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Second care center to drop Iowa license

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Abstract (Summary)

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Another of Iowa's assisted living centers - one that was constructed with \$7.2 million in state-approved tax credits and grants - may soon be operating without any government oversight.

Jefferson Point Assisted Living Center in North Liberty is the second assisted living center in Iowa to announce plans to continue housing seniors but without a license and the regular inspections that go with it.

The other facility that's giving up its license is Dubuque Retirement Community, the largest assisted living center in Iowa.

Both facilities plan to offer their more disabled residents health care services through a separate home health company. The facilities will provide only housing and act as landlords rather than caregivers.

By giving up their license and separating the health services from the housing, the facilities can bypass state regulation and the external oversight designed to protect seniors.

State officials and an Iowa lawmaker expressed concerns this week about the plans. The owner of a long-term care center told state regulators that he, too, had reservations.

"I think the potential for problems with resident care is huge," said Ed Osby, who owns a Fairfield nursing home and assisted living center. "There has to be regulation of assisted living."

Osby has worked in long-term care 33 years. He says he is particularly concerned that the home health agency that will provide care to residents at Dubuque Retirement Community is an unregulated, wholly owned subsidiary of Assisted Living Concepts, the company that owns the facility.

"So there won't be any oversight there at all," he said. "You've got a renegade facility there that's doing an endrun around the regulations."

Assisted Living Concepts executive Laurie Bebo said lack of oversight won't have any negative effect on care and will let some residents remain in their apartments without being forced into a nursing home.

The Dubuque home and Jefferson Point have had problems meeting minimum care standards. The Dubuque home has been fined \$16,500 in the past 18 months, and Jefferson Point has been fined \$10,000.

Jefferson Point is a new facility that was constructed with \$7,285,720 in federal assistance in the form of state-approved loans and tax credits doled out by the Iowa Finance Authority and Iowa Department of Economic Development.

The credits and loans were based on developer Jesse Burns' promise to provide low-income housing with a "service-enriched program" that would offer health screenings, medical needs assessments, meals, therapy and assistance with grooming, laundry, bathing, dressing and toileting.

In applying for some of the assistance, Burns said Jefferson Point planned to do business as a licensed assisted living

center.

But in April, after 14 months of operation, Jefferson Point notified the state of its intent to forfeit its assisted living license to attract more residents. Residents who need assisted care will be able to move or contract with a separate home health company.

Jefferson Point officials could not be reached for comment this week, but the facility's project planner, Alaina Welsh, explained the decision in letters and e-mails to state officials.

Welsh wrote that too few people wanted the services that come with assisted living and were looking only for affordable, apartment-style independent living. Welsh wrote that too many prospective tenants were "turned off by the assisted living component."

The Iowa Finance Authority, which had approved the federal tax credits for Jefferson Point, approved the change, saying the tax credits were not contingent on assisted-living licensure.

Separately, the Iowa Department of Inspections and Appeals approved the facility's written plans to make sure residents receive uninterrupted health services during the transition to independent living.

The nonprofit Center for Medicare Advocacy, which is calling for federal oversight of assisted living, has contacted U.S. Sen. Charles Grassley's office about the Dubuque facility. Grassley is the ranking Republican on the Finance Committee that deals with Medicare.

The center also has objected to Assisted Living Concepts' acknowledged practice of evicting residents once their savings are depleted and they become dependent on Medicaid. Federal law prevents nursing homes from evicting residents under those circumstances, but the prohibition does not apply to assisted living centers.

Ann Martin, a bureau chief for the Iowa Department of Inspections and Appeals, said the assisted living centers' actions appear to be legal but unprecedented.

"There will be no oversight at all. It's unheard of," she said.

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