

MINUTES  
STATE HEALTH FACILITIES COUNCIL  
November 4, 2013  
IOWA LABORATORY FACILITY, CONFERENCE CENTER, ROOM 208  
DMACC CAMPUS, ANKENY

**I. 10:00 AM ROLL CALL**

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

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

**II. Vice President**

A motion by Schmett, seconded by Donovan, to nominate Lundin for Vice Chairperson carried 5-0.

**III. Project Review**

1. Marshalltown Medical and Surgical, Marshalltown, Marshall County: Construct Outpatient Service Center -- \$34,900,000.

Staff report by Jim Goodrich. The applicant was represented by Ed McIntosh of Dorsey & Whitney; John C. Hughes, Nora Ebersole, Gina James and Carol Hibbs. The applicants 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.

2. Green Hills Health Care Center, Inc., Ames, Story County: Add 10 NF Beds -- \$775,000.

Staff report by Jim Goodrich. The applicant was represented by Bill Boyd of Nyemaster Goode; Rod Copple and Lynne Mitchell. The applicants made a presentation and answered questions posed by the Council.

Affected parties appearing at the hearing in opposition to the proposal were Daniel Schlup of Heritage Manor; Tricia Herberer of Riverside Enrichment Communities; Tom Elston of Ogden Manor and Eric Olson of Careage of Newton.

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

**IV. APPROVE MINUTES OF PREVIOUS MEETING (October 7<sup>th</sup> & 8<sup>th</sup> 2013)**

A motion by Lundin, seconded by Chambers, to approve the minutes of the October 7<sup>th</sup> & 8<sup>th</sup> 2013 carried 5-0.

The meeting was adjourned at 12:00 PM.

The date of the Council's next meeting is April 14, 2014.

DRAFT



2. Green Hills Health Care Center, Inc. is an Iowa for-profit corporation which the Class A voting stock is 100% owned by Green Hills Residents' Association (GHRA) (an Iowa not for-profit corporation) located at 2200 Hamilton Drive Suite 100, Ames Iowa. Forty-nine (49) members of GHRA have non-voting Class B stock with outstanding shares of 715,200. GHRA members owning Class B shares range from 10,000 shares to 39,600 shares for an ownership range of 0.3% to 1.2%. GHHCC is purchasing Class B shares from GHRA members within one year of their passing or five years after move out.
3. Green Hills currently serves an elderly population. GHHCC is not Medicaid certified; however it states it will continue to serve the community with a high level of care and consideration. GHHCC is Medicare certified and admits Medicare Part A eligible residents from around the community into the SNF regardless of income level, disability or racial and ethnic status.
4. The calculated bed need formula indicates a current overbuild in three of the seven counties surrounding the facility. The seven-county region, as calculated by the bed need formula, is underbuilt by more than 1,000 beds. Story County is underbuilt by 334 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 2018 Population Age 65+</b>	<b># of NF Beds needed per bed need formula</b>	<b># of licensed &amp; approved NF Beds as of Sept. 2013</b>	<b>Difference – Formula vs. Licensed &amp; Approved*</b>
Story	11,939	876	542 <sup>1</sup>	-334
Boone	4,699	333	377	+44
Hamilton	3,093	217	238	+21
Hardin	3,868	269	399	+130
Jasper	6,854	485	385 <sup>2</sup>	-100
Marshall	7,585	536	349*	-187
Polk	55,110	3,264	2,257	-1007
<b>Totals</b>	<b>92,486</b>	<b>5,926</b>	<b>4,493</b>	<b>-1,433</b>

\*A positive (+) number means the county is overbuilt and a negative (-) indicates an underbuild  
<sup>1</sup>38 beds approved in April 2012 in Ames; <sup>2</sup>24 beds approved in October 2011 in Newton;  
 \*plus 702 beds at Iowa Veteran's Home

5. Over the span of the last three years the total number of beds in the seven-county area has increased by 5 beds. 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 October 2010	# of NF Beds (facilities) as of September 2013	Difference in # of NF Beds
Story	498(7)	504(7)	+6
Boone	397(4)	377(4)	-20
Hamilton	238(3)	238(3)	0
Hardin	399(6)	399(6)	0
Jasper	352(6)	361(6)	+9
Marshall	349(4)*	349(4)*	0
Polk	2247(27)	2257(28)	+10
<b>Totals</b>	<b>4,480(57)</b>	<b>4,485(58)</b>	<b>+5</b>

\*plus 702 beds at Iowa Veteran's Home

6. The following table displays hospital-based nursing care units in the seven-county area.

County	Hospital based NF	Hospital based SNF	Hospital based SNF/NF
Story	80(1)	19(1)*	
Boone			7(1)
Hamilton			
Hardin			
Jasper			
Marshall		15(1)	
Polk		16(1)	
<b>Totals</b>	<b>80(1)</b>	<b>50(3)</b>	<b>7(1)</b>

\*MGMC has successfully applied before the Council to convert these to acute care

7. There are currently 4,485 licensed nursing facility beds in the seven counties, 442 beds (10% of all beds) in dedicated CCDI units.

**Number of CCDI Beds by County**

County	# of CCDI Beds (facilities)
Story	55(3)
Boone	56(2)
Hamilton	15(1)
Hardin	50(3)
Jasper	38(2)
Marshall	96(2)
Polk	132(5)
<b>Totals</b>	<b>442(18)</b>

8. During the three most recent years, the applicant states 92.5% of the admissions came from Story County, 5.7% came from adjacent counties, 1.1% from other Iowa counties and 0.6% from outside of Iowa. Generally, admissions from outside of Story County are residents who are relocating to be closer to a family member.
9. GHHCC researched and found a need for more beds to be available to the aging population in Story County. This is supported by the State Bed Need formula which indicates Story County is underbuilt by 334 beds. Although only ten (10) beds will be added on, the project will increase the access to memory care (CCDI).
10. The geographical service area is primarily the residents of GHRA. The applicant secondary market is residents of Ames. Story County is the tertiary market.
11. For the fiscal year ended June 30, 2013, GHRA residents made up 52.2% of occupied beds, community residents made up 29.7% of occupied beds and Medicare residents made up the balance of 18.1%. For calendar year-to-date ending July 31, 2013, GHRA residents accounted for 50.5% of the Medicare residents.
12. The applicant states that even with their most recent expansion to 46 beds, GHHCC continues to have demand and needs that exceed its current licensed capacity. GHHCC has operated at consistently high rates of utilization, with a current occupancy rate of 98 %. GHHCC continues to use a waiting list to track prospective move-ins. On multiple occasions this year, GHHCC has obtained temporary occupancy variances from DIA to support residents of GHRA in a time of need.
13. GHHCC did not find other suitable and cost effective alternatives to meet the needs of GHRA residents and members of the broader Ames/Story County community.
14. Using Claritas data, the Ames population (zip codes 50010 and 50014) is projected to grow by 2% per year over the next five years. The Ames 2013 population is estimated at 60,666 and is estimated at 61,909 in 2018. In Ames during this five year period, the age group of 65 and over grows by 963 people or 17%. GHHCC believes this growth in the population over age 65 also supports the need for additional beds.
15. GHHCC intends to fund this project with cash from its unrestricted operating accounts. There will be no operating deficit as a result of this project.
16. The total cost for this project is estimated to be \$799,120. This total includes: site costs (\$36,928), land improvement (\$30,688), facility costs (\$708,829) and moveable equipment costs (\$22,675).
17. GHHCC is not projecting another increase in rates during fiscal year ending June 30, 2014. The current rates became effective July 1, 2013. This project will allow the applicant to offer a semi-private room rate in the CCDI unit.

18. GHHCC works with staff at both Mary Greely Medical Center (MGMC) and Story County Medical Center to meet needs of patients who are discharged from an acute setting. GHHCC has a patient transfer agreement with MGMC.
19. GHHCC also works closely with Northcrest Community to meet the needs of their residents. They have a reciprocal agreement to help each other's residents if the other community is fully occupied.
20. GHHCC utilizes the services of a McFarland Clinic nurse practitioner who visits several area nursing facilities. GHHCC contracts with McFarland Clinic to provide a Medical Director. GHHCC will continue to work with area practitioners and providers to develop partnership that benefit the community.
21. A phone survey of nursing facilities in Story County and the surrounding counties show an occupancy rate ranging from 71% to 91%, with six of nine facilities in Story County experiencing occupancies at 85 % or above. The overall Story County occupancy rate is 82%. The Council traditionally requires utilization over 85% to indicate appropriate utilization of existing long term care facilities.

**Phone Survey of Nursing Facilities Located in Story County  
& Counties Contiguous to Story County  
Conducted Sept. 2013**

<b>Facility County</b>	<b>Licensed Beds</b>	<b>Empty Beds</b>	<b>Percent Occupied</b>
<b>BOONE COUNTY</b>			
BOONE COUNTY HEALTH CARE CENTER	7	7	100%
EASTERN STAR MASONIC HOME	76	3	96%
MADRID HOME FOR THE AGING	155	41	74%
OGDEN MANOR	46	13	72%
WESTHAVEN COMMUNITY	100	4	96%
<b>TOTALS</b>	<b>384</b>	<b>68</b>	<b>82%</b>
<b>HAMILTON COUNTY</b>			
CRESTVIEW MANOR	84	29	65%
SOUTHFIELD WELLNESS COMMUNITY	88	27	69%
STRATFORD NURSING & REHAB CTR	66	14	79%
<b>TOTALS</b>	<b>238</b>	<b>70</b>	<b>71%</b>
<b>HARDIN COUNTY</b>			
ELDORA NURSING & REHAB CENTER	49	13	73%
HERITAGE CARE CENTER	66	24	64%
HUBBARD CARE CENTER	60	6	90%
SCENIC MANOR	82	8	90%
THE PRESBYTERIAN VILLAGE OF ACKLEY	70	19	73%
VALLEY VIEW NURSING & REHAB CENTER	72	30	58%
<b>TOTALS</b>	<b>399</b>	<b>100</b>	<b>75%</b>
<b>JASPER COUNTY</b>			
BAXTER HEALTH CARE CENTER	44	12	73%
CAREAGE OF NEWTON	53	15	72%
HERITAGE MANOR	56	8	86%
NELSON MANOR	36	1	97%
NEWTON HEALTH CARE CENTER	70	10	86%
WESLEY PARK CENTRE	66	10	85%
<b>TOTALS</b>	<b>361</b>	<b>56</b>	<b>84%</b>

<b>MARSHALL COUNTY</b>			
IOWA VETERANS HOME	702		
GRANDVIEW HEIGHTS	109	7	94%
SOUTHRIDGE NURSING & REHAB CENTER	82	1	99%
STATE CENTER NURSING & REHAB CENTER	46	8	83%
VILLA DEL SOL	110	15	86%
MARSHALLTOWN MEDICAL & SURGICAL CTR	15	Closed	
<b>TOTALS</b>	<b>364</b>	<b>31</b>	<b>91%</b>
<b>POLK COUNTY</b>			
ALTOONA NURSING AND REHAB	105	8	92%
BISHOP DRUMM CARE CENTER	150	8	95%
CALVIN MANOR	59	5	92%
DEERFIELD RETIREMENT COMMUNITY	30	2	93%
FLEUR HEIGHTS CTR FOR WELLNESS & REHAB	114	10	91%
FOUNTAIN WEST HEALTH CENTER	140	42	70%
GENESIS SENIOR LIVING CENTER	80	8	90%
IOWA JEWISH SENIOR LIFE CENTER	72	14	81%
KAREN ACRES HEALTHCARE CENTER	37	1	97%
KENNYBROOK VILLAGE	34	0	100%
MANORCARE HEALTH SERVICES WDM	116	12	90 %
MILL POND RETIREMENT COMMUNITY	60	3	95%
ON WITH LIFE	26		
PARKRIDGE SPECIALTY CARE	90	8	91%
POLK CITY NURSING AND REHAB	68	11	84%
PRIME NURSING AND REHAB CENTER	44	8	82%
QHC MITCHELLVILLE, LLC	65	4	94%
RAMSEY VILLAGE	78	8	90%
SCOTTISH RITE PARK HEALTH CARE	51	9	82%
SUNNY VIEW CARE CENTER	94	7	93%
THE REHABILITATION CENTER OF DSM	74	21	72%
TRINITY CENTER AT LUTHER PARK	120	0	100%
UNION PARK HEALTH SERVICES	81	23	72%
UNIVERSITY PARK NURSING & REHAB	108	10	91%
URBANDALE HEALTH CARE CENTER	130	32	75%
VALLEY VIEW VILLAGE	79	14	82%
WESLEY ACRES	80	9	89%
CHILDSERVE HABILITATION CENTER	58		
IOWA LUTHERAN HOSPITAL	16	4	75%
<b>TOTALS</b>	<b>2175</b>	<b>281</b>	<b>87%</b>
<b>STORY COUNTY</b>			
BETHANY MANOR	180	23	87%
GREEN HILLS HEALTH CARE CENTER	46	1	98%
MARY GREELEY MEDICAL CENTER	11	10	91%
NORTHCREST HEALTH CARE CENTER	40	6	85%
RIVERSIDE MANOR	59	17	71%
ROLLING GREEN VILLAGE	69	4	94%
STORY COUNTY HOSPITAL NF	80	23	71%
THE ABINGTON ON GRAND	70	9	87%
ZEARING HEALTH CARE, LLC	40	15	63%
<b>TOTALS</b>	<b>595</b>	<b>108</b>	<b>82%</b>



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

<b>County</b>	<b>RCF Beds (Facilities)</b>	<b>Home Health Agencies</b>	<b>Adult Day Services</b>	<b>Assisted Living Units (Facilities)</b>	<b>ALP/D</b>
Story	24(3)	1	30(1)	532(8)	70(1)
Boone	125(1)	1	53(2)	174(3)	0
Hamilton	0	1	0	132(2)	0
Hardin	0	1	0	111(3)	0
Jasper	0	2	28(1)	120(2)	0
Marshall	113(1)*	1	25(1)	44(1)	82(1)
Polk	221(7)	9	52(2)	1,069(12)	1,512(15)
<b>TOTALS</b>	<b>483(12)</b>	<b>16</b>	<b>188(7)</b>	<b>2,182(31)</b>	<b>1,664(17)</b>

\*Iowa Veterans Home

Data source: DIA web site

23. Letters of opposition were received from Crestview Nursing and Rehab in Webster City and Eldora Nursing and Rehabilitation Center in Eldora. In addition, administrators from facilities in Ogden, Newton, and Ames were present at hearing and spoke in opposition to the proposal. The applicant receives a low number of admissions from the Webster City, Eldora, Newton and Ogden communities, and the facilities in those communities generally receive a low number of admissions of residents of Ames. The administrator of the Riverside Enrichment Communities in Ames, the only Ames facilities to oppose the proposal, indicated that the two facilities have received several deficiencies in their recent surveys.

24. Letters of support for this proposal were received from Steven Leath president of Iowa State University, Ann Campbell Mayor of Ames and Brian Dieter president and CEO of Mary Greely Medical Center.

25. The applicant indicates that the proposal will result in the need for an additional 9.06 FTEs with almost two-thirds being direct care workers. Ames and Story County continue to have sufficient workers to meet the needs of GHCC. An increase of 2.8 FTEs for LPNs and an increase of 3.16 FTEs for certified aides make up the majority of the staff increase. Minor increases in dietary, housekeeping and medical records will also be needed. The applicant has increased 1.00 FTE for an administrator. The applicant states staffing requirements will result in the need of an additional eight to twelve employees to make up for the increase of 9.06 FTEs. The applicant states that many of their part-time staff members are students at Iowa State University or Des Moines Area Community College. The applicant states they offer a competitive wage and benefit package that enables them to maintain a stable work force.

26. The proposal calls for the construction or renovation of 2,239 square feet to create additional 10 NF beds. The land is already owned by the applicant and site costs were listed at \$36,928 which includes \$30,688 for land improvements. The total facility costs are \$708,829 with an additional \$22,675 for movable equipment for a total of \$799,120. The average cost per licensed bed requested is \$79,912. This creates a turnkey project cost of \$494,073 for ten (10) additional SNF beds. The average cost for remodeled and new construction area is estimated at \$142.92 per square foot. GHCC intends to fund this project with cash from its unrestricted operating accounts.

## 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 the addition of ten NF beds is needed to serve this county. The applicant has experienced high utilization rates and cannot accommodate the needs of its residents. The bed need formula shows Story County is underbuilt by 334 beds. The Council concludes that the proposal represents an additional resource for those individuals seeking a nursing facility in Story County. The Council concludes this application is the most cost effective way to meet the need for additional beds for the memory care units (CCDI) and SNF semi-private room beds, which will broaden the flexibility to meet resident and community needs and reduce the facility's need to request occupancy variances from the Department of Inspections and Appeals. 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 Story County is 82%, with six of the nine facilities within the county experiencing occupancies of 85% or greater, the number traditionally relied upon by the Council to indicate appropriate utilization. In addition, during the three most recent years, 92.5% of the GHHCC admission came from Story County, 5.7% came from adjacent counties, 1.1% from other Iowa counties and 0.6% from outside of Iowa. Many of the facilities opposing this project are unlikely to be impacted by the addition of 10 NF beds in Ames because these facilities generally do not receive a significant number of admissions from Ames, nor does the applicant receive significant number of admissions from those communities. 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 appropriately considered. 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 furnished by the applicant if the proposal is denied. The applicant and the majority of the facilities in Story County have maintained high occupancy rates and have had to deny admissions. The applicant has maintained a waiting list. The Ames City region will continue to experience high occupancy rates. Specifically, patients seeking CCDI care have experienced difficulties obtaining such care, and the denial of this project would exacerbate those difficulties. 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.

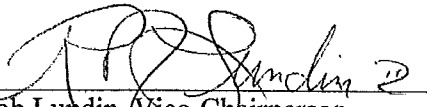
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 18<sup>TH</sup> day of February 2014

  
Bob Lundin, Vice-Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

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



3. The Facilities Steering Committee recommendation to the MMSC Board of Trustees was to pursue a phased full off-site replacement of the current hospital campus. This plan will enhance the patient experience and access, increase efficiency of the operation, and allow for future expandability. This application is Phase 1 of that plan. Phase 1 includes moving four of the existing surgical suites, wound care, urgent care clinic, outpatient diagnostic imaging services, and remote laboratory area and outpatient rehabilitation. The facility is being master planned for the eventual location of the inpatient beds, emergency department and physician offices.

4. MMSC investigated 12 different alternatives to the proposal, including:

- On site and reuse existing buildings and replace others
- On site full replacement
- Closing a main street and reusing some existing building and replace others

The applicant decided that all the above alternatives were not as feasible as a phased off-site replacement due to lower operational efficiencies, disruption during construction time, existing infrastructure expenses, and extensive timelines due to street closing and other city and county considerations. The Facilities Steering Committee found no other less costly, more effective alternatives.

5. The applicant states patient and operational flow will be addressed with the new facility plan. Key findings of the facility analysis include that a MMSC patient travels nearly twice the distance and time to get to their clinical destination than they do in modern facilities. Due to the adjacency issues, additional process steps are needed leading to inefficiencies and delays. The applicant states the current facility also has an atypical distribution of square footage by area with diagnostic and treatment services having significant square footage in antiquated facilities (50% of clinical services are currently delivered in the 1926 and 1962 buildings).

6. The applicant states approximately 50% of patients at MMSC come from outside the city limits of Marshalltown. The applicant's proposed project will provide easier accessibility for those residents who are in rural areas. The remainder of the primary service area is an area approximately 35 miles surrounding Marshalltown. The primary service area of MMSC includes Marshall and Tama Counties with less than 15% of total volume coming from outside these two areas. Marshalltown also serves a higher than average Medicaid population. Sixty-three percent of MMSC's patients have as their payment source Medicare or Medicaid.

7. The primary location being considered for this project is the southwest corner of the intersection of Highway 14 and Highway 30. Both highways are main arteries for traveling in and out of Marshalltown. This location is 3.25 miles from the current campus and located on the south side of Marshalltown. The site is approximately 29 acres of green space that is currently farmland across from a community college campus.

8. The first phase of the project cost is \$34,900,000.00. MMSC currently has no existing debt so it does not anticipate difficulty in financing the project.

9. MMSC has transfer arrangements with nursing homes in the community. In addition, it has transfer agreements with both Iowa Methodist Hospital and Mercy Medical Center in Des Moines.
10. There were letters of support for the project received from the Executive Director of McFarland Clinic, President and CEO of Iowa Ortho, two physicians from McFarland Clinic and a general surgeon.
11. The applicant states the current facility consists of buildings ranging in age from 1914 to 2007. During the phased construction of the Outpatient Center, the building spaces which house the service and ancillary departments will be compressed and ultimately retired. The life expectancy of the buildings has been realized and current structure is fully depreciated. The imaging equipment is rapidly reaching end of life with the newest piece being the MRI installed in 2007.
12. The applicant states there are no FTEs required for this proposal.
13. The applicant states it has "cash on hand" in the amount of \$6,000,000. The applicant will borrow in the amount of \$28,000,000. The category of "gift and contribution lease" is in the amount of \$1,000,000. The total estimated source of funds for the projects costs is \$35,000,000.
14. The applicant states the proposal involves areas of site costs of \$850,000; land improvements cost of \$2,750,000; facility costs of \$22,300,000; movable equipment cost of \$9,000,000; for a total cost of \$34,900,000. The average per Medicare patient day is \$2,293.44.
15. Patient charges are not anticipated to change due to this project. Charges will continue to be updated as per normal operations.
16. MMSC states that based on Press Ganey patient satisfaction surveys, many patients state that ease of use of outpatient services such as laboratory, diagnostic imaging, rehabilitation and surgery is difficult. Parking is inconvenient and the distance to walk to many of the most frequently used departments is too far for many of the applicant's elderly and handicapped patients. MMSC patients travel nearly twice the distance and time to get to their clinical destination than do patients in efficiently designed facilities. The outpatient surgery patients are moved from floor to floor before and after their procedures. A new facility is needed so that these frequently used services are closer to the front door, so elderly or handicapped patients do not have to travel as far for services.
17. MMSC needs the outpatient surgery, pre-op and post-op, areas to all be adjacent in one area. This will increase patient privacy, add to workflow efficiencies and also increase patient satisfaction and comfort. Family members will also have more access to their loved ones one before and after a procedure.

## 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. In early 2010 the MMSC held a strategic planning meeting to develop organizational short term and long term goals. A MMSC Strategic Plan 2010-2014 was developed by community board members, administrators, medical staff and employees. Many alternatives were investigated, including:

- On site and reuse existing buildings and replace others
- On site full replacement
- Closing a main street and reusing some existing building and replace others

These alternatives are not as feasible or efficient as a phased off-site replacement due to lower operational efficiencies, disruption during construction time, existing infrastructure expenses, and extensive timelines due to street closing and other city and county considerations. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that there are no other existing hospitals providing health services similar to MMSC in Marshall County. Therefore since there are no other hospitals, no facility will be directly impacted by this project. In addition, the Council received no opposition to the project from hospitals in counties contiguous to Marshall County. Iowa Code Sections 135.64(1) and 135.64(2)b.

3. The Council concludes that the proposed project does involve new construction and that appropriate alternatives to construction were 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 serious problems in obtaining care of the type which will be furnished by the applicant if this proposal is not approved. Patients currently experience serious difficulties accessing outpatient services due to the antiquated facilities and cumbersome layout of existing services. A new outpatient services center would provide better access to services in a more efficient, safer, and more private environment. 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.

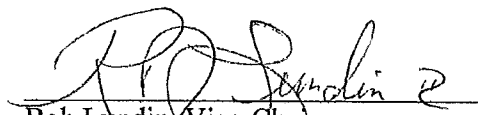
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 18<sup>TH</sup> day of February 2014

  
Bob Lundin, Vice-Chairperson  
State Health Facilities Council  
Iowa Department of Public Health

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