

MINUTES
STATE HEALTH FACILITIES COUNCIL
APRIL 25, 2013
LUCAS STATE OFFICE BUILDING
5TH FLOOR, ROOMS 517-518
321 EAST 12TH STREET, DES MOINES, IA

I. 9:15 AM ROLL CALL

MEMBERS PRESENT: Bill Thatcher, Chairperson, Bob Lundin, Roberta Chambers, Marc Elcock and Vergene Donovan.

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

II. PROJECT REVIEW

1. Hills and Dales Child Development Center, Dubuque, Dubuque County: Add 3 intermediate care facility for persons with intellectual disability (ICF/ID) beds at no cost.

Staff report by Barb Nervig. The applicant was represented by Marilyn Althoff, Lisa Bernhard, Kathy Billmeyer and Jennifer McFadden. The applicant made a presentation and answered questions posed by the Council.

No affected parties appeared at the hearing.

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

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

Staff report by Barb Nervig. The applicant was represented by Ed McIntosh of Dorsey & Whitney; Diana Lane, Wendy Ager, and Kris Hansen.

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

No affected parties appeared at the hearing.

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

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

Staff report by Barb Nervig. The applicant was represented by Richard Allbee, Steve Deike, Massina Bloenke and Timothy Roberts.

A motion by Lundin, seconded by Donovan, to enter exhibits presented in support of oral testimony into the record was tabled until the oral presentation was made. The applicant made a presentation and answered questions posed by the Council. The Council chairperson expressed disappointment in the disjointed presentation, the thin application and indicated the additional material brought today by the applicant should have been in the application. Following the suggestion of Council members to table this project for later consideration; the applicant requested an extension of the review period for this application.

A motion by Chambers, seconded by Elcock, to accept the request for extension of time from the applicant carried 5-0.

III. EXTENSIONS OF PREVIOUSLY APPROVED PROJECTS:

1. Wesley Retirement Services, Pella, Marion County: Build 64-bed nursing facility - \$10,007,537.

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

2. Spurgeon Manor, Dallas Center, Dallas County: Add 13 nursing facility beds, relocate 19 beds and build a new kitchen - \$5,744,880.

Staff reviewed the progress on this project. Maureen Cahill, administrator, was present for the applicant. A motion by Elcock, seconded by Donovan, to Grant a one year extension carried 5-0.

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

Staff reviewed the progress on this project. Ed McIntosh of Dorsey Whitney was present representing the applicant and explained the status of land acquisition for the project and issues with the water supply to the land. A motion by Lundin, seconded by Chambers, to Grant a six-month extension carried 5-0

4. Newton Village, Newton, Jasper County: Build a 24-bed nursing facility -- \$3,322,655.

Staff reviewed the progress on this project. The applicant was represented by Doug Gross of Brown Winick. A motion by Chambers, seconded by Elcock, to Grant a one year extension carried 5-0.

5. Deerfield Retirement Community, Urbandale, Polk County: Add 25 nursing facility beds --\$3,781,250.

Staff reviewed the progress on this project. Cindy McNair, executive director, and Shannon Minshal, administrator, were present representing the applicant. A motion by Donovan, seconded by Lundin, to Grant a six- month extension carried 5-0.

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

Staff reviewed the progress on this project. A motion by Donovan, seconded by Lundin, to Grant a six-month extension carried 5-0.

7. Arbor Court Fairfield, Fairfield, Jefferson County: Establish 65-bed nursing facility -- \$3,100,000. (Originally approved 1/29/09)

Staff noted that the applicant is not requesting an extension on this project. The applicant was represented by Doug Gross of Brown Winick. The applicant stated that the property that was the subject of their proposal has been purchased by another entity, composed of the principals of Sunnybrook Living Care Center. Ken Watkins of Davis Law, representing Sunnybrook and Betty Howell of Sunnybrook confirmed that the property (a building which formerly housed a nursing facility) was purchased in January 2013 for a purchase price of \$175,000 and will be utilized to house employees of Sunnybrook.

No action by the Council was necessary. The applicant did not request an extension.

8. Sunnybrook Living Care Center, L.C., Fairfield, Jefferson County: Add 50 nursing facility beds --\$2,743,080.

Staff reviewed the progress on this project. The applicant was represented by Ken Watkins of Davis Law and Betty Howell. Fourteen of the 50 approved beds were completed in November 2010. Fifteen additional beds will be ready to open May 15, 2013. The applicant has chosen not to complete 12 of the 50 beds originally approved due to construction costs. The applicant stated that no construction has been done on the remaining nine beds and requested a six-month extension to work on those nine beds.

A motion by Chambers, seconded by Lundin, to Grant a one- month extension (until May 25, 20123) to complete the 15 beds that have significant progress and Deny requests for any other extension on this project carried 5-0.

9. University of Iowa Hospitals and Clinics, Iowa City, Johnson County: Construct 11-story addition for Children's Hospital, adding 31 pediatric beds – \$284,973,751.

Staff reviewed the progress on this project. The applicant was represented by Brandt Echternacht. The applicant discussed some changes in certain aspects of the project since approval including a decrease in the number of additional beds by six.

A motion by Donovan, seconded by Chambers to Grant a one-year extension carried 5-0.

IV. PROGRESS REPORT REQUESTED BY COUNCIL

1. University of Iowa Hospitals and Clinics, Iowa City, Johnson County: Acquire proton beam radiation therapy unit --\$40,000,000.

The applicant was represented by Brandt Echternacht and Dr. Blodi. The applicant explained that this project involves developing technology and the evaluation of the evolution of the technology can take 3-5 years. The applicant has hired two full time physicists for developing this project. Staff stated that the applicant already has an extension that is valid until October 2013 so no action is required by the Council at this time.

V. REQUEST FOR DETERMINATION OF NON-REVIEWABILITY AND THE DEPARTMENT'S RESPONSE

The purpose of the Council's review under this portion of the agenda is to determine whether it affirms the Department's determination that a project is or is not subject to review under Iowa Code chapter 135. The Council will not hold a public hearing under this portion of the agenda, nor will requestors or any other persons interested in the determinations be provided an opportunity to make oral presentations or provide oral testimony to the Council.

1. University of Iowa Hospitals and Clinics, Iowa City, Johnson County: Extend hospital outpatient surgical services to the River Landing building which is under the hospital license -- \$7,400,000.

Staff report by Barb Nervig. The applicant was represented by Brandt Echternacht. A motion by Elcock, seconded by Chambers, to affirm the Department's determination, carried 5-0.

VI. APPROVE MINUTES OF PREVIOUS MEETING (JANUARY 2013)

A motion by Chambers, seconded by Donovan, to approve the minutes of the January 10, 2013 electronic meeting, passed by voice vote.

The meeting was adjourned at 2:10 PM.

The date of the Council's next meeting will be determined soon and posted on the CON Web page.

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

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

DECISION

This matter came before the State Health Facilities Council for review on Thursday, April 25, 2013.

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

The request for extension states that the land has been approved for annexation by Ames Planning and Zoning and as soon as the City Council approves annexation, the applicant will begin submissions for building with the Department of Inspections and Appeals to run concurrently with the City approvals. The applicant anticipates beginning construction in July 2013.

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

The extension is valid for six months, until the October 2013 meeting of the Council.

Dated this 8th day of July 2013



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

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

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
)
DEERFIELD RETIREMENT COMMUNITY, INC.)
)
URBANDALE, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Thursday, April 25, 2013.

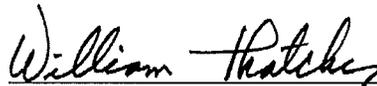
The project, the addition of 25 nursing facility beds, was originally approved on October 19, 2011 at an estimated cost of \$3,781,250. A six month extension was granted on October 5, 2012.

The request for extension states the delays in the project have been due to a review of the scope of the project using current construction remodel versus new construction and securing financing. Design plans now call for converting the current RCF wing to 25 skilled nursing beds (10 skilled dementia beds and 15 skilled nursing) as well as converting two current duplexes into two 8-unit assisted living units. Projected completion date is now August 2014. The cost is now estimated at \$1,292,670; which represents a significant savings over the originally approved amount.

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

The extension is valid for six months, until the October 2013 meeting of the Council.

Dated this 8th day of July 2013



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

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

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

IN THE MATTER OF THE APPLICATION OF)
)
HILLS AND DALES CHILD DEVELOPMENT CENTER) **DECISION**
)
DUBUQUE, IOWA)

This matter came before the State Health Facilities Council for hearing on Thursday, April 25, 2013.

The application proposes the addition of three intermediate care facility for persons with an intellectual disability (ICF/ID) beds at no cost.

Hills and Dales Child Development 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. Marilyn Althoff, Lisa Bernhard, Kathy Billmeyer and Jennifer McFadden 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. Hills & Dales, a not-for-profit human services organization in Dubuque, provides services to children and young adults with severe and profound mental and physical disabilities. In 1973 Hills & Dales was founded as a foster care facility serving 5 residents, one of whom remains living at the center today. Hills and Dales is celebrating 40 years of service this year.
2. The applicant is proposing to add 3 beds to their existing 46-bed ICF/ID facility.
3. The applicant states their occupancy rate is consistently over 99.7% and they have received exceptions to exceed their licensed capacity in four of the last five years to allow services for persons who were being discharged from Community Based Services or unable to transition to a lower level of care.

4. The applicant states they focus on supporting medically fragile children with severe intellectual disabilities and significant physical disabilities and are also committed to supporting children who have severe behavioral presentations. The applicant states 21 of their current residents are tube-fed and 21 are on medication for behavioral presentations.
5. The applicant states they have nursing services on site 24 hours a day, 7 days a week.
6. Hills & Dales had 53 referrals for ICF/ID services in FY 2012 which is consistent with past years. The applicant has identified 16 people as active and eligible for placement.
7. Intermediate care facilities for persons with an intellectual disability are entities whose primary purpose is to provide health or rehabilitation services to individuals who primarily have an intellectual disability or a related condition. The majority of the residents in ICF/ID facilities have their care reimbursed by the Medicaid program. The Iowa Code limits the number of Medicaid certified ICF/ID beds that can be licensed in the state. Iowa Code section 135.63(4)(a). The Code further requires that applications for ICF/ID beds include a letter of support from the county board of supervisors in the county in which the beds will be located. Iowa Code section 135.63(4)(b). The Dubuque County Board of Supervisors provided a letter of support for this proposal.
8. The applicant's current residents are from 17 counties, mostly in Eastern Iowa. This includes seven residents from Scott County, five from Dubuque County, five from Jackson County, four from Johnson County and four from Delaware County.
9. Hills & Dales is supportive and active in the Home and Community Based Service Waiver (HCBS) program and their philosophy is to serve persons in the least restrictive environment; the applicant has transitioned 17 ICF/ID residents to HCBS community living. However, the HCBS waiver program is not an appropriate option for all children who require out of home residential services.
10. The applicant's referral base further indicates there is a continued need for ICF/ID level of services.
11. The applicant's ability to increase the services without significant capital costs makes this a cost effective project.
12. The applicant states there are no new costs to provide the proposed service as they are capable of providing ICF/ID services for three additional persons without major renovation to the existing campus building. The applicant states they have an adequate operation line of credit for services provided during the service cycle prior to billing the per diem rate. The state sets the reimbursement limit through the Medicaid program.
13. According to the revenue expense report in the application, the applicant has a net income before year-end spending of approximately \$2,000.

14. There are currently 142 ICF/ID facilities in the state (not counting the two state facilities at Woodward and Glenwood). Not many of these serve children and even fewer serve medically fragile children.
15. Most ICF/ID facilities in Iowa operate near capacity and have waiting lists.
16. The last time there were beds available under the cap was in FY 2005. At that time three facilities applied for a CON for those four available beds. Two facilities in Clinton County, one in Guttenburg and one in Charlotte, were unsuccessful in obtaining the CON. Hills & Dales was the third CON applicant at that time and was granted the CON for the four beds.
17. The applicant provided information about three Dubuque County agencies that provide similar services, but only to persons age 18 years and up. All three maintain high occupancies and have waiting lists ranging in number from 5-28; one of the agencies indicated they have 1-2 openings every 1-2 years.
18. The applicant also provided information about three agencies in other areas of the state that do admit children, each of them has a waiting list ranging in number from 12 to over 70; one of these agencies indicated their usual waiting time for an opening is 3-5 years.
19. The applicant submitted letters of support for the proposal from the Dubuque County Mental Health and Developmental Disabilities Department; Dubuque Pediatrics; Dr. Douglas Olk of the Department of Pediatrics of Medical Associates in Dubuque; Dr. Fred Dietz of the Division of Pediatric Orthopaedics at UIHC; Nicholas Schrup, President of American Trust & Savings Bank in Dubuque; Daryl Klein, chairperson of the Dubuque County Board of Supervisors; Lori Anderson, MSE, the Dubuque Community School District Transition Facilitator and Rozanne Warder, Director of Special Education for the Dubuque Community School District.
20. Dr. Dietz from the UIHC stated he has been reviewing all of the patients at Hills & Dales for at least a decade and describes Hills & Dales as “a unique facility given the stable staff, the high level of care and knowledge of each patient, the remarkable individualization of treatment, and the sensitivity to changes that require further evaluation.” He goes on to state “that this is one of the premier facilities for taking care of children with severe neuromuscular and other disorders in Iowa and probably in the country.”
21. No letters of opposition were received regarding this project.
22. Hills & Dales plans to hire four new full time staff to support the three additional licensed ICF/ID beds; three of these would be resident aides. The applicant states they historically have adequate applications, over 1,000 per year, to support new positions.
23. The applicant states that no additional funds are needed for this proposal.

CONCLUSIONS OF LAW

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

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

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council concludes that the proposal brings the number of ICF/ID beds up to the cap established by law at no cost. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council concludes that existing facilities providing health services similar to those proposed will continue to be used in an appropriate and efficient manner and will not be impacted by this project. The Council takes note that there is a legally established cap on the number of ICF/ID beds in the state and this proposal is within that cap. The Council concludes that existing ICF/ID facilities operate at or near capacity, most have a waiting list, and that no existing facilities objected to the proposal. Iowa Code Sections 135.64(1) and 135.64(2)b.

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

4. The Council concludes that patients will experience problems in obtaining care of the type which will be furnished by the proposed changed health service, in the absence of that proposed service. The Council takes note that the applicant, unlike many ICF/ID facilities in the state, serves medically fragile children. The Council concludes that the high number of referrals combined with the low number of openings in existing facilities demonstrate that patients will experience problems in obtaining 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.

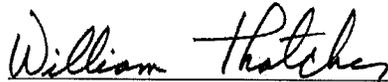
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 8th day of July 2013



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

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

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
MERCY MEDICAL CENTER—NORTH IOWA)
MASON CITY, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Thursday, April 25, 2013.

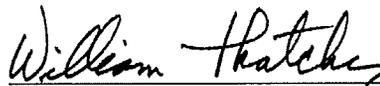
The project, the expansion of cardiac catheterization services with the addition of a third lab and the relocation of the two existing labs, was originally approved on May 23, 2012 at an estimated cost of \$8,174,536.

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

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

The extension is valid for six months, until the October 2013 meeting of the Council.

Dated this 8th day of July 2013



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

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

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

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

NEWTON VILLAGE, INC.)

NEWTON, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Thursday, April 25, 2013.

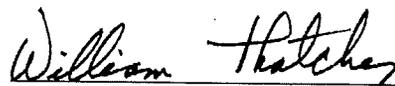
The project, the construction of a 24-bed nursing facility, was originally approved on October 19, 2011 at an estimated cost of \$3,322,655. A six month extension was granted on October 5, 2012. A request to modify the approved project with an increase in cost of \$1,899,309 for a new total project cost of \$5,221,964 was granted on January 10, 2013.

This request for extension states that the applicant has closed on the sale of the property from the City of Newton and the contractor has been selected and a bid price accepted. Architectural plans have been approved by the State Fire Marshall's Office and the Department of Inspections and Appeals and are under final review by the City. Financing for the project is in process and should be completed within May 2013.

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

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

Dated this 8th day of July 2013



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

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

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
)
SPURGEON MANOR)
)
DALLAS CENTER, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Thursday, April 25, 2013.

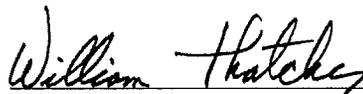
The project, the addition of 13 nursing facility beds, the relocation of 19 beds and the construction of a new kitchen, was originally approved on April 4, 2012 at an estimated cost of \$5,744,880.

The request for extension states that the applicant chose not to start construction during winter months to save on heating costs. Ground breaking occurred in April 2013. The past year has been spent working on the detail of the plans. Total construction costs are now projected to be \$5,754,219.

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

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

Dated this 8th day of July 2013



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

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

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
)
SUNNYBROOK LIVING CARE CENTER, L.C.)
)
FAIRFIELD, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Thursday, April 25, 2013.

The project, the addition of 50 nursing facility beds, was originally approved on January 29, 2009 at an estimated cost of \$2,734,000. The application anticipated a construction/renovation period of 7-8 months.

Written findings were issued April 27, 2009 and on May 15, 2009, Parkview Care Center, an affected party who participated in the formal review procedure, filed an application for rehearing. The Council denied the request for rehearing in written findings dated June 4, 2009. A petition for judicial review was filed by Parkview Care Center with the District Court in Polk County on July 1, 2009.

In November 2009 the department received an extension request from the applicant that indicated the initiation of the project had been delayed due to the pending appeal. The applicant stated their plans and projected costs remained unchanged; no contracts or financing agreements had been signed and no expenditures had been made. A six month extension was granted by the Council on December 2, 2009 and an update on the project was requested at the Council's next meeting in April 2010. The decision was based upon the finding that the project had been delayed due to litigation. In April 2010, the Department received an extension request stating that Judge Pille issued an oral ruling from the bench denying the petition for judicial review; the written ruling had not been issued. In a letter dated June 11, 2010, the department and Council received an update stating the written ruling was entered on April 14, 2010 and the time period for any further appeals had passed. This letter further stated that the applicant intended to finalize purchase of the hospital within 60 days and it was anticipated that financing for the purchase and renovation costs would be finalized by July 15, 2010.

On June 15, 2010, the Council voted to grant a second six month extension based upon the finding that the project had been delayed due to litigation and the appeal period had recently expired (May 17, 2010).

In October 2010, the department received an extension request from Sunnybrook stating the purchase of the building was finalized on July 28, 2010; the purchase was completed to Highland Plaza, LLC, which leased the facility back to Sunnybrook Living Care

Center, L.C. One wing comprising 14 beds was ready for occupancy, pending Department of Inspections and Appeals (DIA) and Fire Marshal approval, which was anticipated in November 2010. It was anticipated that the remaining 36 beds would be open and licensed no later than May 2012 (eighteen months). This extension request stated that outside financing would not be required and contracts relating to construction work would be signed by January 2011. Beyond the purchase of the building, the only expenditures as of October 29, 2010 were furnishing costs of \$80,000. On November 3, 2010 the Council voted to grant a one year extension based on the finding that adequate progress was being made.

In October 2011, the department received an extension request from Sunnybrook stating that renovation work related to the remaining 36 beds was commencing and a completion date was now anticipated to be December 2012. This extension request stated that it would be 90 to 120 days to finalize remaining financing agreements, although the previous extension request indicated outside financing would not be required. As of October 7, 2011, a total of \$190,000 had been spent on furnishing and building costs. On October 19, 2011 the Council voted to grant a one year extension based on the finding that adequate progress was being made.

In September 2012, the department received an extension request from Sunnybrook stating the final blueprints for the remaining 36 beds were in the process of being reviewed by the DIA and the Fire Marshall's Office. Approval of the design plans was expected by October 1, 2012 with renovation anticipated to take six months for a completion date of April 2013. Financing commitments were finalized on September 19, 2012. As of September 25, 2012, a total of \$190,000 had been spent on the project; no expenditures were made in the last year based on the information in the previous extension. On October 12, 2012 the Council voted to grant a six-month extension based on the finding that adequate progress is being made. The Council requested additional information (floor plan and financial breakdown) be submitted prior to their next review.

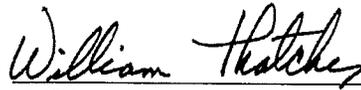
In April 2013, the department received an extension request from Sunnybrook stating the final blueprints for the remaining beds had been reviewed and approved by DIA and the Fire Marshall's Office and a wing comprising an additional 15 beds will be ready for occupancy by May 15, 2013. It is anticipated that an additional 9 bed wing will be open approximately September 15, 2013. The applicant states they do not anticipate completing the final 12 beds due to the expense making it not cost effective. The space originally planned for these 12 beds will be used for storage, administrative and office space. Projected cost for the 38 beds, completed and expected to be completed by September 2013, is \$2,000,000. As of April 15, 2013, a total of \$1,526,304.24 had been spent on the project; a significant increase from the total reported six months previously.

Ken Watkins of Davis Brown Law, was present representing the applicant, Betty Howell (also present). Mr. Watkins asked for an additional six months to finalize the work on the nine beds that are scheduled to be ready by September 15, 2013.

The Council, after reading the extension request and hearing comments by staff and the applicant, voted 5-0 to Grant an Extension of Certificate of Need per Iowa Administrative Code 641—202.13, with conditions as provided below.

The extension is valid for one month (to May 25, 2013) to allow the completion of the 15 beds on which the applicant has made sufficient progress (scheduled for occupancy by May 15, 2013.) The Council voted to deny requests for any other extension on this project as there has not been sufficient progress on the remaining beds since the project was originally approved in 2009.

Dated this 8th day of July 2013



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

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

IOWA DEPARTMENT OF PUBLIC HEALTH
STATE HEALTH FACILITIES COUNCIL

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
UNIVERSITY OF IOWA HOSPITALS & CLINICS)
IOWA CITY, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Thursday, April 25, 2013.

The project, the construction of an eleven story addition for University of Iowa Children's Hospital, adding 31 pediatric beds, was originally approved on April 12, 2011 at an estimated cost of \$284,973,751. A one year extension was granted on April 4, 2012.

The request for extension states that the project is being accomplished in three major phases, with several sub-phases/projects included as part of each major phase. The first phase, which began in 2011, consists of site preparation work. Major components of this phase have been completed and consisted of the relocation and augmentation of below grade utilities, and the relocation of the west campus transportation hub. Excavation of the site for the new UI Children's Hospital tower commenced in late 2012 and is well underway with approximately 85% of the site excavated and 20% of the drilled foundation piers in place. Design work for the second major phase, construction of the new building, continues. The design development phase is virtually complete and the construction documents are now being developed. All major construction packages will be issued for bid by the end of 2013.

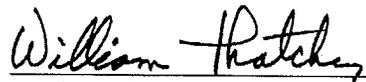
The new Children's Hospital building is scheduled to be completed in October 2015 with occupancy scheduled for March 2016. This represents the same five month delay that was noted in the 2012 extension request. No additional delays are anticipated.

The request for extension also details some changes in certain aspects of the project since approval. One of the changes involves the shift of one of the below grade floors to above grade and a revision of the location of the mechanical space, both changes are cost effective. Other changes (detailed in the request) result in six fewer beds from the number originally approved. The applicant states it is projected the project costs will increase but they will not exceed the allowable overrun for a project of this scope. Finally, to date, \$25 million in total pledge commitments have been secured through the University of Iowa Foundation in support of the new UI Children's Hospital project.

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

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

Dated this 8th day of July 2013



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

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

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

IN THE MATTER OF THE)
CERTIFICATE OF NEED EXTENSION FOR)
)
WESLEY RETIREMENT SERVICES)
)
PELLA, IOWA)

DECISION

This matter came before the State Health Facilities Council for review on Thursday, April 25, 2013.

The project, the construction of a 64-bed nursing facility, was originally approved on April 4, 2012 at an estimated cost of \$10,007,537.

The request for extension states that major site work began last fall. Installation of deep underground building utilities has been completed and the electrical primary line installation has begun. Foundation construction will begin as soon as weather allows. Tax exempt financing agreements with Midwest One were issued on December 21, 2012.

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

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

Dated this 8th day of July 2013



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

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

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

IN THE MATTER OF THE APPLICATION OF)
WESTERN HOME SERVICES, INC. DBA)
WESTERN HOME COMMUNITIES) **DECISION**
CEDAR FALLS, IOWA)

This matter came before the State Health Facilities Council for hearing on Thursday, April 25, 2013.

The application proposes the construction of two 16-bed cottages to house nursing facility beds at an estimated cost of \$5,021,000.

Western Home Services, Inc. dba Western Home Communities applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Barb Nervig of the Iowa Department of Public Health summarized the project in relation to review criteria. Ed McIntosh of Dorsey and Whitney; Kris Hansen, CEO; Wendy Ager, downtown campus administrator; and Diana Lane 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. Western Home Communities is a continuing care retirement community (CCRC) that encompasses two campuses and has the capacity to serve 803 residents.
2. Located at the Main Campus in Cedar Falls are Elizabeth E. Martin Health Center, a 100 bed skilled nursing facility constructed in 1990; Stanard Family Assisted Living Center, that houses administrative offices as well as certified assisted living units; and their first retirement community for independent living, Willowwood, built in 1988. About 27% of their residents live on the original downtown campus:

Martin Health Center nursing home	100 residents
Assisted living apartments	69 residents

One independent living congregate community

49 residents
215 residents

3. At the South Campus, senior housing options include four retirement communities: Windgrace, Windermere, Windcove, and Windridge, as well as Windcrest Villas and Townhomes for active lifestyles. They expanded their continuum of care further with the addition of Windhaven Assisted Living Center and Thalman Square in 2006 at South Campus. Windhaven includes 83 units of assisted living, and 32 units in Thalman Square which serves as their memory enhanced area. About 73% of their residents live on the south campus, near 5500 S. Main Street in Cedar Falls:

128 active lifestyles villas/townhouses	207 residents
4 independent living congregate communities	257 residents
83 assisted living apartments	92 residents
32 memory support assisted living suites	<u>32 residents</u>
	588 residents
4. About three years ago the applicant began investigating how to better provide services for people with long-term care needs and dementia. It was concluded that there was a need for up to 50 dementia nursing home beds in Black Hawk County.
5. Two years ago, the applicant engaged a consultant known for the household model to facilitate a process involving a large group of stakeholders to determine the best direction for Western Home Communities to move forward. There were seven different sessions of one or two day in length that involved residents, board members and employees.
6. Western Home Communities is proposing the addition of two 16-bed nursing units (cottages) to be certified as for Chronic Confusion/Dementing Illness (CCDI).
7. The long-term plan will be to eventually replace the existing nursing home with a non-institutional model of care to be constructed on the south campus. The applicant states that the critical need for expanded dementia care services is what prompted them to begin the transition to the non-institutional model with the construction of the two 16-bed cottages in this proposal.
8. The applicant states the cottages will be built following the household model which is person-centered rather than staff-centered.
9. Black Hawk County (population of 131,439) currently has 24 CCDI beds, all at Windsor Nursing & Rehab Center in Cedar Falls.
10. The applicant states that their nursing facility (Martin) has maintained an average occupancy rate of nearly 96% the past three years, with open beds due to transitions accounting for the other 4%.
11. The applicant states they have designed their CCRC for residents to age in place; the average age across their continuum is 83.8 years.

12. The applicant states they currently have 48 long-term care residents at Martin Health Center with a diagnosis of dementia.
13. Thalman Square, the applicant's assisted living unit for dementia residents, operates at a high occupancy rate and has a waiting list of 12 people.
14. Thalman Square has a neighborhood design. When the dementia of the current residents in this unit progresses to the point of needing nursing care, the only choice within the Western Home Communities is to move to Martin which is a more institutionalized environment and does not have a dedicated CCDI unit.
15. The applicant refers to studies done by LeadingAge, an association of non-profit senior services providers, which show that CCRCs need one nursing home beds for every four units of housing to meet the demand from within; according to this ratio, the applicant needs 45 additional nursing beds to serve its own residents. According to a market analysis conducted at the request of the applicant it would be realistic for the applicant to develop as many as 50 beds in a CCDI unit.
16. Western Home Services currently serves an elderly population. The percentage of Medicaid recipients served in the last three years at the 100 bed Martin Health Center has averaged 37.33%.
17. All of the proposed beds will be certified for Medicaid. The applicant projects the percentage of Medicaid recipients to be served by the proposed beds to be about 24%.
18. Overall, the eight-county region, as calculated by the bed need formula, is underbuilt by 347 beds. The calculated bed need formula indicates a current underbuild in six of the eight counties surrounding the facility. The underbuild for Black Hawk County is 60 beds. See the following table for additional bed information.

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

County	Projected 2018 Population Age 65+	# of NF Beds needed per bed need formula	# of licensed & approved NF Beds as of April 2013	Difference – Formula vs. Licensed & Approved*
Black Hawk	21,407	1,221	1,161	-60
Benton	4,644	330	172	-158
Bremer	5,007	278	260	-18
Buchanan	3,609	257	136	-121
Butler	3,315	231	273	+42
Fayette	4,426	309	280	-29
Grundy	2,711	189	126	-63
Tama	3,599	252	312	+60
Totals	48,718	3,067	2,720	-347

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

19. The bed numbers in the tables above and below represent the number of beds in free-standing facilities. In addition to the beds in these tables, the eight-county area has 154 hospital-based NF beds and 15 hospital-based SNF/NF beds, none of these are in Black Hawk County.
20. Over the span of the last three years the total number of beds in the eight-county area has decreased by 11 beds. See the following table for additional detail.

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

County	# of NF Beds (facilities) as of April 2010	# of NF Beds (facilities) as of April 2013	Difference in # of NF Beds
Black Hawk	1166(11)	1161(11)	-5
Benton	172(3)	172(3)	0
Bremer	260(4)	260(4)	0
Buchanan	137(2)	136(2)	-1
Butler	273(6)	273(6)	0
Fayette	285(4)	280(4)	-5
Grundy	128(3)	126(3)	-2
Tama	310(5)	312(5)	+2
Totals	2,731(38)	2,720(38)	-11

21. There are currently 2,720 licensed and approved nursing facility beds in the eight counties, 126 licensed and approved beds (4.6% of all beds) in dedicated CCDI units.

Number of CCDI Beds by County

County	# of CCDI Beds (facilities)
Black Hawk	24(1)
Benton	14(1)
Bremer	30(1)
Buchanan	0
Butler	0
Fayette	24(2)
Grundy	0
Tama	34(2)
Totals	126(7)

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

22. The applicant indicates that their primary service area is Black Hawk County. The vast majority of the residents at Martin Health Center come from within the Western Home Communities continuum and Black Hawk County. Of the 97 residents at Martin Center on March 25, 2013, two were from out-of-state, one was from Grundy County, one was from Bremer County, 45 were from Black Hawk County and 48 were from within the Western Home Communities continuum.

23. The applicant states they have determined there are no less costly or more appropriate alternatives given the target population, the current and future need and quality care concerns. The applicant's current nursing facility maintains a high occupancy and does not lend itself to the household model of this proposal. The applicant cites studies that indicate a need for additional nursing beds for the current population suffering from dementia.
24. Western Home Communities began in 1912 with the establishment of a small, twelve-unit retirement home named The Western Old People's Home of the Evangelical Association. The applicant is well established and well known in the area.
25. In 2012, Western Home Communities celebrated 100 years of providing services to the senior population of Cedar Falls. The applicant states that they have been named an Employer for Choice in the Cedar Valley for the past several years; were selected as the number one Employer of Choice in 2012 and the community voted them first place Best of the Best for nursing care and assisted living for at least 8 straight years.
26. The applicant states that they will continue to work with the local and regional chapter of the Alzheimer's Association; other CCDI units, skilled nursing facilities and assisted living communities as well as the area hospitals and physicians.
27. Western Home Communities has transfer arrangements with Covenant and Allen Hospitals in Waterloo and Sartori Hospital in Cedar Falls. The applicant also has contracts for hospice service with Cedar Valley Hospice and Allen Hospice.
28. There are ten other free-standing nursing facilities in Black Hawk County and no hospital-based long-term care units; only one of these facilities currently has a CCDI unit.
29. In an April 2013 phone survey of facilities, four facilities in Black Hawk County reported occupancies below 80% and two more were below 85%. The overall occupancy for the County was 80.4%. The only facility in the county that currently has CCDI beds is Windsor Nursing and Rehab Center in Cedar Falls; it reported an overall occupancy of 60%. Additional details from the phone survey are in the following table.

Facility by County	Licensed Beds	Empty Beds	Percent Occupied
BLACKHAWK COUNTY			
Cedar Falls Health Care Center Cedar Falls	100	42	58.0%
Country View Waterloo	114	0	100%
Friendship Village Retirement Center Waterloo	72	2	97.2%
Harmony House Health Care Center Waterloo	66	11	83.3%
Laporte City Nursing & Rehab Center Laporte City	46	0	100%
Manorcare Health Services Waterloo	97	19	80.4%

Martin Health Center Cedar Falls	100	1	99.0%
Newaldaya Lifescapes Cedar Falls	135	9	93.3%
Parkview Nursing & Rehab Center Waterloo	135	61	54.8%
Ravenwood Nursing & Rehab Center Waterloo	196	43	78.1%
Windsor Nursing & Rehab Center Cedar Falls	100	40	60.0%
TOTALS	1,161	228	80.4%
BENTON COUNTY			
Belle Plaine Nursing & Rehab Center Belle Plaine	66	28	57.6%
Keystone Nursing Care Center Keystone	45	8	82.2%
The Vinton Lutheran Home Vinton	61	2	96.7%
Virginia Gay Hospital NF Vinton	40	2	95.0%
TOTALS	212	40	81.1%
BREMER COUNTY			
Denver Sunset Home Denver	31	0	100%
Hillcrest Home, Inc. Sumner	71	13	81.7%
Tripoli Nursing Home Tripoli	32	12	62.5%
Woodland Terrace Waverly	126	13	89.7%
TOTALS	260	38	85.4%
BUCHANAN COUNTY			
ABCM Rehab Center of Independence East Independence	50	12	76.0%
ABCM Rehab Center of Independence West Independence	86	16	81.4%
Buchanan County Health Center NF Independence	59	6	89.8%
TOTALS	195	34	82.6%
BUTLER COUNTY			
Clarksville Skilled Nursing & Rehab Clarksville	42	1	97.6%
Dumont Wellness Center Dumont	38	6	84.2%
Liebe Care Center Greene	39	14	64.1%
Maple Manor Village Aplington	50	14	72.0%
Rehabilitation Center of Allison Allison	60	9	85.0%
Shell Rock Healthcare Center Shell Rock	44	4	90.9%
TOTALS	273	48	82.4%
FAYETTE COUNTY			
Good Samaritan Society West Union	71	7	90.1%

Grandview Healthcare Center Oelwein	93	21	77.4%
Maple Crest Manor Fayette	55	7	87.3%
Mercy Hospital of the Franciscan Sisters SNF/NF Oelwein	15	13	13.3%
Oelwein Health Care Center Oelwein	61	5	91.8%
TOTALS	295	53	82.0%
TOTALS WITHOUT HOSPITAL BASED BEDS	280	40	85.7%
GRUNDY COUNTY			
Grundy Care Center Grundy Center	40	11	72.5%
Grundy County Memorial Hospital Grundy Center	55	3	94.5%
Oakview Home Conrad	46	3	93.5%
Parkview Manor Care Center Reinbeck	40	3	92.5%
TOTALS	181	20	89.0%
TAMA COUNTY			
Carrington Place Of Toledo Toledo	75	22	70.7%
Sunny Hill Care Center Tama	57	6	89.5%
Sunnycrest Nursing Center Dysart	50	24	52.0%
Sunrise Hill Care Center Traer	76	11	85.5%
Westbrook Acres Gladbrook	54	1	98.1%
TOTALS	312	64	79.5%

30. The applicant provided information with respect to the above occupancy figures for Black Hawk County; the Parkview facility in Waterloo recently announced plans to build a replacement facility with 45 fewer beds. Also, Cedar Falls Health Care Center reported a useable occupancy of 68 beds one year ago (triple rooms used as semi-private); this year the facility reported their licensed beds. Using the reduced number of beds at these two facilities, the applicant calculated a “practical” occupancy of 86% for Black Hawk County.

31. 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
Black Hawk	12(1)	3	52(2)	609(5)	298(2)
Benton	76(2)	2	0	156(4)	0
Bremer	0	1	0	60(1)	0
Buchanan	0	0	20(1)	20(1)	104(1)
Butler	9(1)	1	0	242(6)	0
Fayette	90(1)	2	0	152(3)	86(1)
Grundy	0	0	0	80(2)	0
Tama	40(1)	1	0	30(1)	0

TOTALS	227(6)	10	72(3)	1,349(23)	488(4)
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Data source: DIA web site

32. Six letters of support for this proposal were received. All six letters were from family members/residents of the Western Home Communities. They spoke of the need for the proposed CCDI cottages as a place for those in Thalman Square (assisted living for dementia) to move to when the dementia progresses. Currently, these residents move to Martin Center or out of town.
33. No letters of opposition were received.
34. The applicant anticipates borrowing \$4,421,000 for the current proposal in addition to using \$600,000 that is an unrestricted estate gift received two years ago. The application includes a letter from the president of Piper Jaffray committing to underwrite and purchase revenue bonds on a best efforts basis.
35. The applicant is projecting an operating deficit of \$399,000 the first year with a break-even point occurring in year two with revenues exceeding expenses by \$490,865 and by year three, a positive net cash flow of \$516,737.
36. The applicant states that existing operations and reserve accounts at Western Home Communities and Martin Health Center will provide the necessary funds for start-up cash flow.
37. The proposed rate for CCDI will be \$225 a day (January 2015). The current rates at the Martin Health Center are: \$198-\$213 for a private room (depending on level of care); \$188-\$204 for a shared room; and \$229 for skilled care (rehab to home).
38. The applicant indicates that the proposal will result in the need for an additional 32.0 FTEs; 23.4 of these in the nursing category, 1 RN, 7 LPNs and 15.4 aides. Dietary will add 5.6 FTEs; administrative will add 1 FTE (DON) and the final 2 FTEs will be household coordinator (social work designee).
39. In the household model, employees are not compartmentalized by job or department, but work together with the residents and family members to make decisions. The applicant anticipates that any of their current employees will want to transition to the CCDI cottages. Open positions will be posted internally first, then qualified applicants from outside the organization will be sought.
40. The applicant states they have a close working relationship with the University of Northern Iowa Hawkeye Community College, Allen College, Upper Iowa University and Kaplan University which helps ensure a qualified applicant pool. As stated above, Western Homes Communities is viewed as an employer of choice in the community.
41. The applicant states they will provide mandatory specialized education for all staff in the CCDI cottages, as well as other specialized training on a regular basis.

42. The proposal calls for the construction of two 16-bed cottages, each with 11,144 square feet for a total of 22,288 square feet of new construction.
43. Each cottage will be built like a typical family home, with a front porch, front door with doorbell, garage, foyer, living room, den, kitchen, private bedrooms with bathrooms, and backyard patio. There will be no medicine carts or nurses' stations or no overhead paging.
44. The land is already owned by the applicant; site costs, including legal and zoning, are listed at \$105,000 and land improvement costs are listed at \$52,000. The total facility costs are \$4,485,000; no cost was listed for movable equipment and \$379,000 for financing costs for a total of \$5,021,000. That is a turn-key cost of \$156,906.25.

CONCLUSIONS OF LAW

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

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

1. The Council concludes that less costly, more efficient or more appropriate alternatives to the proposed health service are not available and the development of such alternatives is not practicable. The Council takes note that the applicant spent at least three years reviewing options; engaging community members and consultants in the process. The Council concludes that the proposal is an appropriate option to accommodate admissions of Thalman Square residents, others from within Western Homes communities, and others within the community who need CCDI 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 Black Hawk County is underbuilt by 60 beds; while the eight-county region is underbuilt by 347 beds. The phone survey conducted by

Department staff indicates a county wide occupancy of 80.4% for the free standing nursing facilities in Black Hawk County. The Council has previously concluded that occupancy rates of over 85% indicate appropriate and efficient utilization of existing nursing facilities. The Council finds that five of the eleven facilities in the county are operating at or significantly above 85% and takes note of the information provided by the applicant regarding the “practical” occupancy of two additional facilities, which if utilized results in a “practical” occupancy of 86% for Black Hawk County. Of significance, the Council takes note that no opposition to this proposal was received from existing facilities and that no existing facilities indicated that this project would impact their utilization in a negative manner. Additionally, the Council takes note of the mitigating factors that exist in this application, including the fact that the applicant is a continuing care community with a capacity to serve 803 residents; therefore the Council concludes that Western Homes has little 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 the construction of two 16-bed cottages, each with 11,144 square feet for a total of 22,288 square feet of new construction at a cost of \$5,021,000. The Council concludes that alternatives including modernization and sharing arrangements have been considered and implemented to the maximum extent practicable. The Council takes note that Black Hawk County (population of 131,439) currently has 24 CCDI beds, all at Windsor Nursing & Rehab Center in Cedar Falls and these beds were not specifically designed to serve CCDI patients. The Council concludes that the applicant’s current nursing facility maintains a high occupancy and does not lend itself to the household model of this proposal. 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 of studies done by LeadingAge, an association of non-profit senior services providers, which show that CCRCs need one nursing home bed for every four units of housing to meet the demand from within; according to this ratio, the applicant needs 45 additional nursing beds just to serve its own residents. The Council further takes note that the Martin Center currently has 48 residents with a diagnosis of dementia and that Thalman Square (32 assisted living beds for dementia patients) is full and has a waiting list. The Council concludes that the high occupancy of existing nursing beds at the Martin Center and the significant underbuild of CCDI units in this service area, demonstrate that patients will experience 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.

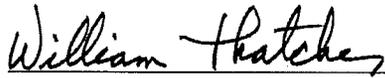
The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2013).

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 8th day of July 2013



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