

**MINUTES**  
**STATE HEALTH FACILITIES COUNCIL**  
**JULY 21, 2014**  
**IOWA LABORATORY FACILITY, CONFERENCE CENTER, ROOM 208**  
**DMACC CAMPUS, ANKENY**

**9:00 AM ROLL CALL**

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

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

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

1. Lutheran Homes, Muscatine, Muscatine County: Modernization of existing institutional health facility that will not add new services or additional bed capacity – \$18,000,000.

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

2. Knoxville Hospital & Clinics, Knoxville, Marion County: Modernization of existing institutional health facility that will not add new services or additional bed capacity – \$10,400,000.

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

**II. EXTENSION OF PREVIOUSLY APPROVED PROJECT:**

Western Home Services, Cedar Falls, Black Hawk County: Construct two 16-bed cottages for chronic confusion and dementing illness (CCDI) - \$5,021,000.

Staff reviewed the progress on this project. A motion by Donovan to grant an extension until May 2015 was amended by Schmett to grant a one year extension. The amended motion was seconded by Donovan and carried 5-0.

**III. PROJECT REVIEW**

1. Davis Center, Bloomfield, Davis County: Convert 6 residential care beds to 6 intermediate care for persons with mental illness (ICF/PMI) beds and add 1 additional ICF/PMI bed in existing space--\$11,650.

Staff report by Barb Nervig. The applicant was represented by Katie Cownie and Adam Freed of Brown Winick Law and William Dodds and Dawn McCarey of Optimae Life Services. The applicant made a presentation and answered questions posed by the Council.

A motion by Chambers, seconded by Donovan, to enter exhibits presented in support of oral testimony into the record carried 5-0.

No affected parties appeared at the hearing.

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

2. CCRC of Grimes d/b/a Kennybrook Village, Grimes, Polk County: Add 6 nursing facility beds --\$1,106,000.

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Gib Wood, developer and managing partner of Kennybrook and Lu Ann Loews, director of nursing at Kennybrook. The applicant made a presentation and answered questions posed by the Council.

A motion by Donovan, seconded by Schmett, to enter exhibits presented in support of oral testimony into the record carried 5-0.

No affected parties appeared at the hearing.

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

3. Hawkeye Estates, LLC, d/b/a The Bridges at Ankeny, Ankeny, Polk County: Build 70-bed skilled nursing facility -- \$9,944,658.

Staff report by Barb Nervig. The applicant was represented by Doug Gross of Brown Winick Law; Doug Johnson, Hawkeye Care Centers; Annette Valvick, director of nursing at Hawkeye Care Centers Bancroft facility; Duane Helwig, architect and Shirley Allenbrandt, designer. The applicant made a presentation and answered questions posed by the Council.

Doug Fulton of Brick Gentry Law, representing Sunnyview Care Center and Lanny Ward, interim administrator at Sunnyview appeared at the hearing in opposition to the project. Also appearing in opposition were Patrick Quigley, administrator of Polk City Nursing & Rehabilitation and Larry Hinman, a long-term care consultant.

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

#### **IV. REQUEST FOR REHEARING**

In the matter of the application of St. Luke's Hospital, Cedar Rapids, Linn County to acquire a linear accelerator and CT scanner at an estimated cost of \$4,900,000. The Council approved this project on April 14, 2014. A request for rehearing was filed by an affected party of record on July 15, 2014.

The petitioner, Mercy Medical Center in Cedar Rapids, was represented by Ed McIntosh of Dorsey & Whitney. The applicant, St. Luke's Hospital in Cedar Rapids, was represented by Doug Gross of Brown Winick. The chairperson granted each party 15 minutes for oral argument.

The chairperson reviewed each ground for rehearing and polled the Council members on each of the grounds. A motion by Donovan to DENY the request for rehearing, seconded by Schmett, carried 4-1. Lundin voted no.

**V. DISCUSSION AND APPROVAL OF PROPOSED CHANGES TO IAC 641—  
CHAPTER 202**

Staff reviewed the proposed changes to the administrative rules. Council members had no additional changes. A motion by Schmett, seconded by Donovan to approve the rules for Notice of Intended Action, carried 5-0.

**VI. APPROVE MINUTES OF PREVIOUS MEETINGS (APRIL 2014)**

A motion by Chambers, seconded by Lundin, to approve the minutes of the April 14, 2014 meeting, passed by voice vote.

The meeting was adjourned at 2:20 PM.

The date of the Council's next meetings is October 21, 2014.

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

IN THE MATTER OF THE APPLICATION OF )  
 )  
CCRC OF GRIMES D/B/A KENNYBROOK VILLAGE )  
 )  
GRIMES, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Monday, July 21, 2014.

The application proposes the addition of six nursing facility beds at an estimated cost of \$1,106,000.

CCRC of Grimes d/b/a Kennybrook Village applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ed McIntosh of Dorsey & Whitney; Gib Wood, developer and managing partner of Kennybrook and Lu Ann Loews, director of nursing at Kennybrook were present representing the applicant. The applicant made a presentation and answered questions.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 5-0 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2013) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Kennybrook Village is a continuing care retirement community located in Grimes. Kennybrook has 32 independent living apartments, 34 assisted living apartments and a 34-bed nursing facility. This is the only nursing facility in Grimes.
2. Kennybrook opened in October 2011; the applicant provided the following occupancy percentages:

<b>Level of Care</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Nursing facility beds (34) (Certified March 2012)	93.53%	90.84%	61.75%
Assisted living apts. (34)	93.93%	95.91%	70.27%
Independent living apts. (32)	99.70%	100%	97.37%

3. The applicant states that the average age of the residents in the assisted living apartments is 89 years while the average age of those in independent living and the nursing facility beds is 85.
4. The average length of stay in the nursing facility has been 64 days. The applicant states they currently have a waiting list of eight for their nursing facility beds.
5. In order to have availability for nursing care for assisted living residents or independent living residents, Kennybrook generally attempts to keep 2 NF beds open to meet the need of residents of the community. As demonstrated by the data above, the NF facility is functionally full.
6. The applicant is proposing the addition of six licensed NF beds to meet the existing demand and the needs of the residents of the community as they age in place. The proposed project includes converting an existing resident room to an occupational/speech therapy room which will be connected to the existing therapy room. The applicant will then construct seven resident rooms which will result in the addition of 6 beds to the licensed capacity for a new total of 40 beds.
7. The new beds will be licensed for skilled Medicare and used for rehabilitation.
8. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 1,620 beds. Polk County is underbuilt by 1,033 beds. See the following table for additional bed information.

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

County	Projected 2019 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of 07/14	Difference – Formula vs. Licensed & Approved*
Polk	56,344	3,328	2,295 <sup>1</sup>	-1,033
Boone	4,826	342	377	+35
Dallas	8,555	510	489	-21
Jasper	6,973	492	355 <sup>2</sup>	-137
Madison	3,013	214	190	-24
Marion	5,973	424	306	-118
Story	12,325	901	552 <sup>3</sup>	-349
Warren	8,719	494	521	+27
<b>Totals</b>	<b>106,728</b>	<b>6,705</b>	<b>5,085</b>	<b>-1620</b>

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

<sup>1</sup> 38 beds approved in October 2012 in Altoona and 2 beds in April 2014 at On With Life in Ankeny; <sup>2</sup> 24 beds approved October 2011 in Newton <sup>3</sup> 38 beds approved in April 2012 in Ames

9. The bed numbers in the tables above and below represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the eight-county area has 8 hospital-based NF beds located in Story County; 16 hospital-based SNF beds in Polk County; and 22 hospital-based SNF/NF beds (7 in Boone County and 15 in Marion County).

10. Over the span of the last three years the total number of beds in the eight-county area has increased by 37 beds; 9 of those additional beds in Polk County. See the following table for additional detail.

**Nursing Facility Beds by County**  
**Difference in Number between July 2011 and July 2014**

<b>County</b>	<b># of NF Beds (facilities) as of 07/11</b>	<b># of NF Beds (facilities) as of 07/14</b>	<b>Difference in # of NF Beds</b>
Polk	2,247(27)	2,256(28)	+9
Boone	377(4)	377(4)	0
Dallas	481(9)	489(9)	+8
Jasper	352(6)	331(6)	-21
Madison	209(3)	190(3)	-19
Marion	262(4)	306(5)	+44
Story	498(7)	514(7)	+16
Warren	521(6)	521(6)	0
<b>Totals</b>	<b>4,947(66)</b>	<b>4,984(68)</b>	<b>+37</b>

11. The applicant indicates that the primary service area for this project is the city of Grimes in northwestern Polk County. The secondary market is considered to be the northern and western portions of the Greater Des Moines Metropolitan Area.
12. The applicant states that since opening in March 2012 there have been 213 admissions to the nursing facility; 201 of these from Polk County. Admissions from Grimes, by year, were 19 in 2012, 16 in 2013 and 14 (year to date) in 2014. Twenty-nine of the admissions were from the assisted living apartments while eight admissions came from the independent living apartments.
13. The applicant states that there are no less costly alternatives in staffing, scheduling, design or services sharing to achieve the quality of care envisioned for this community. The applicant is proposing this addition to meet the need for additional skilled care (Medicare) beds for the residents of the Kennybrook CCRC and for the residents of Grimes; there are no plans for future expansion.
14. In operation since March 2012, the nursing facility at Kennybrook Village quickly reached capacity and currently maintains a waiting list.
15. There are 27 additional freestanding nursing facilities in Polk County and an application for a new 70-bed facility in Ankeny was heard and approved on the same day as this application. The results of a recent phone survey of facilities in the eight-county area conducted by department staff indicated the overall occupancy of the facilities reporting in Polk County to be 86.5%\*. Additional details of the survey are in the following table.

**Survey of Nursing Facilities Located in Polk County  
& Counties Contiguous to Polk County  
Conducted July 2014**

<b>Facility by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>POLK COUNTY</b>			
Altoona Nursing and Rehab Altoona	106	5	95%
Bishop Drumm Care Center Johnston	150	12	92%
Calvin Manor Des Moines	59	5	92%
Deerfield Retirement Community Urbandale	30	4	87%
East Village Center for Wellness & Rehab Des Moines	44	3	89%
Fleur Heights Center for Wellness & Rehab Des Moines	120	19	84%
Fountain West Health Center West Des Moines	140	29	79%
Genesis Senior Living Center Des Moines	80	8	90%
Iowa Jewish Senior Life Center Des Moines	72	21	71%
Iowa Lutheran Hospital Des Moines	16		
Karen Acres Healthcare Center Urbandale	38	3	92%
Kennybrook Village Grimes	34	3	91%
Manorcare Health Services of WDM West Des Moines	120	15	88%
Mill Pond Retirement Community Ankeny	60	10	83%
Parkridge Nursing & Rehab Ctr. Pleasant Hill	90	10	89%
Polk City Nursing and Rehab Polk City	68	14	79%
QHC Mitchellville, LLC Mitchellville	65	5	92%
Ramsey Village Des Moines	78	28	64%
Scottish Rite Park Health Care Ctr. Des Moines	51	18	65%
Sunny View Care Center Ankeny	94	2	98%

The Rehab Ctr. Of Des Moines Des Moines	74	17	77%
Trinity Center at Luther Park Des Moines	120	0	100%
Union Park Health Services Des Moines	81	26	68%
University Park Nursing & Rehab Ctr. Des Moines	108	0	100%
Urbandale Health Care Center Urbandale	130	30	77%
Valley View Village Des Moines	79	5	94%
Wesley Acres Des Moines	80	2	98%
<b>TOTALS</b>	<b>2,171</b>	<b>294*</b>	<b>86.5%*</b>
<b>BOONE COUNTY</b>			
Boone County Health Care Center Boone	7	7	0
Eastern Star Masonic Home Boone	76	2	97%
Madrid Home for the Aging Madrid	155	39	75%
Ogden Manor Ogden	46	14	70%
Westhaven Community Boone	100	0	100%
<b>TOTALS</b>	<b>384</b>	<b>62</b>	<b>84%</b>
<b>DALLAS COUNTY</b>			
Adel Acres Adel	50	4	92%
Arbor Springs of WDM LLC West Des Moines	56	3	95%
Edgewater West Des Moines	40	1	98%
Granger Nursing & Rehab Center Granger	67	12	82%
Perry Health Care Center Perry	46	25	46%
Perry Lutheran Home Perry	70	9	87%
Rowley Memorial Masonic Home Perry	57	17	70%
Spurgeon Manor Dallas Center	55	0	100%
The Village at Legacy Pointe Waukee	48		



<b>TOTALS</b>	<b>441</b>	<b>71</b>	<b>84%</b>
<b>JASPER COUNTY</b>			
Baxter Health Care Center Baxter	44	14	68%
Careage of Newton Newton	53	13	75%
Heritage Manor Newton	62	16	74%
Nelson Manor Newton	36	2	97%
Newton Health Care Center Newton	70	19	73%
Wesley Park Centre Newton	66	7	89%
<b>TOTALS</b>	<b>331</b>	<b>71</b>	<b>79%</b>
<b>MADISON COUNTY</b>			
QHC Winterset Care Center North Winterset	75	14	81%
QHC Winterset Care Center South Winterset	45	10	78%
West Bridge Care & Rehabilitation Winterset	70	14	80%
<b>TOTALS</b>	<b>190</b>	<b>38</b>	<b>80%</b>
<b>MARION COUNTY</b>			
Griffin Nursing Center Knoxville	75	20	73%
Jefferson Place Pella	36	0	100%
Pella Regional Health Center Pella	92	5	95%
Pleasant Care Living Center Pleasantville	53	10	81%
The Cottages Pella	64	2	97%
West Ridge Nursing & Rehab Center Knoxville	78	1	99%
<b>TOTALS</b>	<b>398</b>	<b>38</b>	<b>90%</b>
<b>STORY COUNTY</b>			
Bethany Manor Story City	180		
Green Hills Health Care Center Ames	56	10	82%
Northcrest Health Care Center Ames	51	4	92%
Riverside North	70	33	53%

Ames			
Riverside South Ames	59	17	71%
Rolling Green Village Nevada	69	4	94%
Story County Hospital NF Nevada	80		
Zearing Health Care Zearing	40	11	73%
<b>TOTALS</b>	<b>345</b>	<b>79</b>	<b>77%</b>
<b>WARREN COUNTY</b>			
Carlisle Center for Wellness & Rehab Carlisle	101	16	84%
Good Samaritan Society –Indianola Indianola	131	36	73%
Norwalk Nursing & Rehab Center Norwalk	51	16	69%
Regency Care Center Norwalk	101		
The Village Indianola	54	7	87%
Westview of Indianola Care Center Indianola	83	20	76%
<b>TOTALS</b>	<b>420</b>	<b>95</b>	<b>77%</b>

Shaded facilities did not return phone calls. The licensed beds for these facilities were, therefore, not included in the totals.

\*The table that was referenced at the hearing had an addition error in the empty beds column for Polk County; this table displays the correct total and percentage.

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
Polk	221(7)	9	52(2)	1,155(13)	1,558(15)
Boone	125(1)	1	53(2)	174(3)	0
Dallas	30(1)	2	0	194(4)	128(2)
Jasper	0	2	28(1)	120(2)	0
Madison	18(1)	0	0	0	74(1)
Marion	78(2)	3	0	122(1)	178(3)
Story	24(3)	1	30(1)	532(8)	70(1)
Warren	29(2)	2	0	132(3)	204(2)
<b>TOTALS</b>	<b>525(17)</b>	<b>20</b>	<b>163(6)</b>	<b>2,429(34)</b>	<b>2,212(24)</b>

Data source: DIA web site

17. Thirteen letters of support were received. A letter from Spurgeon manor in Dallas Center states that it is necessary to support the needs of a CCRC community with sufficient nursing beds. Letters of support were also received from the Mayor of Grimes, the medical director

of Kennybrook, an ARNP employed at Kennybrook and three relatives of residents of Kennybrook. Seven letters from residents of Kennybrook Village were submitted in support of the proposed project.

18. One letter of opposition was received from Riverside Communities in Ames stating that Riverside North and Riverside South both have excess capacity. The applicant has indicated that only one of their 213 admissions was from Story County.
19. The applicant currently has existing debt in a face amount of \$2,490,000 which the applicant does not plan to refinance. The interest on the existing debt is 4.5% and the payment period is 25 years.
20. Funding for the proposed project includes a construction line of credit approved for \$1,125,000 which will be converted to a permanent loan upon completion of construction. Terms of that note will be 4.25% amortized over 25 years.
21. The applicant does not anticipate an increase in charges to residents as a result of this proposal. From March of 2012 to March of 2014 about 16.6% of the residents served in the nursing facility have been Medicaid recipients.
22. The applicant states that the funds for the proposal will come from borrowing. The applicant does not project an operating deficit as a result of this project. The applicant states that the project is operationally profitable and will cover the additional debt service. The applicant has reserved an additional \$75,000 from operations to cover any unforeseen negative cash flow.
23. The applicant indicates that the proposal will result in the need for an additional 2 FTEs; one RN and one nursing aide. Dietary, housekeeping, laundry, maintenance and some of the administrative duties will be shared with the other neighborhood within Kennybrook Village. They do not anticipate difficulty in hiring the necessary staff.
24. The proposal calls for the construction and renovation of 4,066 square feet, the majority of that in new square footage. Of the seven beds housed in the new construction, one will be relocated from the existing facility. Also, part of the proposal is the conversion of an existing room for space to provide therapy.
25. The land is already owned by the applicant; site costs are listed at \$28,000 plus \$34,000 for land improvements. The total facility costs are \$917,000. Moveable equipment costs are listed at \$85,000 and financing costs total \$42,000. The turn-key cost per bed is \$184,333.

#### 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 all levels of care at Kennybrook Village have high occupancies, the average age of the residents is in the mid to upper 80s and the applicant has a waiting list. The Council concludes that the proposal is an appropriate option to accommodate admissions of Kennybrook Village residents and others within the community who need skilled nursing 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 Polk County is underbuilt by 1,033 beds; while the eight-county region is underbuilt by 1,620 beds. The phone survey conducted by Department staff indicates a county wide occupancy of approximately 85% for the free standing nursing facilities in Polk County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council further notes that Kennybrook Village is a continuing care community with high occupancies and the only nursing facility in the city of Grimes; therefore the Council concludes that the addition of six nursing facility beds at Kennybrook Village will have minimal impact on the appropriate and efficient use of other nursing facilities. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves construction and renovation of 4,066 square feet, the majority of that in new square footage which includes the conversion of an existing room for space to provide therapy. The Council concludes that alternatives including modernization and sharing arrangements have been considered and implemented to the maximum extent practicable. Iowa Code Sections 135.64(1) and 135.4(2)c.

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 all levels of care at Kennybrook Village have high occupancies and the nursing level of care has a waiting list of eight persons. The Council

concludes that the high occupancy of those beds and the occupancies of the other nursing facilities in service area demonstrate that patients will experience serious problems in obtaining care absent the proposed additional beds. Iowa Code Sections 135.64(1) and 135.64(2)d.

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

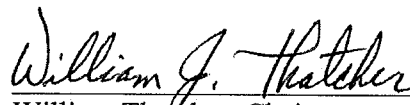
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 5<sup>th</sup> day of September 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 )

DAVIS CENTER )

BLOOMFIELD, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for hearing on Monday, July 21, 2014.

The application proposes the conversion of six residential care beds to six intermediate care facility for persons with mental illness (IC/PMI) beds plus one additional ICF/PMI bed at an estimated cost of \$11,650.

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

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Katie Cownie of Brown Winick Law and William Dodds and Dawn McCarey of Optimae Life Services were present representing the applicant. The applicant made a presentation and answered questions.

No affected parties appeared at the hearing.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 5-0 to grant a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2013) made the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. Davis Center currently consists of a 25-bed intermediate care facility for persons with mental illness (ICF/PMI) and a 6-bed residential care facility.
2. Davis Center is one of only three ICF/PMI facilities in the state. The other two are located in Black Hawk County (20 beds) and Lee county (57 beds).
3. Davis Center is owned by Davis County and is subject to the direction of the Davis County Board of Supervisors. The Board of Supervisors has delegated responsibility for management of the facility to Optimae LifeServices, Inc.
4. The proposal calls for the conversion of the 6 RCF beds to 6 ICF/PMI beds and the addition of one more bed in existing space. This will result in a 32-bed ICF/PMI facility.

5. Due to the limited availability of ICF/PMI beds in the state, the applicant states they consistently operate at or near capacity and regularly place prospective residents on a waiting list, currently there are 5 people on a wait list.
6. The applicant states the average length of stay for PMI residents 2.3 years.
7. In recent months, Davis Center has seen a steady increase in the need for ICF/PMI beds and a decline in the need for RCF beds. Davis Center currently has 2 RCF residents and is working with these residents' families to identify alternative appropriate placement for these residents. The applicant anticipates that both RCF residents will have alternative housing arrangements in place within 30-60 days.
8. Since the project involves the creation of additional ICF/PMI beds, rather than typical skilled nursing facility beds, the applicant feels the state bed need determination is of limited applicability. However, the PMI beds could be converted to nursing facility beds in the future without receipt of a CON, so the Council does consider the bed need formula as one relevant factor in its review of this application.
9. Davis Center is located in Davis County, a rural county located on Iowa's southern border. The applicant states that the average age of their PMI residents is 75 years.
10. Under Iowa law, an ICF/PMI provides accommodation, board, and nursing care to individuals who primarily have mental illness. All of the PMI residents are Medicaid recipients.
11. Overall, the six-county region, as calculated by the bed need formula, is underbuilt by 405 beds. Davis County is underbuilt by 19 beds. See the following table for additional bed information.

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

<b>County</b>	<b>Projected 2019 Population Age 65+</b>	<b># of NF Beds needed per bed need formula</b>	<b># of licensed &amp; approved NF Beds as of 07/14</b>	<b>Difference – Formula vs. Licensed &amp; Approved*</b>
Davis	1,556	110	91	-19
Appanoose	3,264	189	144	-45
Jefferson	4,309	298	135	-163
Monroe	1,577	110	147	+37
Van Buren	1,543	108	66	-42
Wapello	6,332	449	276	-173
<b>Totals</b>	<b>18,581</b>	<b>1,264</b>	<b>859</b>	<b>-405</b>

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

12. The bed numbers in the tables above and below represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the eight-county area has 20 hospital-based NF beds located in Appanoose County.

13. Over the span of the last three years the total number of beds in the six-county area has remained the same. See the following table for additional detail.

**Nursing Facility Beds by County**  
**Difference in Number between July 2011 and July 2014**

<b>County</b>	<b># of NF Beds (facilities) as of 07/11</b>	<b># of NF Beds (facilities) as of 01/14</b>	<b>Difference in # of NF Beds</b>
Davis	91(1)	91(1)	0
Appanoose	144(2)	144(2)	0
Jefferson	126(2)	135(2)	+9
Monroe	147(2)	147(2)	0
Van Buren	75(1)	66(1)	-9
Wapello	276(3)	276(3)	0
<b>Totals</b>	<b>859(11)</b>	<b>859(11)</b>	<b>0</b>

14. There are currently 102 ICF/PMI beds in the state:

<b>County</b>	<b># of ICF/PMI Beds (facilities)</b>
Davis	25(1)
Blackhawk	20(1)
Lee	57(1)
<b>Totals</b>	<b>102(3)</b>

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

15. There are also 12 RCF/PMI facilities in the state with a total of 224 beds according the Department of Inspections and Appeals. One of the 12 facilities is in Wapello County and has 38 beds. This is the only RCF/PMI facility in the six-county area.
16. Due to the unique nature of the services provided and the lack of other ICF/PMI facilities in the state, Davis Center provides care for residents from across the state. It is located outside a metropolitan area.
17. The applicant states that without sufficient ICF/PMI beds, many individuals with persistent mental illness are forced to seek care in nursing facilities, which may not be an appropriate setting for these individuals as it is questionable whether the traditional nursing facility is equipped to serve the unique needs of residents with chronic mental illness.
18. The applicant feels they have chosen the least costly alternative to increase capacity for PMI residents. The applicant has elected to convert existing underutilized space to house the additional ICF/PMI beds, avoiding costly construction.
19. The ICF/PMI unit opened at Davis Center in 1995. The applicant has experienced an increase in referrals for PMI in the last year. The applicant states that the alternative to adding the proposed beds could be a longer hospital stay for some of those referred.



20. Davis Center currently utilizes the services of the jointly owned entity, Life Solutions Behavioral Health, to provide behavioral health services to residents of the facility. These behavioral health services include, but are not limited to, individual psychotherapy and psychiatry services.
21. The applicant has no intention of operating their beds as skilled nursing facility beds; in fact, Davis Center serves an entirely different population than a skilled nursing facility with staff that is uniquely qualified to serve persons with persistent mental illness. Therefore, the applicant does not expect the proposed project to have any material impact on skilled nursing facilities located in the same geographic area.
22. The results of a recent phone survey of facilities in the six-county area and the other two ICF/PMIs in the state show high occupancies for the three PMI facilities. Additional details of the survey are in the following table.

**Survey of Nursing Facilities Located in Davis County  
& Counties Contiguous to Davis County (Plus ICF/PMI)  
Conducted July 2014**

<b>Facility by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>DAVIS COUNTY</b>			
Bloomfield Care Center Bloomfield	91	34	62.6%
Davis Center ICF/PMI Bloomfield	25	1	96.0%
<b>TOTALS</b>	<b>116</b>	<b>35</b>	<b>69.8%</b>
<b>APPANOOSE COUNTY</b>			
Centerville Nursing & Rehab Center Centerville	67	12	82.1%
Golden Age Skilled Nursing & Rehab Centerville	77	25	67.5%
Mercy Medical Center NF Centerville	20	2	90.0%
<b>TOTALS</b>	<b>164</b>	<b>39</b>	<b>76.2%</b>
<b>BLACKHAWK COUNTY</b>			
Country View ICF/PMI Waterloo	20	1	95%
<b>JEFFERSON COUNTY</b>			
Parkview Care Center Fairfield	70	17	75.7%
Sunny Brook Living Care Center Fairfield	65	5	92.3%
<b>TOTALS</b>	<b>135</b>	<b>22</b>	<b>83.7%</b>
<b>LEE COUNTY</b>			
Dave's Place ICF/PMI Keokuk	57	5	91.2%
<b>MONROE COUNTY</b>			

Monroe Care Center Albia	60	1	98.3%
Oakwood Nursing & rehab Center Albia	87	25	71.3%
<b>TOTALS</b>	<b>147</b>	<b>26</b>	<b>82.3%</b>
<b>VAN BUREN COUNTY</b>			
Good Samaritan Society Keosauqua	66	27	59.1%
<b>TOTALS</b>	<b>66</b>	<b>27</b>	<b>59.1%</b>
<b>WAPELLO COUNTY</b>			
Good Samaritan Society-Ottumwa Ottumwa	146	15	89.7%
Ridgewood Nursing & Rehab Center Ottumwa	70	9	87.1%
Vista Woods Care Center Ottumwa	60	2	96.7%
<b>TOTALS</b>	<b>276</b>	<b>26</b>	<b>90.6%</b>

23. 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
Davis	6(1)	0	0	28(1)	0
Appanoose	10(1)	3	20	126(2)	0
Jefferson	8(1)	3	0	140(2)	0
Monroe	9(1)	2	0	70(1)	0
Van Buren	48(1)	1	0	20(1)	0
Wapello	31(1)	3	0	48(1)	234(2)
<b>TOTALS</b>	<b>112(6)</b>	<b>12</b>	<b>20</b>	<b>432(8)</b>	<b>234(2)</b>

Data source: DIA web site

24. Three letters of support were received: one from the Davis County Board of Supervisors; one from a social worker with the UIHC and one from a family member of a current Davis Center resident.
25. Two letters of opposition were received: one from Centerville Nursing & Rehab and one from Oakwood Nursing in Albia; both stating that their facilities have excess capacity.
26. Funding for the proposed project is available from cash on hand. The applicant does not have existing debt and no debt will be incurred as a result of this project. The applicant does not anticipate an operating deficit.
27. The proposed daily rate for care will remain at \$234.84/day.
28. The applicant indicates that the proposal will result in the need for an additional 4 FTEs; one LPN and three aides. Based on the applicant's historical ability to recruit and employ qualified staff, they do not anticipate any difficulty in filling these positions.

## 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 alternatives for the persons with mental illness served by the applicant would be longer and more costly hospital stays or inappropriate placement in traditional nursing facilities. The Council concludes that the proposal to convert existing, underutilized RCF beds and use existing space to add an additional bed is the most efficient and appropriate alternative. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates Davis County is underbuilt by 19 beds; while the six-county region is underbuilt by 405 beds. The phone survey conducted by Department staff indicates county wide occupancies below 85% for the free standing nursing facilities in all but one of the six counties. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. However, the Council takes note that the three ICF/PMI facilities in the state have a combined occupancy of 93% which establishes that existing facilities providing ICF/PMI services are being used in an appropriate and efficient manner. The Council further notes that ICF/PMI facilities serve a distinct population; therefore the Council concludes that the conversion of six beds and addition of one bed at Davis Center will have minimal impact on the appropriate and efficient use of other traditional nursing facilities. 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 health service, in the absence of that proposed service. The Council takes note that Davis Center currently has one empty bed and has a waiting list of five persons. The Council concludes that the limited number of licensed ICF/PMI beds in the state combined with the high occupancy of those beds demonstrate that patients will experience serious problems in obtaining care absent the proposed additional beds. Iowa Code Sections 135.64(1) and 135.64(2)d.

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

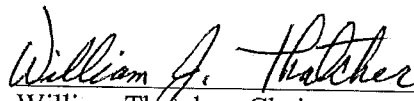
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 5<sup>th</sup> day of September 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

HAWKEYE ESTATES, LLC, D/B/A  
THE BRIDGES AT ANKENY

ANKENY, IOWA

)  
)  
)  
)  
)  
)

**DECISION**

This matter came before the State Health Facilities Council for hearing on Monday, July 21, 2014.

The application proposes the construction of a 70-bed nursing facility at an estimated cost of \$9,944,658.

Hawkeye Estates, LLC, d/b/a The Bridges at Ankeny applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Doug Gross of Brown Winick Law; Doug Johnson, Hawkeye Care Centers; Annette Valvick, director of nursing at Hawkeye Care Centers Bancroft facility; Duane Helwig, architect and Shirley Allenbrandt, designer were present representing the applicant. The applicant made a presentation and answered questions.

Doug Fulton of Brick Gentry Law, representing Sunnyview Care Center and Lanny Ward, interim administrator at Sunnyview appeared at the hearing in opposition to the project. Also appearing in opposition were Patrick Quigley, administrator of Polk City Nursing & Rehabilitation and Larry Hinman, a long-term care consultant.

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. The applicant, Hawkeye Estates, LLC d/b/a/ The Bridges at Ankeny (The Bridges), is proposing the construction of a 70-bed skilled nursing facility as a component of a new continuing care retirement community (CCRC) in Ankeny.
2. The CCRC will be built in phases on 13 acre site and will be known as The Bridges of Ankeny. The applicant states the first phase will consist of the skilled nursing facility and the memory care assisted living facility (30 beds). A 30-bed standard assisted living facility and 12 independent living units (6 duplexes) will be phased in over time.

3. The applicant notes there will be no “buy-in” for any component of The Bridges campus, however, residents of The Bridges independent and assisted living units will have a preference in admission into the skilled nursing beds.
4. The proposed nursing community will be designed around a resident-centered care model, incorporating two separate 14-bed neighborhoods for long-term care and two 21-bed neighborhoods for shorter-term skilled care; all neighborhoods will be constructed with primarily private rooms, bathrooms, and showers.
5. Each neighborhood will have a serving kitchen, dining room and a living room. Common activity spaces at The Bridges will include theater, sunrooms, quiet room, salon, spa, family conference room and gathering spaces to meet the needs of residents and guests. The community will include an innovative 3,000+ square foot rehabilitation and wellness center for residents and outpatients. The nursing community will also have four hospice suites with a focus on care and family.
6. The applicant asserts the proposed project is needed in part because of the rapid rate of growth in population of Ankeny. A recent Des Moines Register article stated that Ankeny’s population has more than tripled since 1980 and recently hit the 50,000 population mark. Despite this rapid growth, no new nursing facility beds have been approved by the Council in the Ankeny community since 2004.
7. The applicant retained Health Planning & Management Resources, Inc. (HPMR), a national market research firm to assess the need for additional nursing facility beds in the Ankeny community. HPMR determined the primary service area for this project includes eleven zip codes in Polk and Story Counties.
8. The applicant states that HPMR did an analysis of nursing facilities in the primary service area which revealed high occupancies of skilled nursing facility beds in Ankeny that forces persons to leave the community to locate the required level of care.
9. The applicant projects the average length of stay for nursing facility residents to be 9 months and for skilled nursing residents to be 25 days. These projections are based on the length of stay at the other facilities managed by Hawkeye Care Centers.
10. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 1,620 beds. Polk County is underbuilt by 1,033 beds. See the following table for additional bed information.

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

<b>County</b>	<b>Projected 2019 Population Age 65+</b>	<b># of NF Beds needed per bed need formula</b>	<b># of licensed &amp; approved NF Beds as of 07/14</b>	<b>Difference – Formula vs. Licensed &amp; Approved*</b>
Polk	56,344	3,328	2,295 <sup>1</sup>	-1,033
Boone	4,826	342	377	+35
Dallas	8,555	510	489	-21
Jasper	6,973	492	355 <sup>2</sup>	-137
Madison	3,013	214	190	-24

Marion	5,973	424	306	-118
Story	12,325	901	552 <sup>3</sup>	-349
Warren	8,719	494	521	+27
<b>Totals</b>	<b>106,728</b>	<b>6,705</b>	<b>5,085</b>	<b>-1620</b>

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

<sup>1</sup> 38 beds approved in October 2012 in Altoona and 2 beds in April 2014 at On With Life in Ankeny; <sup>2</sup> 24 beds approved October 2011 in Newton <sup>3</sup> 38 beds approved in April 2012 in Ames

11. The bed numbers in the tables above and below represent the number of beds in free-standing nursing facilities. In addition to the beds in these tables, the eight-county area has 8 hospital-based NF beds located in Story County; 16 hospital-based SNF beds in Polk County; and 22 hospital-based SNF/NF beds (7 in Boone County and 15 in Marion County).
12. Over the span of the last three years the total number of beds in the eight-county area has increased by 37 beds; 9 of those additional beds in Polk County. See the following table for additional detail.

**Nursing Facility Beds by County**  
**Difference in Number between July 2011 and July 2014**

County	# of NF Beds (facilities) as of 07/11	# of NF Beds (facilities) as of 07/14	Difference in # of NF Beds
Polk	2,247(27)	2,256(28)	+9
Boone	377(4)	377(4)	0
Dallas	481(9)	489(9)	+8
Jasper	352(6)	331(6)	-21
Madison	209(3)	190(3)	-19
Marion	262(4)	306(5)	+44
Story	498(7)	514(7)	+16
Warren	521(6)	521(6)	0
<b>Totals</b>	<b>4,947(66)</b>	<b>4,984(68)</b>	<b>+37</b>

13. The applicant indicates that the primary service area for this project is the city of Ankeny in Polk County and nine other zip codes in both Polk and Story Counties. The map of this service area provided by the applicant has some jagged boundaries that do encompass some rural areas.
14. The applicant states that HPMR's analysis determined that there is a need for an additional 719 beds in the primary service area of The Bridges based on the state bed need formula. HPMR's telephone survey also revealed that existing nursing facilities in the community are operating at or near capacity. The applicant feels there are no less costly alternatives in staffing, scheduling, design or service sharing to achieve the quality of care envisioned for this proposed community.
15. The proposed nursing facility will be managed by Hawkeye Care Centers, Inc., a family-owned, Iowa-based company that has been in operation since 1976. Hawkeye Care Centers owns or manages nine skilled nursing facilities, three assisted living facilities and two independent living communities throughout Iowa.

16. The Bridges plans to work with physicians at area clinics to lower the Medicare 30-day readmission penalty. The Bridges will build and staff the proposed project with the goal of caring for sicker patients who currently receive care in hospital.
17. The applicant states that all of the proposed 70 nursing facility beds will be Medicaid certified. The applicant projects that by year three of operation, the 70 beds will be 90% occupied (63 beds occupied). Of those 63 beds, it is projected that approximately 48% will be private pay, 28% will be Medicare paid and 24% will be Medicaid recipients.
18. There are 28 freestanding nursing facilities in Polk County. The results of a recent phone survey of facilities in the eight-county area conducted by department staff indicated the overall occupancy of the facilities reporting in Polk County to be 86.5%\*. Additional details of the survey are in the following table.

**Survey of Nursing Facilities Located in Polk County  
& Counties Contiguous to Polk County  
Conducted July 2014**

<b>Facility by County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>POLK COUNTY</b>			
Altoona Nursing and Rehab Altoona	106	5	95%
Bishop Drumm Care Center Johnston	150	12	92%
Calvin Manor Des Moines	59	5	92%
Deerfield Retirement Community Urbandale	30	4	87%
East Village Center for Wellness & Rehab Des Moines	44	3	89%
Fleur Heights Center for Wellness & Rehab Des Moines	120	19	84%
Fountain West Health Center West Des Moines	140	29	79%
Genesis Senior Living Center Des Moines	80	8	90%
Iowa Jewish Senior Life Center Des Moines	72	21	71%
Iowa Lutheran Hospital Des Moines	16		
Karen Acres Healthcare Center Urbandale	38	3	92%
Kennybrook Village Grimes	34	3	91%
Manorcare Health Services of WDM West Des Moines	120	15	88%
Mill Pond Retirement Community Ankeny	60	10	83%
Parkridge Nursing & Rehab Ctr. Pleasant Hill	90	10	89%



Polk City Nursing and Rehab Polk City	68	14	79%
QHC Mitchellville, LLC Mitchellville	65	5	92%
Ramsey Village Des Moines	78	28	64%
Scottish Rite Park Health Care Ctr. Des Moines	51	18	65%
Sunny View Care Center Ankeny	94	2	98%
The Rehab Ctr. Of Des Moines Des Moines	74	17	77%
Trinity Center at Luther Park Des Moines	120	0	100%
Union Park Health Services Des Moines	81	26	68%
University Park Nursing & Rehab Ctr. Des Moines	108	0	100%
Urbandale Health Care Center Urbandale	130	30	77%
Valley View Village Des Moines	79	5	94%
Wesley Acres Des Moines	80	2	98%
<b>TOTALS</b>	<b>2,171</b>	<b>294*</b>	<b>86.5%*</b>
<b>BOONE COUNTY</b>			
Boone County Health Care Center Boone	7	7	0
Eastern Star Masonic Home Boone	76	2	97%
Madrid Home for the Aging Madrid	155	39	75%
Ogden Manor Ogden	46	14	70%
Westhaven Community Boone	100	0	100%
<b>TOTALS</b>	<b>384</b>	<b>62</b>	<b>84%</b>
<b>DALLAS COUNTY</b>			
Adel Acres Adel	50	4	92%
Arbor Springs of WDM LLC West Des Moines	56	3	95%
Edgewater West Des Moines	40	1	98%
Granger Nursing & Rehab Center Granger	67	12	82%
Perry Health Care Center Perry	46	25	46%
Perry Lutheran Home	70	9	87%

Perry			
Rowley Memorial Masonic Home Perry	57	17	70%
Spurgeon Manor Dallas Center	55	0	100%
The Village at Legacy Pointe Waukeg	48		
<b>TOTALS</b>	<b>441</b>	<b>71</b>	<b>84%</b>
<b>JASPER COUNTY</b>			
Baxter Health Care Center Baxter	44	14	68%
Careage of Newton Newton	53	13	75%
Heritage Manor Newton	62	16	74%
Nelson Manor Newton	36	2	97%
Newton Health Care Center Newton	70	19	73%
Wesley Park Centre Newton	66	7	89%
<b>TOTALS</b>	<b>331</b>	<b>71</b>	<b>79%</b>
<b>MADISON COUNTY</b>			
QHC Winterset Care Center North Winterset	75	14	81%
QHC Winterset Care Center South Winterset	45	10	78%
West Bridge Care & Rehabilitation Winterset	70	14	80%
<b>TOTALS</b>	<b>190</b>	<b>38</b>	<b>80%</b>
<b>MARION COUNTY</b>			
Griffin Nursing Center Knoxville	75	20	73%
Jefferson Place Pella	36	0	100%
Pella Regional Health Center Pella	92	5	95%
Pleasant Care Living Center Pleasantville	53	10	81%
The Cottages Pella	64	2	97%
West Ridge Nursing & Rehab Center Knoxville	78	1	99%
<b>TOTALS</b>	<b>398</b>	<b>38</b>	<b>90%</b>
<b>STORY COUNTY</b>			
Bethany Manor Story City	180		
Green Hills Health Care Center	56	10	82%

Ames			
Northcrest Health Care Center Ames	51	4	92%
Riverside North Ames	70	33	53%
Riverside South Ames	59	17	71%
Rolling Green Village Nevada	69	4	94%
Story County Hospital NF Nevada	80		
Zearing Health Care Zearing	40	11	73%
<b>TOTALS</b>	<b>345</b>	<b>79</b>	<b>77%</b>
<b>WARREN COUNTY</b>			
Carlisle Center for Wellness & Rehab Carlisle	101	16	84%
Good Samaritan Society –Indianola Indianola	131	36	73%
Norwalk Nursing & Rehab Center Norwalk	51	16	69%
Regency Care Center Norwalk	101		
The Village Indianola	54	7	87%
Westview of Indianola Care Center Indianola	83	20	76%
<b>TOTALS</b>	<b>420</b>	<b>95</b>	<b>77%</b>

Highlighted facilities did not return phone calls. The licensed beds for these facilities were, therefore, not included in the totals.

\*The table that was referenced at the hearing had an addition error in the empty beds column for Polk County; this table displays the correct total and percentage.

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

County	RCF Beds (Facilities)	Home Health Agencies	Adult Day Services	Assisted Living Units (Facilities)	ALP/D
Polk	221(7)	9	52(2)	1,155(13)	1,558(15)
Boone	125(1)	1	53(2)	174(3)	0
Dallas	30(1)	2	0	194(4)	128(2)
Jasper	0	2	28(1)	120(2)	0
Madison	18(1)	0	0	0	74(1)
Marion	78(2)	3	0	122(1)	178(3)
Story	24(3)	1	30(1)	532(8)	70(1)
Warren	29(2)	2	0	132(3)	204(2)
<b>TOTALS</b>	<b>525(17)</b>	<b>20</b>	<b>163(6)</b>	<b>2,429(34)</b>	<b>2,212(24)</b>

Data source: DIA web site

20. Three letters of support were received: one from the executive director of the Ankeny Chamber of Commerce; one from Mike Rooney, an Ankeny resident and vice president of the school board and one from Pat Cannon, a citizen of Des Moines.

21. Two letters of opposition were received: one from Riverside Communities in Ames stating that Riverside North and Riverside South both have excess capacity and the other from Sunny View Care Center in Ankeny stating there is no need for more beds and citing a challenge in attracting quality professionals to staff nursing facilities.
22. Oral testimony in opposition was presented at hearing by representatives of Sunny View Care Center in Ankeny, Polk City Nursing & Rehabilitation in Polk City and a long-term care consultant. The expressed opinion of these individuals was that there is not a need for additional beds and that staffing at existing facilities would be adversely impacted by the addition of a new facility to the area.
23. Funding for the proposed project includes \$2,250,000 in cash on hand and a loan to make up the difference. The application includes a letter from American Trust and Savings Bank in West Des Moines indicating an interest in financing the proposal.
24. The applicant does not have existing debt. The applicant does anticipate an operating deficit of \$347,973 the first year with a break-even point in the second year.
25. The applicant will rely on capital contributions from equity investors to fund the start-up expenses associated with the project.
26. The proposed daily rate for care is \$220-250.
27. The applicant indicates that the proposal will result in the need for 59.25 FTEs; most of these (32.75 FTEs) in the nursing category. The director of nursing (1FTE) and the Minimum Data Set Coordinators (2 FTEs) will be RNs. There will be an additional 9 FTEs of RN/LPNs and 20 FTEs of CMA/CNAs. Three quarters (.75) FTE will be a nurse practitioner. The remaining 26.5 FTEs for the facility include administrative, dining and housekeeping positions among others and are detailed in the application.
28. The applicant does not anticipate difficulty in hiring the necessary staff. They expect to recruit nurses from area nursing programs, including the Des Moines Area Community College nursing program in Ankeny.
29. The proposal calls for the construction of 53,746 square feet. Site costs include \$275,000 for site acquisition and \$150,000 for site preparation. The total facility costs are \$8,089,658. Moveable equipment costs are listed at \$1,050,000 and financing costs total \$230,000.
30. The turn-key cost per bed is \$142,067.

### 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 of the rapidly growing population in Ankeny and the high occupancy of area nursing facilities, including the 98 % occupancy of the one Ankeny facility which objected to this project. The Council concludes that the proposal to construct a new facility as part of a continuing care retirement community to add additional nursing and skilled care beds to the growing community of Ankeny is the most efficient and appropriate alternative. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The bed need formula indicates Polk County is underbuilt by 1,033 beds; while the eight-county region is underbuilt by 1,620 beds. The phone survey conducted by Department staff indicates a county wide occupancy of approximately 85 % for the free standing nursing facilities in Polk County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council takes specific notice of the high occupancy rates of the one Ankeny facility which objected to the proposal, which has experienced occupancy rates of 98 %. The Council takes further note that the applicant does not expect to serve Southern Polk County and that an analysis by a national market research firm mirrors the bed need formula in concluding there is a need for additional beds in the applicant's designated service area. The Council concludes that the proposed new facility will have minimal impact on the appropriate and efficient use of other nursing facilities in the service area. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project involves construction of 53,746 square feet. The Council concludes that alternatives to new construction to meet the needs of the growing population have been considered and implemented to the maximum extent practicable. Iowa Code Sections 135.64(1) and 135.4(2)c.

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that proposed service. The Council takes note that the facility in Ankeny opposing this proposal has high occupancy, that other area facilities have experienced high occupancy, and that the rapid growth of the city is projected to continue. The Council concludes that residents desiring a CCRC option in Ankeny

will experience serious problems obtaining this type of care absent the proposed service. 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.

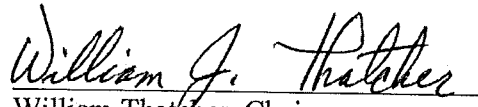
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 5<sup>th</sup> day of September 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

ST. LUKE'S HOSPITAL

CEDAR RAPIDS, IOWA

**DECISION  
ON REHEARING**

This matter came before the State Health Facilities Council on July 21, 2014.

The project, the expansion of radiation therapy services through the purchase of a computed tomography (CT) scanner (CT) and a linear accelerator at an estimated cost of \$4,900,000, was originally approved by the Council on April 14, 2014. A written Decision was issued June 27, 2014.

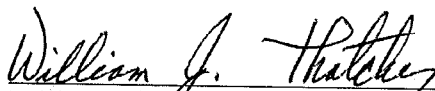
Mercy Medical Center, an affected party who participated in the formal review procedure, filed an application for rehearing and request for oral argument on July 15, 2014, within 20 calendar days after the date of the issuance of the final decision. St. Luke's Hospital filed a resistance to the application for rehearing on July 17, 2014.

The record includes the original application, the Council's Decision dated June 27, 2014, the written application for rehearing and the written resistance to the rehearing request.

Mercy Medical Center in Cedar Rapids was represented by Ed McIntosh of Dorsey & Whitney. The applicant was represented by Doug Gross of Brown Winick Law. Both parties provided oral argument to the Council.

The Council, after reading the application for rehearing and the resistance and hearing the arguments of both parties, concluded that none of the grounds for rehearing contained at 641 IAC 202.9 had been satisfied. The Council therefore voted 4-1 to Deny the application for rehearing.

Dated this 5<sup>th</sup> day of September 2014

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

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

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

WESTERN HOME SERVICES, INC. D/B/A )  
WESTERN HOME COMMUNITIES )

CEDAR FALLS, IOWA )

**DECISION**

This matter came before the State Health Facilities Council for review on Monday, July 21, 2014.

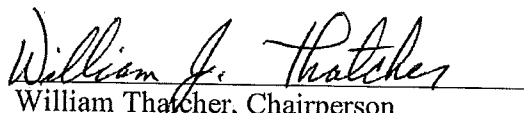
The project, the construction of a two 16-bed cottages to house nursing facility beds, was originally approved on April 25, 2013 at an estimated cost of \$5,021,000.

The extension request states that final floor plans and site plans are complete and the City has approved the final plat. Site work is underway. Early and severe winter weather has accounted for the difference in the original anticipated completion date and the currently projected completion date of May 2015.

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

The extension is valid for one year, until July 2015.

Dated this 5<sup>th</sup> day of September 2014

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

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