specialty Hospital-Des Moines willingness to cooperate with local health care providers. It is planned that the applicant will purchase certain diagnostic ancillary services from Mercy Medical Center-Des Moines.
20. A letter of support for the proposal was received from Genesis Health System in Davenport, which indicated that the LTCH in Davenport has provided an important niche in healthcare services for long-term medically fragile patients and has had a positive financial impact on Genesis.

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 options reviewed for development of LTCH services included building a freestanding facility; leasing existing acute care space within a hospital; and continuing with no such services in central Iowa. The cost of building a new 30-bed facility along with related equipment is estimated to be \$13,500,000. The cost of leasing existing acute care space inside Mercy Medical Center – Des Moines is far less expensive than building a free-standing facility. Des Moines area residents currently have to travel over 100 miles to reach the nearest LTCH services. The Council concludes that the proposal represents a less costly, more appropriate resource for those individuals seeking an LTCH in central Iowa. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing LTCHs providing health services similar to those proposed are currently being used in an appropriate and efficient manner and will not be impacted by this project. There are no LTCH services currently offered in central Iowa. There are only two other LTCHs in Iowa; Davenport and Cedar Rapids, and those facilities do not oppose this proposal. In addition, the Council received information that the LTCH's in those communities have had a positive impact on existing community hospitals. Iowa Code Sections 135.64(1) and 135.64(2)b.

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

4. The Council concludes that patients will experience serious problems in obtaining LTCH services in central Iowa if this proposal is denied. There are currently no LTCHs in Central Iowa. The nearest LTCHs are in 1) Davenport, IA 167 miles from Des Moines, IA, 2) Cedar Rapids, IA 126 miles from Des Moines, IA, and 3) Omaha, NE 137 miles from Des Moines, IA. Based on Select Medical's experience, the predictive number of all admissions that would transfer to a LTCH from large tertiary care hospital (14,000+ annual admissions) is 1.75% and from smaller hospitals (under 14,000 annual admissions) is 0.5%. At 0.5% for hospital with less than 14,000 admissions and 1.75% for hospitals with 14,000 or more admissions, 1091 patients would potentially be discharged to an LTCH. These medically complex, vulnerable patients will experience difficulty in obtaining LTCH services in the absence of this project. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), led the Council to find that a Certificate of Need should be awarded.

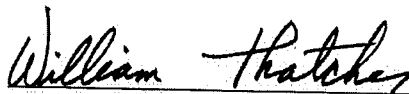
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 25th day of February 2014



William Thatcher, 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)
SIMPSON MEMORIAL HOME, INC.)
WILTON, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Monday, October 7, 2013.


The project, the construction of a 34-bed nursing facility, was originally approved on October 5, 2012 at an estimated cost of \$3,993,700.

The extension request states that the all excavation, grading and site preparation is complete and all foundations have been cast in place, and all tie-ins to municipal utilities have been made. The projected construction completion date is January 2014.

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.

The extension is valid for six months, until the April 2014 meeting of the Council.

Dated this 3rd day of February 2014



William Thatcher, 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)

STONEHILL FRANCISCAN SERVICES)

DUBUQUE, IOWA)

DECISION

This matter came before the State Health Facilities Council for hearing on Tuesday, October 8, 2013.

The application proposes the conversion of 41 residential care beds to 21 nursing facility beds at an estimated cost of \$693,375.

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

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ed McIntosh of Dorsey and Whitney; Sister Bertha Bonert, administrator and Jane Wills were present representing the applicant. The applicant made a presentation and answered questions.

Janet Warren, executive director of Luther Manor in Dubuque appeared at the hearing as an affected party.

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) (2013) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. Stonehill is a Continuing Care Retirement Community (CCRC) with 51 independent/assisted living apartments, 41 residential care facility beds and 193 nursing facility beds (16 are in a newly licensed CCDI household) which are a combination of semi-private and private rooms. In addition, Stonehill operates an adult day care.
2. Stonehill submitted a letter of intent in January 2013 to add 15 licensed NF beds and de-license 15 RCF beds at a cost of \$50,000. The application received in August 2013 from Stonehill is proposing the conversion of their 41-bed residential care unit to a 21-bed NF neighborhood with private rooms and private bathrooms including in-room showers at a cost of \$693,375.

3. The applicant received a CON for a 16-bed CCDI unit in 2011, which was licensed in June of 2013. Previously, the applicant received a CON in 2009 to convert 9 RCF beds to 9 NF beds.
4. The strategic plan for Stonehill is to provide a continuum of care for residents. This project proposes to replace an outdated 41 bed residential care unit with a 21-bed nursing unit with all private rooms. The applicant states the project will eliminate the outdated RCF model of care while addressing Stonehill's need for additional NF beds to meet the needs of its community as residents age in place.
5. Stonehill currently serves an elderly population. The average age of the 26 residents in the RCF is 87 years; 12 of the RCF residents are age 90 years or over. The percentage of Medicaid recipients served in the last three years averaged 37%. The applicant projects that number to stay the same after converting the beds. All of the proposed beds will be certified for Medicaid.
6. The calculated bed need formula indicates a current underbuild in all of the five counties surrounding the facility. The underbuild for Dubuque County is 8 beds. Overall, the five-county region, as calculated by the bed need formula, is underbuilt by 260 beds. See the following table for additional bed information.

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 09/13	Difference – Formula vs. Licensed & Approved*
Dubuque	16,655	940	932	-8
Clayton	3,832	268	245	-23
Delaware	3,317	234	191	-43
Jackson	4,219	295	209	-86
Jones	4,140	291	191	-100
Totals	32,263	2,028	1,768	-260

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

7. The bed numbers in the table above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, Dubuque County has 40 hospital-based NF beds and 14 hospital-based SNF/NF beds.
8. Over the span of the last three years the total number of beds in the five-county area has increased by 43 beds. There has been an increase of 28 beds in Dubuque County in the last three years. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number Between Oct. 2010 and Sept. 2013

County	# of NF Beds (facilities) as of 10/10	# of NF Beds (facilities) as of 09/13	Difference in # of NF Beds
Dubuque	904(9)	932(9)	+28
Clayton	245(4)	245(4)	0
Delaware	171(2)	191(2)	+20
Jackson	214(3)	209(3)	-5
Jones	191(2)	191(2)	0
Totals	1,725(20)	1,768(20)	+43

9. There are currently 1,768 licensed and approved nursing facility beds in the five counties, 169 licensed and approved beds (9.6% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Dubuque	56(4)
Clayton	16(1)
Delaware	36(1)
Jackson	37(1)
Jones	24(1)
Totals	169(8)

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

10. The applicant indicates that the proposed service area includes Dubuque County, Jackson County, Jo Davies County in Illinois and Grant County in Wisconsin. The primary service area is Dubuque County with 90% of admissions for the past 3 years. The total number of admissions to the NF beds for the past three years is 166 in 2010; 235 in 2011; and 203 in 2012.
11. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population and the need for services on the Stonehill campus.
12. Stonehill Franciscan Services has been serving the community of Dubuque and surrounding areas since 1903. According to the applicant's website, the Care Center was built in 1978 as a 250-bed facility housing both residential and nursing facility care. The care center currently has 234 licensed beds (41 RCF and 193 NF/SNF). This proposal would reduce the number of licensed beds through the elimination of the RCF beds to 214; all would be NF/SNF. Adult day care was added in 1990 and in 1999; Assisi Village was constructed containing 51 independent/assisted living units.
13. The applicant states they have transfer agreements with Finley Hospital and Mercy Medical Center. Stonehill also has a contract with Hospice of Dubuque for hospice services and a contract with Agility Therapy for rehab services.
14. There are eight additional freestanding nursing facilities in Dubuque County and both Mercy-Dyersville and Mercy-Dubuque hospitals have nursing care beds.

15. In a phone survey of facilities conducted October 2013, four of the nine freestanding facilities Dubuque County reported occupancies below 85%. Three of the nine, including the applicant, reported occupancies that were near capacity. Additional details from the phone survey are in the following table.

Facility by County	Licensed Beds	Empty Beds	Percent Occupied
DUBUQUE COUNTY			
BETHANY HOME	66	0	100%
DUBUQUE NURSING & REHAB CENTER	98	28	71%
ENNOBLE NURSING & REHAB CTR.	102	32	69%
HERITAGE MANOR	80	16	80%
LUTHER MANOR	103	1	99%
MANORCARE HEALTH SERVICES OF DUBUQUE	99	25	78%
SHADY REST CARE CENTER	70	10	86%
STONEHILL CARE CENTER	193	7	96%
SUNNYCREST MANOR	121	14	88%
MERCY MEDICAL CENTER-DYERSVILLE	40	1	98%
MERCY MEDICAL CENTER-DUBUQUE	22	10	55%
TOTALS	994	144	85.5%
CLAYTON COUNTY			
ELKADER CARE CENTER	44	14	68%
GREAT RIVER CARE CENTER	50	17	66%
GUTTENBERG CARE CENTER	93	19	80%
STRAWBERRY POINT LUTHERAN HOME	58	8	86%
TOTALS	245	28	76.3%
DELAWARE COUNTY			
EDGEWOOD CONVALESCENT HOME	58	12	79%
GOOD NEIGHBOR HOME	133	10	92%
TOTALS	191	22	88.5%
JACKSON COUNTY			
CRESTRIDGE CARE CENTER	75	10	87%
MAQUOKETA CARE CENTER	66	21	68%
MILL VALLEY CARE CENTER	68	14	79%
TOTALS	209	45	78.5%
JONES COUNTY			
ANAMOSA CARE CENTER	76	13	83%
MONTICELLO NURSING & REHAB CTR	115	32	72%
TOTALS	191	45	76.4%

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Dubuque	129(3)*	3	63(3))	391(5)	128(1)
Clayton	44(1)	1	0	95(5)	44(1)
Delaware	60(1)	1	25(1)	128(2)	0
Jackson	0	1	30(1)	36(1)	79(1)
Jones	51(1)	2	0	80(2)	0
TOTALS	284(6)	8	118(5)	730(15)	251(3)

*Proposal will eliminate 41 RCF beds at Stonehill

Data source: DIA web site

17. Letters of opposition were received from four of the other eight nursing facilities in Dubuque County and one letter of opposition was received from Elkader Care Center in Clayton County. The executive director of Luther Manor appeared at hearing to express concern about Luther Manor's letter of intent that is on file to add beds in consideration of the bed need formula.
18. Letters of support for this proposal were received from four physicians who see patients at the facility: Dr. Allen Meurer; Dr. Brian Sullivan; Dr. Roger Shafer and Dr. Gina Moran. A fifth letter of support was received from retired physician Dr. Allen Harvey who had seen patients at Stonehill as well as being a short term rehab patient.
19. The applicant does not anticipate borrowing for the current proposal and does not project an overall operating deficit as a result of the proposal. The proposal will be funded with cash on hand (\$407,660) and gifts and contributions, also in hand (\$285,715).
20. The applicant charges an entrance fee for private pay residents of \$425. The applicant states the rate of all Households to be \$195 per day.
21. The proposal calls for the renovation of a 41-bed RCF unit that appears to be 10,364 square feet, to house a 21-bed NF unit. According to the square footage chart in the application, 800 square feet will be added; 400 square feet to the common areas and 400 square feet to resident rooms.
22. The land is already owned by the applicant and site costs were listed at \$8,366. The total facility costs are \$693,375. That is a turn-key cost of \$33,017.
23. The applicant states that the sources of funds include \$407,660 cash on hand and \$285,715 through gifts and contributions.
24. The applicant does not project an operating deficit. The combined revenue and expenses for the existing operation and the converted beds will maintain a positive operating income.
25. The applicant indicates that the proposal will result in the need for an additional 8.91 FTEs; 6.2 of these in the nursing category (1.5 FTE RN, 1.5 LPN and 3.2 FTEs certified nursing assistants.) An additional 2.71 FTE increase in dietary completes the total forecasted need of 8.91 FTEs.

26. Stonehill serves as a training site for nurses, nursing assistants, and social workers through partnerships with several local colleges (Clark, University of Dubuque, Loras and NICC). The applicant states that they have enjoyed a stable work force with low turnover according to industry standards. Additionally, the applicant states the facility is staffed at an above average employee to resident ratio.

CONCLUSIONS OF LAW

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

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

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that the applicant currently has 26 residents in the 41-bed RCF unit and their average age is 87 years. The Council concludes that the proposal is an appropriate option to accommodate the existing residents of Stonehill as they age and require nursing level of care. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates Dubuque County is underbuilt by 8 beds; while the five-county region is underbuilt by 260 beds. The phone survey conducted by Department staff indicates a county wide occupancy of 85.7% for the free standing nursing facilities Dubuque County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves the renovation of a 41-bed RCF unit to house a 21-bed NF unit. The Council takes notes that the applicant operates near capacity. The Council concludes that renovation of the existing unit is the most effective

alternative for this facility to provide the necessary space to accommodate individuals who aging in place and will benefit from nursing unit. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that the applicant anticipates the proposed nursing beds will be filled by existing residents. The Council concludes that the consistently high occupancies at Stonehill demonstrate that patients at Stonehill will experience problems in obtaining care absent the proposed service and that the high occupancy rates at other facilities within the county demonstrate that patients within this service area will experience problems in obtaining nursing beds if the project is denied. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), led the Council to find that a Certificate of Need should be awarded.

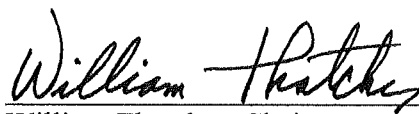
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 3rd day of February 2014


William Thatcher, 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 review on Monday, October 7, 2013.

The project, the acquisition of a proton beam radiation therapy unit, was originally approved on November 3, 2010 at an estimated cost of \$40,000,000. A one year extension was granted on October 19, 2011. A second one year extension was granted on October 5, 2012. The Council requested a written progress report in six months.

The applicant reports that shortly after the CON approval, a Core Proton Therapy Committee comprised of three physicists, a physician and an administrator from the Department of Radiation Oncology, and UIHC's director of Capital Management was established to evaluate existing clinical proton therapy technologies.

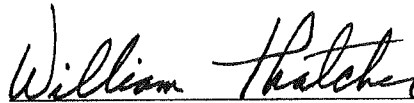
A request for proposal (RFP) was prepared and released for vendor response. A number of site visits were made. The RFP generated four responses which were scored and narrowed to two. As part of the vendor selection process, several faculty members attended an extensive training course. An engineering study was also conducted of several proposed locations for siting the proposed unit. Based on knowledge gained from the site visits and training, a best and final RFP was delivered to the top two vendors. In the fall of 2012, the results of the evaluation of this RFP were reviewed by UI Health Care's senior leadership, who expressed continuing support for proton therapy and requested further evaluation of several critical aspects of this technology prior to proceeding with vendor selection.

A third RFP seeking responses to a more specific and restricted set of requirements was released and an RFP for the treatment planning components was also released. Proposals related to both of these new RFPs were received and have been evaluated by the Core Proton Therapy Committee. The applicant anticipates final decision on vendor selection within one year and will then proceed with establishing the necessary purchase and design agreements. It is now estimated that this project will be completed and patient therapy will commence in 2017, depending on which vendor is selected.

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.

The extension is valid for one year, to October 7, 2014.

Dated this 3^d day of February 2014

A handwritten signature in cursive script, reading "William Thatcher", written over a horizontal line.

William Thatcher, 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)
)
WHITTIER LIVING AND REHAB CENTER)
)
SIOUX CITY, IOWA)

This matter came before the State Health Facilities Council for hearing on Monday October 7, 2013.

The Whittier Living and Rehabilitation Center applied through the Iowa Department of Public Health for a Certificate of Need.

Affected parties at the hearing in opposition to the proposal were Matt Niemeier with Countryside Nursing & Rehab in Sioux City; Beverly Zenor with Sunrise Retirement Community; Patrick Tomscha with Holy Spirit Retirement Home; and Gay Harbets of Hallmark Care Center.

1. JP Senior Healthcare, LLC, currently operates three skilled nursing facilities in Iowa and is seeking to construct a 78-bed skilled facility in Sioux City, Iowa. Sioux City is planning a 640 acre expansion to the south and east of town. The location is planned to house 300 residential homes, townhomes and condos, a senior living apartment building and a light commercial area. There is also a proposed location for an assisted living or skilled nursing facility. The applicant had spoken to the City of Sioux City and the developers of the site regarding their plans for the new skilled nursing facility. They would have the option to purchase the 5.5 acre building site, with Certificate of Need approval.

2. This site was selected by JP Senior Healthcare, LLC because it is close to several physicians' clinics, a large expansion site for St. Luke's Regional Medical Center, and a new growth area for Sioux City. With Sioux City expanding to the southeast, there are not many skilled nursing facilities able to support the area. The local nursing facilities have locations on the north and west sides of the city. Due to this, the applicant feels that a skilled nursing facility would support the growth of Southeast Sioux City.
3. The geographic service area would be south and east of Sioux City, locally known as the Morningside area along with rural Woodbury County and the associated towns of Lawton, Bronson, Sergeant Bluff, Salix, Sloan, Smithland, Oto, Anthon, Pierson and Merville. The applicant plans to provide services to the area's geriatric population.
4. The applicant intends to accommodate long-term care residents generally ranging in age between 75 and 95. They also plan to provide services to patients seeking rehabilitation services for joint replacement, CVA recovery, and acute illness. The rehabilitation residents will most likely range in age between 65 and 75. The facility will also provide services for tube feedings, IV medication administration, wound management and therapy services.
5. All seventy-eight (78) of the proposed beds will be Medicaid and Medicare certified.
6. The building design consists of six large double occupancy rooms measuring 370 square feet and 66 single occupancy rooms at 182 square feet. These rooms will be available to residents, regardless of payer source. The applicant has selected a "wagon wheel" design to ensure that a centrally located nurses' station could be built.
7. The six-county region surrounding the facility, as calculated by the bed need formula, is overbuilt by 98 beds. However, Woodbury County is underbuilt by 92 beds.

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & <u>approved</u> NF Beds as of September 2013	Difference – Formula vs. Licensed & Approved*
Woodbury	14,335	833	741	-92
Cherokee	2,705	188	228	+40
Crawford	3,151	223	197	-26
Ida	1,434	100	174	+74
Monona	2,311	160	262	+102
Plymouth	4,734	334	332	-2
Totals	28,670	1,838	1,934	+98

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

8. Over the span of the last three years, the total number of beds in the six-county area has decreased by 50 beds and Woodbury County has decreased by 18 beds. See the following table for additional detail.

Nursing Facility Beds by County
Difference in Number Between April 2010 and September 2013

County	# of NF Beds (facilities) as of October 2010	# of NF Beds (facilities) as of September 2013	Difference in # of NF Beds
Woodbury	759(9)	741(9)	-18
Cherokee	228(5)	228(5)	0
Crawford	206(3)	197(3)	-9
Ida	175(3)	174(3)	-1
Monona	268(3)	262(3)	-6
Plymouth	348(6)	332(6)	-16
Totals	1,280(25)	1,239(25)	-50

9. There are currently 1,239 licensed and approved nursing facility beds in the six counties, 144 beds (12% of all beds in dedicated CCDI units).

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Woodbury	54(2)
Cherokee	0
Crawford	22(1)
Ida	17(1)
Monona	20(2)
Plymouth	31(2)
Totals	144(8)

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

10. The applicant has weighed the various alternatives, including seeking existing buildings for potential renovation, however there are no current properties which would be financially feasible to purchase and renovate for the purposes of operating a nursing facility.
11. The applicant projects that there will be an operating deficit the first year of \$958,136. The second and third year will have no operating deficit. The applicant indicates a proposed daily rate of \$205.00.
12. The applicant states it will obtain referral/transfer agreements and contracts with all the community acute care hospitals including Mercy Medical Center, Sioux City and St. Luke's Regional Medical Center, local hospice organizations, assisted living programs and home health organizations. The applicant states they will enter into agreements with a local Medical Director, therapy providers, podiatrist and dentist to serve the residents and skilled patients.

13. Whittier Living and Rehabilitation Center projects that from year one, they will have 22.9% occupancy rate, up to year three when their occupancy rate is projected to be 95.91%.
14. The applicant sent out 23 surveys to nursing facilities in Sioux City and all the contiguous counties. There were 16 facility responses with occupancy rates ranging from 52% to 98%. According to the information presented in the application, the closest facility to the applicant's construction site is two miles away. This facility had an occupancy rate of 92%. According to the Department's phone surveys conducted in September of 2013, Woodbury County had an average occupancy rate of 83%, with five of nine facilities experiencing occupancy rates over 85 %. The facility with the lowest occupancy rates has experienced issues with its Department of Inspections and Appeals surveys. Removal of this facility from the occupancy calculation results in an average county utilization of 86 %. The six contiguous counties had occupancy rates ranging from 72% to 93%. The Council traditionally requires utilization over 85% to indicate appropriate utilization of existing long term care facilities.

**Survey of Nursing Facilities Located in Woodbury County
& Counties Contiguous to Woodbury County
Conducted September 2013**

Facility by County	Licensed Beds	Empty Beds	Percent Occupied
WOODBURY COUNTY			
Casa De Paz Health Care Ctr	71	8	89%
Correctionville Nursing & Rehab Ctr	39	8	79%
Countryside Nursing & Rehab Ctr	135	44	67%
Embassy Healthcare Community	60	8	87%
Hallmark Care Center	48	3	94%
Holy Spirit Retirement Home	94	8	91%
Sunrise Retirement Community	74	5	93%
Touchstone Living Center	135	25	81%
Westwood Nursing & Rehab Ctr	85	15	82%
TOTALS	741	124	83%
CHEROKEE COUNTY			
Careage Hills	44	11	75%
Cherokee Villa Nursing & Rehab Center	62	15	76%
Country Side Estates	48	8	83%
Heartland Care Center	30	0	100%
Sunset Knoll Care & Rehab Ctr	44	10	77%
TOTALS	228	44	81%
CRAWFORD COUNTY			
Denison Care Center	50	1	98%
Eventide Lutheran Home	100	18	82%
Manilla Manor	47	10	79%
TOTALS	197	29	85%
IDA COUNTY			
Good Samaritan Society-Holstein	60	3	95%
Morningside Healthcare Community	64	26	59%
Willow Dale Wellness Village	50	18	64%
TOTALS	174	47	73%
MONONA COUNTY			
Elmwood Care Centre	100	57	43%

Maple Heights Nursing Home	72	14	81%
Pleasant View Care Center	90	2	98%
TOTALS	262	73	72%
PLYMOUTH COUNTY			
Akron Care Center, Inc	45	3	93%
Good Samaritan Society	65	Not	Available
Happy Siesta Health Care Ctr	62	14	77%
Kingsley Nursing & Rehab Ctr	43	8	81%
Plymouth Manor Care Center	65	12	82%
The Abbey of Lemars	52	26	50%
TOTALS	267	63	76%
SIOUX COUNTY			
Hegg Memorial Health Ctr	60	1	98%
Heritage House	50	3	94%
Hillcrest Health Care Services	64	17	73%
Orange City Municipal Hospital LTC Unit	33	0	100%
Pleasant Acres Care Center	50	0	100%
Sioux Center Community Hospital & Health Center	69	1	99%
TOTALS	326	22	93%

15. The following table displays other levels of service available in the six-county area.

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Woodbury	0	5	0	452(6)	191(3)
Cherokee	0	2	12(1)	113(3)	0
Crawford	12(1)	1	25(1)	115(2)	0
Ida	0	1	0	136(3)	0
Monona	0	2	0	74(2)	0
Plymouth	110(3)	1	0(1)	158(3)	0
TOTALS	288(8)	12	37(3)	1,048(19)	191(3)

Data source: DIA web site

16. The applicant plans to procure financing for this project in the form of a commercial bank loan in the amount of \$6,639,311.00. All together (i.e., cash on hand, gifts and contributions) the applicant has a total source of \$9,412,815.00 on hand. The applicant states they have not finalized the financing for the project, but have contacted a lender that has stated an interest in helping.
17. The applicant estimates that they will need \$560,000 to fund the facility for the first 16 months of operation. After the 16th month, the facility will cash flow itself. The amount is based on the applicant's budget. The \$560,000 is included in the total source of funds.
18. The applicant projects the need of 54.5 FTEs as a result of the proposed project. Sixty-six percent of these would be in the nursing category; 8.0 RNs, 4.0 LPNs and 24.0 nursing aides. The remaining FTEs are spread among administrative (2.0), dietary (5.0), housekeeping (5.0), laundry (2.5), maintenance (1.0) and activities (2.0). The applicant noted at hearing it does not anticipate difficulties with staffing in light of access to trained employees through several area nursing schools.

19. This proposal involves areas to be constructed of 45,016 square feet on the main level and 3,393 square feet in the basement level at a facility cost of \$8,960,415.00. The average cost per bed (turn key) is \$120,677.00.
20. Ten letters of opposition were received, all from area nursing facilities, and representatives from four of these facilities were present at hearing. The opposing parties stated that existing facilities have low occupancy rates and the addition of a new facility would have a negative impact on their declining census rates.

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 construction of a 78-bed skilled nursing facility is needed to serve this county. The bed need formula shows Woodbury County is underbuilt by 92 beds. The applicant explored alternatives to the project but none of the alternatives were as efficient as the proposal. The Council concludes that the proposal represents an efficient and appropriate alternative for those individuals seeking a nursing facility in Woodbury County, and specifically for residents seeking an alternative in the southeastern area of Sioux City and the rural communities which surround this area. Iowa Code Sections 135.64(1) and 135.64(2)a.
 2. The Council concludes that existing facilities providing health services similar to those proposed are currently being used in an appropriate and efficient manner and will not be impacted by this project. The occupancy average for Woodbury County is 83%, with the majority of facilities in the county experiencing occupancies over 85 %, and the facility closest to the proposed project experiencing an occupancy rate of 92 %. In addition, the facility within the

county with the lowest occupancy has had survey issues, and removal of that facility from the occupancy calculation results in an average county occupancy of 86 %. The Council has historically concluded that utilization rates over 85 % indicate appropriate utilization. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves new construction and that alternatives have been considered and implemented to the maximum extent possible. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience serious problems in obtaining long term care in the absence of this project. The majority of facilities in the Sioux City region have maintained high occupancy rates. According to the bed need formula this county is underbuilt by 92 beds. The Council concludes that the construction of this facility will allow residents from southeastern Sioux City and the surrounding rural areas to remain in their community rather than to be placed in a facility outside their community, and that these patients will experience difficulties in obtaining this type of care in the absence of this proposal. Iowa Code Sections 135.64(1) and 135.64(2)d.

The facts, considered in light of the criteria contained in Iowa Code Section 135.64 (1 and 2) (2013), led the Council to find that a Certificate of Need should be awarded.

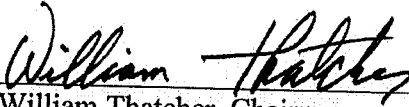
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 25th day of February 2014


William Thatcher, Chairperson
State Health Facilities Council
Iowa Department of Public Health

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