

MINUTES
STATE HEALTH FACILITIES COUNCIL
Tuesday, August 31, 2021

ELECTRONIC MEETING

This electronic meeting of the State Health Facilities Council was held in accordance with Iowa Code section 21.8 entitled “Electronic Meetings.” The Code states that a governmental body may conduct a meeting by electronic means only if circumstances are such that a meeting in person is impossible or impractical and access is provided to the public. An in-person meeting of the Council was impractical due to COVID-19. The meeting was initiated in room 523 of the Lucas State Office Building and was conducted via Google Meet and Zoom, which offered both video conferencing and conference call capabilities. Notices and agendas were posted in the Lucas State Office building and on the Department’s web site under the Certificate of Need Program.

9:17 AM Roll Call

MEMBERS PRESENT: Dr. Harold Miller, Chairperson; Kelly Blackford; Aaron DeJong; Brenda Perrin; and Jake Porter

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

I. APPROVAL OF MINUTES OF PREVIOUS MEETING (July 15, 2021)

A motion by Porter, seconded by DeJong, to approve the minutes of July 15, 2021, carried unanimously by voice vote.

II. PROJECT REVIEW

1. University of Iowa Hospitals and Clinics, Iowa City, Johnson County – This project is reviewable as a capital expenditure by an institutional health facility in excess of \$1.5 million and involves construction of additional facility space at Forevergreen Road in North Liberty. \$230,000,000

Due to an offensive technology attack by persons unrelated to the topic, the Google Meet meeting was suspended at approximately 9:25 AM. The meeting resumed at 10:31 AM via Zoom. The Zoom link was made available to the public through various medium and via email to known participants prior to resuming.

Staff report by Becky Swift. The applicant was represented by Sam Langholz, Assistant Attorney General, Office of the Iowa Attorney General; Suresh Gunasekaran, University of Iowa Hospitals and Clinics; Dr. Mike Richards and Sherry Bates, Iowa Board of Regents; Emily Abrantes, Prager Co.; Seth Konkey, Jacobs; and Margaret Guerin-Calvert, FTI

Consulting. The applicant made a presentation and answered questions posed by the Council. A motion by DeJong, seconded by Perrin, to enter exhibits presented by the applicant in support of oral testimony into the record carried unanimously by voice vote.

Affected parties in support included Vanessa Schnickle, consumer; Dr. Jerome Greenfield, IA Department of Corrections; Brent Smith, North Liberty Paramedic; Terry Donahue, Mayor, North Liberty; Dr. Robert Schreck, Mission Cancer; Josh Schamburger, Iowa City/Coralville Convention and Visitors Bureau; Ryan Heiar, North Liberty City Administrator; Warren Riley, consumer; Kelly Hayworth, Coralville City Administrator; Kate Moreland, Iowa City Development Group; Shannon Sampson, consumer; and Mark Nolte, U of I Research Park Board. The affected parties in support each made remarks.

Affected parties in opposition included Alissa Smith, Dorsey & Whitney, LLP, representing Mercy Iowa City, Mercy Cedar Rapids, Iowa City Ambulatory Surgery Center and Corridor Radiology; Sean Williams, Sister Helen Marie Burns, Dr. Daniel Leary, Dr. Ann Perino Mercy Iowa City; Jessica Wittman, Corridor Radiology; Kelly Durian, Iowa City Ambulatory Surgery Center; Michelle Niermann, UnityPoint Health, Cedar Rapids; Michelle Schoonover, Virginia Gay Hospital; Eric Briesemeister, Jones Regional Medical Center; and Rue Patel, Al Ruffalo and Timothy Charles, Mercy Cedar Rapids. The affected parties in opposition made presentations and responded to questions posed by the Council.

A motion by DeJong, seconded by Porter, to enter the exhibit presented by UnityPoint Health, Cedar Rapids in support of oral testimony in opposition to the applicant into the record carried unanimously by voice vote.

A motion by DeJong, seconded by Perrin, to enter the exhibit presented by Mercy Iowa City in support of oral testimony in opposition to the applicant into the record carried unanimously by voice vote.

A motion by Porter, seconded by DeJong, to enter the exhibit presented by Iowa City Ambulatory Surgery Center in support of oral testimony in opposition to the applicant into the record carried unanimously by voice vote.

A motion by Porter, seconded by DeJong, to enter the exhibit presented by Corridor Radiology in support of oral testimony in opposition to the applicant into the record carried unanimously by voice vote.

A motion by Porter, seconded by Perrin, to enter the exhibit presented by Mercy Cedar Rapids in support of oral testimony in opposition to the applicant into the record carried unanimously by voice vote.

The applicant provided rebuttal and answered questions posed by the Council. A motion by Perrin, seconded by Porter, to enter exhibits presented by the applicant in support of rebuttal testimony into the record carried unanimously by voice vote.

A motion by DeJong, seconded by Porter, to Grant a Certificate of Need was APPROVED by a vote of 4-1. DeJong, Miller, Blackford and Porter voted yes; Perrin voted no.

The Council Chairperson reminded Council members that the next meeting would be held October 20 and/or 21, 2021.

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

The meeting adjourned at 6:57 pm.

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

IN THE MATTER OF THE APPLICATION OF)
)
THE UNIVERSITY OF IOWA HOSPITALS)
AND CLINICS)

DECISION

This matter came before the State Health Facilities Council for review on Tuesday, August 31, 2021.

The applicant proposes a capital expenditure by an institutional health facility in excess of \$1.5 million involving construction of additional facility space at Forevergreen Road in North Liberty, Iowa.

The University of Iowa Hospitals and Clinics applied through the Iowa Department of Public Health for a Certificate of Need.

The record includes the application prepared by the project sponsor and written analysis prepared by Iowa Department of Public Health staff and all the testimony and exhibits presented at the hearing. Becky Swift of the Iowa Department of Public Health summarized the project in relation to review criteria. The applicant was represented by Sam Langholz, Assistant Attorney General, Office of the Attorney General of Iowa; Suresh Gunasekaran, University of Iowa Hospitals and Clinics; Dr. Mike Richards and Sherry Bates, Iowa Board of Regents; Emily Abrantes, Prager Co.; Seth Konkey, Jacobs; and Margaret Guerin-Calvert, FTI Consulting. The applicant made a presentation and answered questions.

Affected parties in support included Vanessa Schnickle, consumer; Dr. Jerome Greenfield, IA Department of Corrections; Brent Smith, North Liberty Paramedic; Terry Donahue, Mayor, North Liberty; Dr. Robert Schreck, Mission Cancer; Josh Schamburger, Iowa City/Coralville Convention and Visitors Bureau; Ryan Heiar, North Liberty City Administrator; Warren Riley, consumer; Kelly Hayworth, Coralville City Administrator; Kate Moreland, Iowa City Development Group; Shannon Sampson, consumer; and Mark Nolte, U of I Research Park Board. The affected parties in support each made remarks.

Affected parties in opposition included Alissa Smith, Dorsey & Whitney, LLP, representing Mercy Iowa City, Mercy Cedar Rapids, Iowa City Ambulatory Surgery Center and Corridor Radiology; Sean Williams, Sister Helen Marie Burns, Dr. Daniel Leary, Dr. Ann Perino, Mercy Iowa City; Jessica Wittman, Corridor Radiology; Kelly Durian, Iowa City Ambulatory Surgery Center; Michelle Niermann, UnityPoint Health, Cedar Rapids; Michelle Schoonover, Virginia

Gay Hospital; Eric Briesemeister, Jones Regional Medical Center; and Rue Patel, Al Ruffalo and Timothy Charles, Mercy Cedar Rapids. The affected parties in opposition made presentations and responded to questions posed by the Council.

The Council, after hearing the above-mentioned testimony and after reading the record, voted 4-1 to GRANT a Certificate of Need. As a basis for their decision the Council, considering all the criteria set forth pursuant to Iowa Code Section 135.64 (1 and 2) (2019) made the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. University of Iowa Hospitals and Clinics ("UIHC") is a component of the State University of Iowa, which is a component of the State of Iowa. The State University of Iowa is established in Article IX, Section 11 of the Iowa Constitution and is governed by the Board of Regents pursuant to Iowa Code Chapter 262.
2. UIHC is comprised of an 850 bed (staffed) acute care general hospital, including an adult hospital, a psychiatric hospital, UI Stead Family Children's Hospital, and a specialized disabilities and developmental outpatient facility. According to the Department of Inspections and Appeals, Health Facilities Division Entities Book, the UIHC has a total licensed bed capacity of 1,103.
3. The UIHC proposal consists of the addition of UIHC facility space on Forevergreen Road in North Liberty which would be a part of the UIHC existing hospital license and would not result in the addition of licensed bed capacity. The proposed construction includes up to 48 inpatient rooms for tertiary care; up to 16 operating suites for training providers, testing technology, and multispecialty tertiary care; imaging, pathology, and pharmacy services to support the provision of tertiary care; and emergency room services. The new construction would be co-located with ambulatory clinics that could accommodate a variety of existing UIHC subspecialty clinics and specialty trained staff. The proposed application is a combined, comprehensive approach of collaboration, modernization, and construction at 200 Hawkins Drive (the main hospital campus) and additional institutional health facility space in North Liberty to modernize the existing UIHC institutional health facility to address unmet tertiary care needs of Iowans.
4. This is the second application from UIHC involving construction in North Liberty. The first application, heard in February 2021, was denied. There are several significant differences between the denied proposal and this application, including: (1) the prior application proposed the establishment of a new institutional health facility which would have resulted in a new acute care hospital in this service area; whereas this proposal does not result in the establishment of a new institutional health facility nor the addition of any

licensed hospital beds; (2) the prior application indicated the UIHC intended to establish a “general acute care hospital” providing services similar to those offered at a community hospital or outpatient surgical facility; this proposal instead aims to expand access to tertiary care and enhance the UIHC’s teaching and research missions; (3) the prior application failed to establish that UIHC had adequately considered alternatives to the project; whereas this application included independent assessments regarding alternatives and new information regarding the limitations of collaboration or other construction alternatives to meet existing needs; and (4) the UIHC indicated in its prior proposal that it had not completed long range planning which included the project; this application included new information regarding long-range planning and development.

5. The purpose of the proposed project is to expand access to tertiary and quaternary care, expand education and training programs, and grow biomedical research programs.
6. Tertiary and quaternary care is defined as care that is highly specialized usually over an extended period of time that involves advanced and complex procedures and treatment performed by specialists in state-of-the-art facilities. In response to a staff question, the applicant states that tertiary care is provided in inpatient, outpatient, and home care settings.
7. UIHC serves a unique role in the state of Iowa as a tertiary and quaternary center and a major teaching and research hospital. In 2019, UIHC saw patients from all 99 counties of Iowa, and the majority of the time they were referred by one of their local providers for UIHC's unique complement of services. The target population for the project is the limited population identified by patients or community providers as needing tertiary care, including: Iowans for whom a referring physician determined need tertiary care from the UIHC that the UIHC currently lacks the capacity to accept; Iowans who are forced to leave the state for tertiary care the UIHC could provide; the large number of Iowans waiting beyond industry wait times to access specialty clinic or non-urgent/emergent care; and Iowans projected to need tertiary care over the next decade.
8. The UIHC’s long-range development plan aimed at addressing the tertiary care shortage in Iowa is twofold, including expanding facilities to address unmet educational, research and clinical workforce training needs and to address tertiary care capacity and occupancy challenges. The applicant notes that this capacity expansion will allow UIHC to expand research initiatives, educational programs and available direct clinical rotations for students, and that the requested construction and expansion on Forevergreen Road will accomplish UIHC’s goal of serving unmet tertiary transfer demand.

9. UIHC demonstrates its commitment to caring for all patients, including those in rural areas and who are low-income. They note that 58% of patients treated at UIHC have Medicare or Medicaid insurance.
10. UIHC is Iowa's largest medical educator. UIHC stated that they educate half of Iowa's physicians and one-quarter of its nurses; they are investing to train more of Iowa's physicians, nurses, and other health care providers; and they are required to deliver tertiary care to meet their clinical mission and to provide primary and secondary care to meet their training mission. Further noted was that UIHC cannot train more doctors without expanding and that there is a current and growing unmet need in Iowa for primary care and specialist physicians. Rural Iowans are particularly impacted by the shortage of health care providers.
11. UIHC conducts health care research and develops advanced medical technology on a larger scale than any other facility in the state. The research capabilities of UIHC lead to recruitment and retention of faculty and staff. This project would facilitate enhanced research opportunities.
12. Noted during testimony by the representative of Jacobs is that the UIHC is an academic medical center ("AMC"), which requires among other things, more specialized staff, space, and equipment, and therefore UIHC shouldn't be compared with a community-based hospital but only with other AMC's. Noted is that AMC's consolidate substantial acute, tertiary and quaternary care, and include clinical research and teaching programs which require more square footage and additional infrastructure equating to higher overall costs. Also noted is that only 1% of the UIHC main campus buildings remain unoccupied, and that it has exhausted its capability to provide additional services.
13. Tertiary care is different than primary and secondary care in several respects. Tertiary care requires more space and technology than community care; tertiary care requires dedicated teams with providers across many specialties.
14. The applicant states that the need for inpatient tertiary care continues to grow. They further note that aging Iowans face multiple comorbidities and complex conditions, increasing their need for tertiary care. Referring providers from across Iowa and the Midwest depend on UIHC for its broad scope of clinical competency, education, training, and innovative research. The applicant states that the UIHC is not the teaching hospital of just the Contiguous Corridor Counties (Benton, Cedar, Johnson, Linn, Louisa, Iowa, Muscatine, and Washington counties) rather it must have the capacity to serve the entire state of Iowa and region. Noted during testimony was that patients leave Iowa to access

tertiary care because UIHC is out of capacity and that patients are harmed when UIHC cannot admit transfer patients due to capacity constraints.

15. The UIHC expects strong demand for tertiary care and associated high occupancy rates at UIHC to continue. They note that the overall population of the Contiguous Corridor Counties is projected to grow faster than the Iowa statewide average and that this population will create an ever-larger patient base for local hospitals and providers while allowing UIHC to focus on the tertiary care needs of Iowans. Over the next two decades, the growth rate in Johnson County is expected to be among the largest in Iowa, where the population could grow by over 30%, and Linn County is expected to grow by almost 20% over that same time period. In addition, the growing aging population of Iowa and the associated comorbidities will contribute to increased demand for tertiary care.
16. Noted by FTI Consulting during testimony was that less than 5% of UIHC's patients are candidates for transfer to area community hospitals. Also noted was that decanting patients to a community hospital does not solve UIHC capacity needs to meet demand for tertiary care. They also noted that a community hospital could not treat certain UIHC patients and deliver the same quality of care without significant and costly changes to the facility and staffing of such community hospital.
17. FTI Consulting noted that UIHC serves a critical role for Iowa and Iowa patients and needs additional capacity to meet unmet demand; "decanting" suitable primary and secondary care patients would not free enough capacity to meet identified needs and collaboration on capacity would need to involve tertiary care; and alternatives to meet the unmet demand involve complex collaboration.
18. In addition to decanting patients to community hospitals, UIHC further considered other alternatives to the project such as constructing a medical office building, establishing an ambulatory surgical facility, or expanding inpatient capacity on Hawkins Drive. Each of these alternatives would fail to address the need for expanded access to tertiary care and would not support the teaching and research missions of the UIHC. There were also cost and infrastructure limitations of these proposals which combined to make them less desirable alternatives to that of the proposed project.
19. In fiscal year 2019, UIHC's average adult occupancy rate for its staffed beds was 96%. The adult operating room utilization was over 90% and for individual services such as orthopedics or neurosurgery, the utilization was over 95%. The high occupancy rates at UIHC place it in the top 10 percent for all teaching hospitals in the country.

20. The applicant notes in response to a staff question that the new construction will fall under the license of the existing hospital and that this is allowable under state rules. They also note that they will not be increasing their overall licensed bed capacity. They further note that services at Forevergreen Road would be a part of UIHC's existing hospital services and considered a remote location for Medicare purposes. The applicant states that remote location rules require that the site be operated under a single hospital license unless state law prohibits a single license.
21. The UIHC's four-part plan to address tertiary care access in Iowa includes the following components: 1) modernization of UIHC's existing institutional health facility; 2) development of new inpatient, operational, ambulatory, teaching and research capacity at Forevergreen Road as part of UIHC's existing institutional health facility; 3) additional modernization of inpatient, surgical, and ambulatory space made possible by the new inpatient, operating and ambulatory capacity at Forevergreen Road; and 4) ongoing active collaboration discussions with partners such as the proposed behavioral health center of excellence with Mercy or with other willing collaborators.
22. The UIHC states that despite the advantages of collaboration, the proposed collaborations or sharing arrangements with facilities would not be cost effective, efficient, practicable, or feasible to address the current patient demand across a broad spectrum of clinical specialties for tertiary care. Collaboration does not meet the need for tertiary care capacity because: 1) the number of non-tertiary patients UIHC could refer to other facilities is insufficient to meet UIHC's capacity needs; and 2) to provide tertiary care at hospitals across the state who are currently sending their patients to UIHC for tertiary care would be more costly, less efficient and impractical.
23. Since its previous application, the UIHC engaged a consultant to conduct an independent assessment of opportunities to address the need for tertiary care through referral to existing community hospitals across the state. The UIHC's analysis found, and the external analysis validated, that approximately 2%-3% of UIHC inpatient days could potentially be cared for at non-tertiary facilities while the other 97%-98% of patients are not appropriate for transfer for the following reasons: (1) either the chief clinical complaint or underlying comorbidities of the patients necessitate tertiary care; (2) the patients need unique clinical services that are not available at other local facilities; (3) the patients have an existing established relationship with a UIHC provider relevant to the care they are seeking; or (4) the patients sought behavioral health where there is little to no capacity at other institutional health facilities. This identified 2%-3% of non-tertiary patients seek care from a wide variety of specialties and are needed at UIHC for its educational mission.

24. In FY19, UIHC had over 1,000,000 ambulatory visits and over 36,000 inpatient encounters. It is noted that the lack of capacity causes UIHC to turn down approximately 2,200-2,400 requested transfers each year for patients whose referring providers have independently determined those patients need access to UIHC based on either the need for a complex procedure or whose underlying health status makes even more standard procedures complex. Iowans who are admitted to UIHC often experience challenging delays in transfer due to capacity constraints. Additionally, Iowans are leaving the state to access tertiary care because UIHC lacks capacity. The Iowa Hospital Association estimates that over 6,800 patients leave Iowa annually for complex care.
25. In response to a staff question, the applicant notes that it was not ever UIHC's intent to propose to construct, operate, or duplicate services already offered by existing community hospitals.
26. There were 69 letters of support submitted for this project, including letters from existing health care providers, patients, elected officials, and businesses. These letters, and related testimony at hearing, cited the following factors in support of the project: the UIHC being an asset to rural hospitals in accessing specialized tertiary and quaternary care in rural areas of the state; the provider skills available at the UIHC; the statewide shortage of physicians and the UIHC's commitment to medical education and training and biomedical research; trusting and depending upon the UIHC for the most complex medical needs; the positive economic impact the hospital and clinic would have in the area, including jobs and keeping the school system thriving; no other option by the UIHC than to build outward vs. building upward (a new tower); the new campus would make it easier for the aging population to access and navigate tertiary care; excellence in complex care; and a concern that if the UIHC does not succeed with its application that it will have a negative impact on healthcare access.
27. There were 87 letters of opposition submitted, including letters from existing health care providers, patients, and Wellmark. These letters, and related testimony at the hearing, cited the following factors in opposition to the project: the current health care staff shortage; the project causing harm to the continued viability and existence of numerous private health care providers in the area and state; UIHC trying to increase its primary care presence in Johnson County; the need for tertiary services not growing sufficiently; a track record by the UIHC of overbuilding, cost overruns, and not being good stewards of their funds; health insurance that incentivizes covered members to seek care at the UIHC vs. Mercy Iowa City or community providers; a push for market share in primary and secondary care across the state; greater duplication of already available ancillary services; a threat to the survival of smaller community hospitals; no effort to collaborate for the health care services the UIHC proposes to offer in North Liberty and no attempt to communicate with rural hospitals since the denial of the first application; local

advertising that not only emphasizes tertiary care, but primary care as well; great uncertainty about the project as presented in the new application; and the short turnaround time from the first to second application.

28. In response to the opposition, the UIHC noted in its rebuttal that the community hospital system in Iowa is working. They noted that community hospitals are convenient and have numerous settings of care; are patient centric and encourage tight relationships between the physicians who refer the majority of patients within their system; and have high quality and patient satisfaction scores.
29. In response to a Council member question, the applicant noted that having some primary and secondary care at the UIHC was very important to its teaching mission. Stated was that providers need “real world” experience and that there is more primary and secondary care in an ambulatory setting.
30. The UIHC would have 454 staff for the North Liberty facility. In response to a staff question about personnel, the applicant notes, “Since all operations are one hospital, UIHC anticipates staff and faculty to serve all patients regardless of location as needed to provide high quality patient care.” The applicant notes that positions include merit, professional and scientific, Service Employees International Union (SEIU) professionals, and physician faculty.
31. The applicant proposes to construct a 280,330 square foot building at Forevergreen Road in North Liberty. The applicant notes that no special charge increases are anticipated as a direct result of this construction project.
32. The applicant notes that they have \$30,000,000 cash on hand and that \$200,000,000 would be borrowed, for a total cost of \$230,000,000. This funding will be used to construct the North Liberty space. They note that the proceeds from the sale of hospital revenue bonds will serve as the source for “borrowing.” They state that start-up funds will be funded internally with cash on hand. The applicant states that UIHC North Liberty space would be constructed without the use of state appropriations. The applicant does not anticipate an operating deficit as a result of this project.
33. Iowa Code Section 135.64 (3) states that in the evaluation of applications for CON submitted by UIHC, the unique features of that institution relating to statewide tertiary healthcare, health science education, and clinical research shall be given due consideration. Further, in administering this division, the unique capacity of university

hospitals for the evaluation of technologically innovative equipment and other new health services shall be utilized.

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 purpose of the proposed project is to expand access to tertiary and quaternary care, expand education and training programs, and grow biomedical research programs. The Council concludes that UIHC's proposal constitutes the least costly and most effective approach to address the tertiary care shortage and advance its education and research capabilities. The Council notes that the need for tertiary inpatient hospital care continues to grow and that UIHC patients are aging and have multiple co-morbidities and complex conditions requiring tertiary care. The Council notes that the UIHC expects strong demand for tertiary care and associated high occupancy rates at UIHC to continue and that the overall population of the Contiguous Corridor Counties is projected to grow faster than the Iowa statewide average. Also noted by the Council is that referring providers from across Iowa and the Midwest depend on UIHC, as an academic medical center, for its broad scope of clinical competency, education, training, and innovative research. Utilizing existing hospitals and outpatient surgical facilities to provide tertiary care is not an appropriate alternative to the project due to the unique clinical services, infrastructure, and staffing of the UIHC. In addition, the UIHC considered other alternatives such as expanding inpatient capacity at its existing campus or constructing a medical office building or ambulatory surgery center. These alternatives were either not feasible or did not adequately address existing need to expand access to tertiary care. Therefore, 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. Iowa Code Sections 135.64(1) and 135.64(2)a.

2. The Council first notes the UIHC's unique mission - as recognized by statute - to provide statewide tertiary care, health science education, and clinical research; and concludes that there are no other existing facilities in Iowa which offer this complement of care and services. In contrast with its initial application, the UIHC in this proposal targets existing needs in tertiary care, education, and research; needs which existing facilities cannot satisfy. The Council therefore finds that existing hospitals and ambulatory surgery centers ("ASC") are not providing health services similar to those being proposed. The UIHC established in this application that its intent is not to construct, operate, or duplicate services already offered by existing community hospitals or ASC's, but that it will provide tertiary services to its patients. The Council notes that the comprehensive tertiary services proposed by the UIHC cannot be offered in a community-based setting, whether a hospital or an ASC. The Council further finds that in FY19, UIHC had over 1,000,000 ambulatory visits and over 36,000 inpatient encounters. The Council notes that there were 69 letters of support received and that there were 12 parties in support that provided testimony at the hearing. The letters and testimony establish that local providers know that they are not able to provide tertiary care nor meet the complex needs of patients when they transfer to the UIHC and that the statewide shortage of physicians and the UIHC's commitment to medical education and training and biomedical research is imperative to grow the field. The testimony further establishes that existing facilities do not currently offer and cannot meet the existing and future needs for tertiary care, education, or research in a manner similar to that of the UIHC. In addition, with respect to existing facilities, the Council notes that the population growth in Johnson and Linn counties will create an ever-larger patient base for local hospitals and providers while allowing UIHC to focus on the tertiary care needs of Iowans. The Council concludes that there are no existing facilities providing health services similar to those proposed in light of the UIHC's unique features relating to statewide tertiary care, health science education, and clinical research. Iowa Code Sections 135.64(1) and 135.64(2)b and 135.64(3).

3. The Council notes that the UIHC plans to build 280,330 square feet at Forevergreen Road in North Liberty. The Council found that the proposed application is a combined, comprehensive approach of collaboration, modernization, and construction at 200 Hawkins Drive (the main hospital campus) and additional institutional health facility space at Forevergreen Road in North Liberty to modernize the existing UIHC institutional health facility to address unmet tertiary care needs of Iowans. The Council further notes that the \$230,000,000 cost of the project would be to construct space in North Liberty. The Council notes that the construction in North Liberty would be part of the existing license of the UIHC and that it would not add new beds, but rather off load patients from the main campus to the new location allowing modernization of the main campus to occur. The Council also notes that the UIHC would have 454 staff the North Liberty location. It is noted by the Council that since all operations are one hospital, UIHC anticipates staff and

faculty to serve all patients regardless of location as needed to provide high quality patient care. The UIHC indicated in its application that its long-range development plan aimed at addressing the tertiary care shortage in Iowa is twofold, including expanding facilities to address unmet educational, research and clinical workforce training needs and to address tertiary care capacity and occupancy challenges. In this application and in testimony at hearing, the UIHC established that alternatives such as modernization and collaboration have serious limitations in terms of cost, capacity, and other constraints. As discussed in paragraph one above, this application appropriately reviewed existing alternatives and found that none were less costly, more efficient, or more appropriate. The Council, therefore, concluded that alternatives, including modernization and sharing agreements, were considered and implemented to the maximum extent practicable. Iowa Code Sections 135.64(1) and 135.64(2)c.

4. The Council notes that UIHC is currently operating at 96% capacity and turns away approximately 2,400 transfer patients each year due to being at capacity. Even among Iowans who are admitted to UIHC, many experience difficult and unnecessary delays in transfers because of capacity constraints. In addition, thousands of patients leave Iowa annually to seek tertiary care that UIHC could provide. Approximately 97%-98% of UIHC's patients are there for tertiary care services, and only 2%-3% of their patients could be cared for in a community setting. The Council notes that many patients of the UIHC are not appropriate for transfer to a community setting (hospital or ASC) for the following reasons: (1) either the chief clinical complaint or underlying comorbidities of the patients necessitate tertiary care; (2) the patients need unique clinical services that are not available at other local facilities; (3) the patients have an existing established relationship with a UIHC provider relevant to the care they are seeking; or (4) the patients sought behavioral health where there is little to no capacity at other institutional health facilities. Further noted is that while one role of the UIHC is to provide tertiary and quaternary care to patients, they must have some patients who need primary and secondary care to meet their educational mission. The Council also notes that the adult operating room utilization at UIHC was over 90% and for individual services such as orthopedics or neurosurgery, the utilization was over 95%. The Council concludes that patients needing tertiary care will experience serious problems in obtaining care of the type which will be furnished by the proposed health service, in the absence of that 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) (2019), led the Council to find that a Certificate of Need should be granted.

The decision of the Council may be appealed pursuant to Iowa Code Section 135.70 (2019).

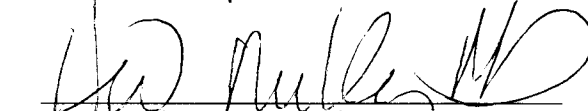
It is required in accordance with Iowa Administrative Code 641- 202.12 that a progress report shall be submitted to the Iowa Department of Public Health six (6) months after approval. This

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 29 day of October 2021


H.W. Miller, M.D., Chairperson
State Health Facilities Council
Iowa Department of Public Health

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