

SQUARE FEET

VOLUME 2, NO. 4

IDAHO BUSINESS REVIEW

2016

BIGGER, BETTER

INSIDE
Health care construction
news from around Idaho



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Construction plays a big role in health care quality and cost control

By Anne Wallace Allen

Health care construction is underway all around the state. It's being done thoughtfully, with an understanding that the design and location of health facilities has a critical role to play in the evolution of services and outcomes under the Affordable Care Act.

Idaho hospitals, physician groups and other providers are building and renovating on a scale that we haven't seen in years. St. Luke's, which with seven hospitals is the largest health system in Idaho, has the largest-scale plans, which include a major expansion in downtown Boise and the construction of its fourth-largest hospital in Nampa. Saint Alphonsus Health System, the second-largest system in Idaho, is also well underway on its second-largest hospital in Nampa, as well as on an array of renovation projects. Kootenai Health, in Coeur d'Alene, will have invested more than \$100 million by next summer on expansions in Coeur d'Alene and Post Falls.

In this issue of Square Feet, we list and

describe in detail many of the recent and future projects undertaken by St. Luke's, Saint Alphonsus, and by West Valley Medical Center in Caldwell.

Hospital builders say they're designing new structures with an eye toward future expansion because of population growth and because the population is aging and will need more health services. And providers of skilled nursing care, like Cascadia, are stepping in with new developments in Boise and Nampa. In a story by writer Sharon Fisher, we talk about some of the trends that are informing health building designers as they complete projects this year, such as a higher emphasis on patient satisfaction. Design elements like noise-absorbing flooring, natural lighting and natural building products, and the inclusion of more windows in patient rooms are all geared toward this goal.

St. Luke's is even incorporating machines that will remind staff of the speaking volume of their voices in order to keep patient

areas quieter, and is taking a look at its overhead broadcast system to see if announcements can be minimized.

Another big area of growth that's apparent in Idaho is the expansion of retail clinics, or primary and urgent care clinics that are built into high-traffic areas and neighborhoods to make it easier for patients to gain access to health services. A story on this "retail therapy" details the clinics that Eagle-based Primary Health Medical Group has opened, or is about to open, around the Treasure Valley.

All these movements represent an understanding that the provision of primary care is critical to controlling health costs now and later.

"We view primary care in terms of accessibility," said David Peterman, the president of Primary Health. "Equally important is the quality of care, and intertwined with the quality is the service and the experience. It's all very, very important to us."

IDAHO BUSINESS REVIEW

Volume 2 No. 4 October 21, 2016

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The IDAHO BUSINESS REVIEW [ISSN 8750-4022] is a newspaper of general circulation published weekly. Subscription is \$129 annually. (Includes Idaho sales tax for Idaho residents.) The IDAHO BUSINESS REVIEW is an Idaho Corporation doing business at 855 W. Broad Street, Suite 103, Boise, ID 83702. Periodical postage paid at Boise, ID. Send address changes to IDAHO BUSINESS REVIEW, P.O. Box 8866, Boise, ID 83707.

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ON THE COVER: A lobby at Idaho Urologic Institute in Meridian. Photo by Celia Southcombe



Preference for 'aging in place' slows nursing home construction

By SHARON FISHER
Special to the IBR

While hospital construction is proceeding apace, that's less true for nursing homes, primarily because of a preference toward assisted living facilities that enable senior citizens to age in place.

"There's very, very few new nursing homes being built," due to the proliferation of assisted living facilities, said Brent Brocksome, who has owned and operated nursing homes in Idaho since the 1980s and who was also elected as a state legislator from Boise, as well as serving as the chair of Governor C.L. "Butch" Otter's Select Committee on Health Care in 2007. "No one is going to go build a new building. There hasn't been development of skilled nursing facilities in the state for a long time."

"Aging in place" is a concept by which people live in a more homelike setting in the least restrictive environment possible. For example, while they may get help managing their medication, as well as in getting meals and help bathing, they generally don't need skilled, around-the-clock nursing services. Such facilities may offer a variety of choices for living as the person ages. "You buy in and pay for an apartment, and as you age and need other services, they have assisted living to skilled and other services," Brocksome said. "It's a nice arrangement for the provider and residents because they don't have to go look for another place to live."

Diane Ronayne, secretary of Boise at Home, said that choosing to stay at home is less expensive than moving to a facility. Boise at Home is a recently created nonprofit program that aims to help seniors stay in their homes.

Ronayne said homemaker or health aide services delivered in the home cost around \$45,000 in Boise last year. A single-occupancy bedroom in an assisted living facility cost \$43,200. And a semi-private room in a nursing facility with more services for health is \$89,000 annually for a semi-private room or



Boise at Home member Hilda Packard works in her garden. Nursing home construction has slowed dramatically, in part because of a preference for assisted living facilities and programs that allow seniors to live in a more home-like, less restrictive environment. Photo by Gary E. Richardson of Boise at Home.

close to \$100,000 for a private room, she said.

"That's why people are looking at staying at home; it makes a lot more sense," she said. "Even if they need to bring in a

home health service, they're \$15 to \$26 an hour at the most."

People who do require skilled, around-the-clock nursing services often need it for only a short-term basis while they recover from surgery or some other condition, so such facilities are now considered "rehabilitation," Brocksome said. "They offer more intensive therapy and staffing, and more equipment than a standalone nursing home would have."

Another complication in constructing new facilities is that Idaho offers few sources to support the construction of nursing homes or assisted living facilities. "The state has a couple of nursing homes in the state such as the VA nursing homes, but all new construction is privately funded," said Tom Shanahan, public information manager for the Idaho Dept. of Health and Welfare. "We do reviews of new construction plans, and then licensing when they are completed, but are not involved in their funding decisions."

In Idaho, there are five basic methods by which nursing homes and assisted living facilities are funded, Brocksome said.

1. Private personal funds, with or without bank participation. For example, under what's called a "1031 exchange" by the Internal Revenue Service, two investors can exchange two different properties, with the advantage that they don't have to pay capital gains on the proceeds, Brocksome said.
2. Bank financing, as with a conventional mortgage.
3. The United States Department of Housing and Urban Development (HUD) offers what's called "Section 232" loans to help finance nursing homes, assisted living facilities, and board and care facilities. "Facilities are all private. No state funding," said Robert Vande Merwe, executive director of the Idaho Health Care Association. "Some get very low interest rates from HUD loans. I believe that's the only government help there is for development."
4. Private investors for people who have some liquid assets and need a place to park their money, Brocksome said.

See NURSING HOME, page 18

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Workers at the Saint Alphonsus hospital construction site in Nampa in April. The hospital is expected to be completed next summer. Photo by Patrick Sweeney

Hospitals hard at work on renovations, expansions

BY SHARON FISHER
Special to the IBR

A survey earlier this year on hospital construction indicated that Idaho is on track with the rest of the nation when it comes to trends in this area.

These include more emphasis on patient satisfaction, as well as moving from primarily new construction to modifying existing buildings. This also makes it more likely for construction projects to finish on time and on budget.

Hospitals are paying more attention to patient satisfaction. As of October 1, 2012, the Affordable Care Act linked Medicare reimbursement to high patient satisfaction scores. This could amount to up to 1 percent (2 percent by 2017), plus potential bonuses, according to the Association of Health Care Journalists. These scores are based on a survey known as Hospital Consumer Assessment of Healthcare Providers and Systems, developed by the Centers for Medicare & Medicaid Services and the Agency for Healthcare Research and Quality.

Patient satisfaction "is very important to us and one of our No. 1 priorities," said Jennifer Opsut, chief operating officer of West Valley Medical Center in Caldwell. In fact, she said, she'd be concerned about the 1 percent of survey respondents who indicated that patient satisfaction was not very important in driving design changes.

West Valley is redesigning its Magnetic Resonance Imaging facility with this in mind.

"Patient experience was a huge focus," Opsut said. Patients now have better control over the lighting and music, the machine



"Patient satisfaction has to be a holistic approach, not just 'teaching to the test.' Anything that is sensory will affect the patient experience."

Phil Harrop, executive director of operations for St. Alphonsus Medical Center in Nampa.

can accommodate larger patients, and it offers feet-first imaging. "If you're having an MRI of your abdomen or hip, you don't feel the claustrophobia of your head going into the tube."

"Patient satisfaction has to be a holistic approach, not just 'teaching to the test,'" said Phil Harrop, executive director of operations for St. Alphonsus Medical Center in Nampa. "Anything that is sensory will affect the patient experience." In that vein, the hospital is working to incorporate natural lighting, natural local stone, sound-deadening flooring, and gardens in its facility.

Similarly, St. Luke's is designing hospital rooms not just to adhere to code that they have a window, but to make sure patients can actually look out of the window. "You don't even have to see beautiful hillsides and trees. You just need to be able to see the sky," said Jeff Hull, lead on St. Luke's construction projects, in an email. "Is the sun up? Is the sun down? Is it raining? Just some connection to the outdoors."

The survey also found many hospitals are now including patients and community members in design development. While this is also true in Idaho hospitals, it is primarily through existing committees and councils

and even through hospital staff as members of the community.

"It's really essential to have community input," said Harrop. "How would this new facility affect someone who is hearing impaired or someone who speaks primarily Spanish? Who are these patients and can we design the best facility for them?"

West Valley used a committee of community members and recent moms when redesigning its maternity suites, Opsut said. That led to design changes such as having the baby stay in the room, a king-size bed to allow for overnight visitors, and a sibling area. "It's designed for comfort and bonding."

The study also found the industry is moving away from large-scale new construction in favor of expansions or renovations of existing facilities. Idaho hospital officials agreed that, with current medical trends moving toward outpatient care, there was less emphasis on new construction.



Jennifer Opsut

"The majority of the projects are renovations," said Hull. "They're less visible. We have crews inside of all our hospitals virtually all of the time remodeling, and in our clinics. When we need to add capacity, it's in response to growth in the community."

"Patients don't stay as long in a hospital," said Opsut. "We have an orthopedic surgeon here who does knee replacements with them going home the next day. Ten to 15 years, even five years ago, that was unheard of." Instead, medical practice is focusing on more preparation and education before and after surgery to reduce hospital time, she said.

St. Alphonsus is actually bucking the trend by building a new facility. It's working on an \$80 million hospital at the corner of I-84 and Garrity Avenue in Nampa that will replace the hospital now located on 12th Avenue in Nampa. Hospital officials are planning on opening the new hospital by the summer of 2017.

"It was very deliberate to make a replacement hospital at Garrity rather than evolving our facility in south Nampa," Harrop said, because it has better access. "It's more cost-efficient to build a new facility rather than retrofitting a facility that wasn't designed for modern advances in medicine." That said, the organization is renovating as well, he added.

The upshot of this trend is that construction projects are more likely to be on time and on budget, Idaho hospital officials said.

The survey was performed by the magazine Health Facilities Management and the American Society for Healthcare Engineering of the American Hospital Association, which surveyed a random sample of 3,125 hospital and health system executives.

Cascadia Healthcare sought property near Boise and Nampa hospitals

BY TEYA VITU
Idaho Business Review

A new Eagle health care operator and developer is building two 99-bed, skilled nursing homes near the Saint Alphonsus hospitals in Boise and Nampa.

Cascadia Healthcare started construction Aug. 1 in Nampa at Happy Valley Road and Stamm Lane and planned an October groundbreaking in Boise on Curtis Road just south of Saint Alphonsus Regional Medical Center.



Owen Hammond

Cascadia CEO Owen Hammond sought sites close to hospitals for Cascadia's first two skilled nursing homes. He said the homes will include showers and bathrooms in each room, amenities

not commonplace at many skilled nursing homes.

Hammond expects construction to finish on both in late summer or early fall 2017 with opening dates dependent on the Idaho Department of Health and Welfare licensing process. Hammond hopes to open the Boise and Nampa facilities by the end of 2017.

Each will be 52,000 square feet with the same design from Gregg Maedo + Associates of Orange, Calif., and built by Eagle-based



Cascadia Healthcare will use the same design for two 99-bed, skilled nursing homes in Boise and Nampa. Image courtesy of Cascadia Healthcare.

Stack Construction. The Boise home will sit on 3.55 acres and the Nampa home on 4.65 acres, Hammond said.

Hammond and partners Doug Bodily, Matt Smith and Nate Hosac established Cascadia Healthcare in March 2015 to develop and operate skilled nursing homes.

Cascadia took over operations May 1 at the 98-room Shaw Mountain of Cascadia in Boise, a facility that is owned by CareTrust REIT Inc., a San Clemente, Calif., real estate investment trust.

Hammond is in discussions for Cascadia to take over operations of many skilled

nursing homes in unspecified locations in the Pacific Northwest.

Between Weiser and Mountain Home, the Treasure Valley has 26 long-term care/skilled nursing facilities with 2,214 beds li-

See CASCADIA, page 18

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Single-specialty ambulatory surgery centers are on the rise

BY SHARON FISHER
Special to the IBR

While people tend to think of hospitals for treating sick people, especially those who require surgery, some common conditions are increasingly being treated in outpatient centers specializing in a particular area of the body. An example of such a center is the for-profit Idaho Urologic Institute, or IUI.

IUI has 10 doctors, said Todd Waldmann, president of the organization and one of the ten. "We're not a hospital. We pay taxes. We don't have any public funding," he said. "We're just like any other business."

Established in 2005, the IUI is an example of a single-specialty ambulatory surgery center, or ASC. Such centers are growing as outpatient surgery becomes more common. ASCs are not associated with hospitals, and as such receive lower Medicare reimbursements due to the inherent efficiencies and cost controls that they are thought to have.



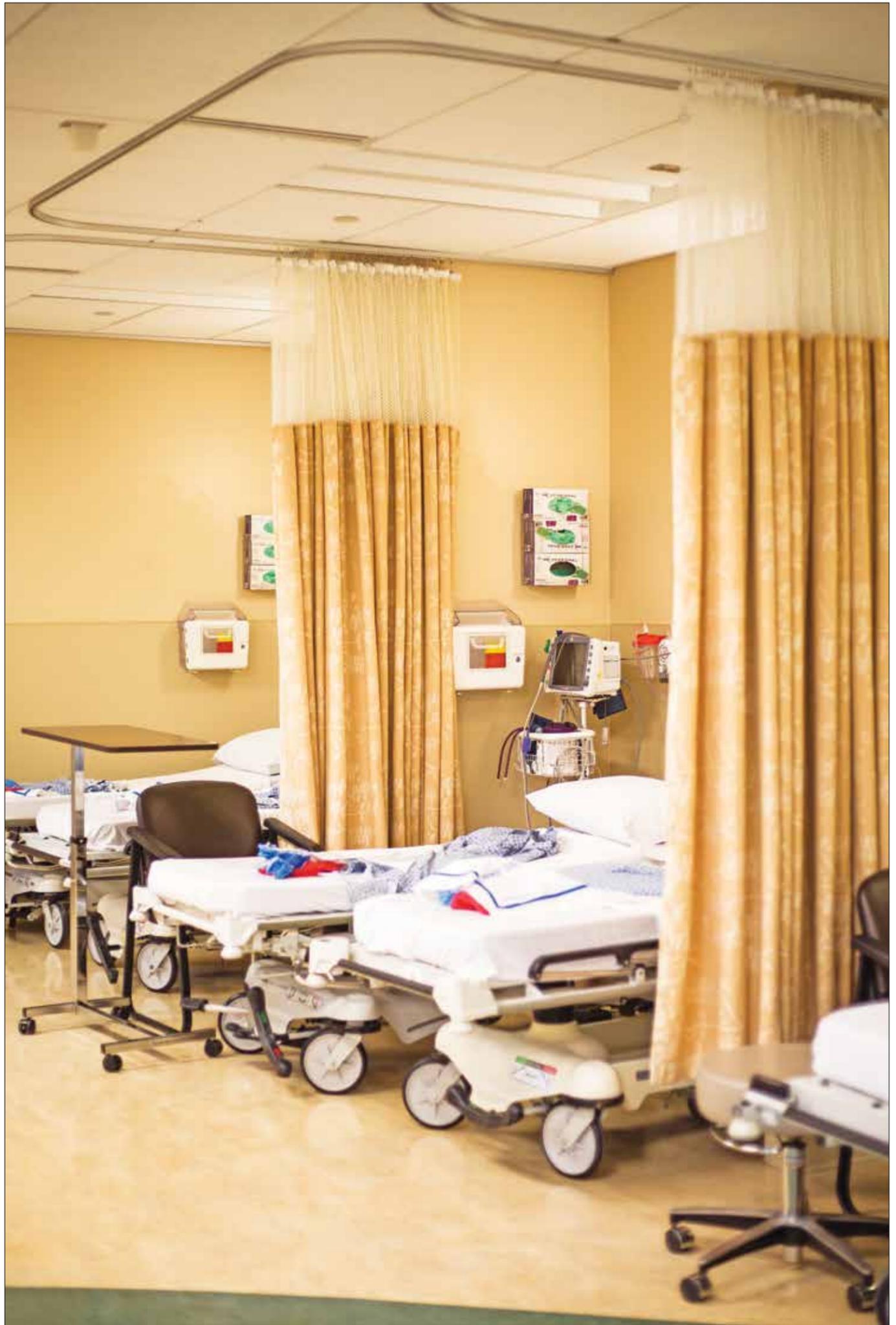
Todd Waldmann

In particular, urology was named one of five "ASC specialties to watch" in 2012 by Becker's ASC Review, due to its "favorable outlook in terms of case volume, revenue and new procedures moving into the ASC setting," according to the publication. This is largely caused by demographics; as the population ages, more people tend to develop urologic problems that require treatment. Such conditions include female pelvic floor surgery, prostate cancer, erectile dysfunction, and lithotripsy, a procedure to treat kidney stones. Urology is the medical specialty pertaining to the scientific, clinical, and surgical aspects of diseases of the genitourinary tract in men, women, and children. Urologists are trained in both medical and surgical management of urinary tract disorders, according to the IUI.

IUI has three centers: one primary \$15 million, 45,000-square-foot facility in Meridian, and two 3,500-square-foot satellite facilities in Nampa and Boise. The Meridian facility, which the organization owns, was built around ten years ago, on time and under budget, while the two other facilities are leased. "Our location is based on what we think will be convenient for people," Waldmann said.

The Meridian building is larger because it includes more amenities, which are intended to improve patient convenience. "When we sat down with the designer, we basically went through a patient experience from the time they hit the front door to check-in, the physician visit, and check-out," Waldmann said. "We worked our way through all that and designed the building to make that experience as convenient and supportive as possible." It includes an outpatient surgery center, outpatient diagnostic imaging services, clinical research department, reference lab including an infertility lab, and a radiation oncology care center.

Part of the purpose of that design was intended to limit patients having to go elsewhere for X-rays, labs, and other medical procedures. Consequently, as many of those functions as financially feasible were included in the Meridian clinic, Waldmann said. IUI's other two facilities are satellite clinics that are primarily intended for patient visits and are more like office space.



Beds at Idaho Urologic Institute. IUI is a single-specialty ambulatory surgery center. These centers are becoming more common in Idaho and elsewhere. Photo by Celia Southcombe.

IUI didn't just rely on the expertise of the designer, but also took into account the personal experience of its doctors. "There were 75 years of practice experience between the nine of us who started this project, not to mention the administrators who were involved," Waldmann said. In addition, IUI talked to several other urology clinics around the country for input, he said. Johnson Architects of Meridian created the Meridian building, and WEL Designs of Tucson designed the interior.

IUI is moving its Nampa facility because the hospital in which it is located is mov-

ing. "We're moving the location of the clinic partly because the old space we leased is outdated and the hospital is moving, so we are moving along with the hospital," Waldmann said. "We're relocating our clinic from one part of town to another."

In another change, instead of continuing a lease a facility, the organization decided to build a new facility instead.

"Over the long term, it makes more financial sense to fill in our own space rather than continue to rent to someone else," Waldman said. However, IUI will continue to perform the bulk of its procedures in the

Meridian clinic that has all the amenities under one roof, he said.

The new Nampa building was designed by Rob Powell and is being built by Dave Evans Construction.

In addition to more conventional procedures, IUI is known for its "Vas Madness" program, which promotes vasectomies between February and April for men who are looking for an excuse to recuperate in front of the television. Patients receive a Vas Survival Kit that includes items such as a gift certificate for a pizza, as well as a bag of frozen peas.



Real estate is the prescription for a healthy medical practice

By David Kirby

When it comes to real estate, the old expression “location, location, location” continues to be relevant — and no more so than for a medical professional starting a new practice or acquiring an existing one. But an equally important consideration for medical practices is the decision to either rent or purchase the space, and to make sure the office space meets — but doesn’t exceed — the needs of the business.

Here are the top three factors medical professionals should consider before committing to an office location:

Rent vs. own. Every medical professional with their own practice will need to decide whether to rent or own their space, and there are some clear benefits to ownership.

When you own the real estate, you can make tenant improvements or remodel without going through a permission process with the landlord or owner. You also retain the flexibility to create and design your space in a way that’s conducive to what you want.

If you’re only occupying a certain percentage of the building, you can lease the unoccupied space to create some passive income and cash flow from rents that you’re charging to other tenants.

Ownership can also be a great retirement strategy, because you can sell the practice but retain the facility and lease it back to the new owner of the practice. This provides an ongoing stream of cash flow during retirement.

There can be tax advantages of owning real estate compared with leasing, so be sure to consult a tax adviser for input as you are making that decision.

The potential pitfall occurs when doctors try to become landlords and real estate developers and step out of their comfort zone and into an industry in which they are not experts, and this can lead to unwise investment decisions. Work with a commercial real estate firm that can assist with drafting leases and managing the tenant relationship and property issues. Even though they might take a small percentage of the cash flow, it’s still better than trying to do it yourself.

Since the recession, there has been a higher propensity to rent because some property owners experienced financial losses. But overall, there is strength in owning your own location.

Using demographic analysis to locate your practice. Another important location decision is what type of commercial space you should occupy — an office in a retail plaza or one in a medical condo unit. I’m a proponent of retail centers because they offer advantages such as ample parking, high visibility and convenience.

The average person visits the grocery store two to three times per week and will many times incorporate other errands into the supermarket trip, like taking the family pet to the vet, for example. If a parent is tak-

ing their children to the dentist, he or she will try to incorporate that within a radius of their weekly errands. In addition, for doctors starting or growing a practice, a retail location offers exceptional walk-in traffic.

Retail locations typically have plentiful parking. As a rule of thumb, for every dental procedure room you should have three parking spaces. That’s hard to get with your own building or by sharing parking in a medical office building. When you’re in a plaza with Winco or Target, you have access to all their parking as well. There’s convenience and ease of use, especially for the clients who are carpooling children around. It gives you the opportunity to dominate the competition.

If you are looking at moving your practice, or acquiring one in a new location, remember that clients generally will not drive more than 15 minutes to see you at your new location. You need to pick a location no more than a few miles away from your current office — any further and you will lose customers, regardless of whether you choose retail plaza or medical condo unit.

You also need to ensure you can move from location A to location B in less than two weeks so that you don’t lose production and income coming into the practice.

Right-size your practice. Doctors will often build a bigger office than they need and what their current practice can service. If you

start with 2,000 square feet, that’s enough room to support almost every practice in the U.S. It’s a sound strategy to build in phases.

Again, if you only need to occupy half the space, you can rent out the unused space until your practice grows. The owner has to occupy 51 percent or more of the space to qualify for conventional commercial real estate financing — otherwise, it’s considered an investment property.

For example, with a 10,000 square foot building, the practice can occupy 5,100 square feet and lease out the remaining 4,900 square feet. Resist the temptation to build out all 5,100 square feet, though, if your practice can’t sustain it. If the project grows too big, you could price yourself out of qualifying for financing.

Instead, build a location that is the right size with room to grow. Focus on slow expansion and build out and occupy only what you need. Don’t build a Ferrari practice when you’re only driving a Mustang right now.

Follow this prescription for success, and your medical practice should remain healthy for years to come.

David Kirby is Director of Zions Bank’s Practice Pathways professional finance division, which offers a full suite of financial solutions for medical professionals. He can be reached at david.kirby@zionsbank.com or 801-844-8470.



We would like to thank project owners Eric Nelson, Kevin Kempers, and Tyson Wise for choosing Mark Guho Construction to build the award-winning 30th & Main building!



Saint Alphonsus mission: Primary care in rural areas

IBR STAFF

With nearly 500 beds in four locations between Boise and Baker City, Ore., Saint Alphonsus is focused now on opening primary care or outpatient care clinics in rural areas.

In the last three years, Saint Alphonsus has opened clinics on Parkcenter and Federal Way in Boise, Lake Hazel in Meridian, and in Kuna, Star, and Nampa.

“The way that we have approached this community is to continue to grow our primary care, because we recognize the importance of preventative health care,” said spokesman Josh Schlaich. “We also want to move further into population health, which is focusing on specific groups of individuals across a specific illness or demographic or psychographic group so we can have better outcomes informed by empirical data.”

Building clinics in rural areas such as Fruitland or Star meets the health system’s goal of focusing on primary or ambulatory care and of serving vulnerable or under-served populations, Schlaich said.

He said there are no plans to move into other regions of the state, such as the Wood River Valley.

“We’re always looking for opportunities, but there has to be a community need for us to go into a market,” he said.

CONSTRUCTION HIGHLIGHTS



Saint Alphonsus Joint Preservation and Reconstruction Clinic

6165 W. Emerald St., Boise, ID

The 17,300-square-foot clinic includes the latest in joint preservation and reconstruction technologies. With care provided by renowned local orthopedic physicians, specialized techniques are used in patients with cartilage defects to preserve the joints and restore natural function. The new Joint Preservation & Reconstruction Clinic also offers services such as minimally invasive total hip and knee replacement, surgical navigation, and knee preservation.

Opened April 2015

Saint Alphonsus Ontario Health Plaza

480 SW 4th Ave., Ontario, OR

The Saint Alphonsus Ontario Health Plaza in Ontario, Oregon, adjacent to the existing Saint Alphonsus Medical Center — Ontario, offers services ranging from family medicine, pediatrics, rehabilitation, and podiatry services.

Opened January 2016.



Saint Alphonsus Medical Group Karcher Clinic

11035 W. Karcher Road, Nampa, ID

The new 8,000-square-foot Karcher Clinic will offer family medicine, urgent care, and pediatric care services from board-certified and experienced healthcare practitioners. The Saint Alphonsus Medical Group Karcher Clinic will provide care options closer to home for a quickly-growing population in Canyon County located near Karcher and Middleton Roads.

Opened October 2015

Saint Alphonsus Nampa Emergency Medical Plaza

(near current 12th Avenue facility, address TBD)

Saint Alphonsus will build an emergency medical plaza on 12th Avenue to serve the residents of south Nampa and beyond. Adjacent to the current hospital at 12th Avenue in Nampa, the new 40,000-square-foot facility will be positioned to meet the triple aim of lower cost, better care, and better health for south Nampa by replacing aging buildings with facilities that better accommodate the latest care models and medical technology. With improved access for lower-acuity patients, the emergency medical plaza will offer emergency care, short-stay inpatient beds, and radiology. The medical plaza will also offer primary care services, which will be relocated from the current clinic on Iowa Avenue in Nampa.

Expected open summer of 2017



Saint Alphonsus Medical Center — Nampa

(replacement hospital at I-84 & Garrity), 4402 E. Flamingo Avenue, Nampa, ID

Saint Alphonsus will be building a replacement hospital at the corner of I-84 and Garrity Avenue in Nampa, Idaho. The new \$80 million facility will replace the hospital currently located on 12th Avenue in Nampa. Hospital officials are planning on opening the new hospital by the summer of 2017, which will also mark the 100th anniversary of the only Catholic hospital in Nampa. At 240,000 square feet, the facility will feature a complete diagnostic center, 6-suite surgical operating theatre, pre/post-operative holding and recovery rooms, a 10-bed short-stay observation unit, spacious and private patient rooms, and an 18-bed intensive care unit. Built with the desires of the local community and the shifting focus to preventative and ambulatory health in mind, the facility will better accommodate the latest information technology, updated diagnostic and treatment technology, and an environment proven to reduce patient stress and recovery times.

Expected open summer of 2017

Saint Alphonsus Medical Group — Lake Hazel Clinic

10583 West Lake Hazel Road, Boise, ID

Saint Alphonsus Medical Group — Lake Hazel Clinic is a 7,800-square-foot facility offering urgent care services for minor to moderate conditions in an expedient and convenient setting.

Opened March 2016



▶ SEE ALPHONSUS ON PAGE 19

St. Luke's Health System looks for locations that will bring care to patients

IBR STAFF

St. Luke's Health System, the state's largest health provider and largest employer, has several projects underway around Idaho. The health system has hospitals in Boise, Meridian, Mountain Home, Twin Falls, Jerome, McCall, and Wood River.

Like other health systems in Idaho and around the country, St. Luke's is looking for locations that will make patient care more accessible, such as retail centers.

"We take advantage of market-based information on where the population is, and what types of patients we are serving with that service" when deciding where to locate clinics, said Sandee Gehrke, vice president of operations for the health system. "We look at what providers are needed, and where are they located?"

CONSTRUCTION HIGHLIGHTS



Magic Valley Surgery Center

St. Luke's Magic Valley is developing an outpatient surgery center on the medical center campus in Twin Falls. Construction started in October 2015 with a build timeframe of approximately one year. The building will house a waiting room and five operating rooms for ambulatory outpatient surgery. The project also includes additional parking.



Nampa hospital

Construction is on schedule for the October 2017 opening of the \$96 million hospital at Midland Boulevard and Cherry Lane in Nampa. The 216,000-square-foot hospital will have 87 inpatient medical and surgical beds, including an intensive care unit (ICU), a 21-room neonatal intensive care unit with seven family-centered suites and imaging services, including state-of-the-art 3-D mammography technology.

Washington Group Plaza

Renovations are complete for the six-story Washington Group Plaza, 720 Park Blvd. in Boise. Teams supporting training labs, an employee health clinic, human resources and other support services have begun moving in using a phased approach that will continue into the fall.

Portico East

St. Luke's is building out space for St. Luke's Family Health and St. Luke's Orthopedics at Portico East, an existing four-story building at 3399 E. Louise Drive, Meridian. On the first floor, the project for St. Luke's Family Health is 20,330 square feet. The second-floor project for St. Luke's Orthopedic Clinic covers 18,804 square feet. Expected completion is fall 2016.



St. Luke's Elmore Emergency Department

For the next phase of the \$5.5 million St. Luke's Elmore Emergency Department project, work will focus on expanding the front entrance and completing a new lobby for the hospital as well as a separate waiting area for Emergency Department patients. The current emergency room was last renovated and expanded in the 1990s. It was originally built to provide service to 5,000 patients a year, it now serves more than 11,000 patients annually. Upon completion, the expanded Emergency Department will include 10 beds in private rooms and an attached ambulance bay. The project is expected to be completed by fall 2017.



Children's Pavilion (Construction to officially start in October)

To accommodate significant growth in our region, and ease the strain on access to children's healthcare services, St. Luke's is launching construction on a new Children's Pavilion. The facility on the corner of Jefferson Street and Avenue B will be home to pediatric physician clinics and rehabilitation services, and allows St. Luke's to consolidate all nine locations around the Treasure Valley into one. The new Pavilion will connect to Children's Hospital via a sky bridge and is anticipated to open in late 2018.

ALL PHOTOS COURTESY OF ST. LUKE'S

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A drawing that shows the exterior of the emergency department expansion planned for Kootenai Health. Both drawings courtesy of Kootenai Health.

Kootenai Health invests more than \$100 million in expansions

BY SHARON FISHER
Special to the IBR

By next summer, Kootenai Health will have invested more than \$100 million in expansions to its facilities in Coeur d'Alene and Post Falls.



Derek Miller, director of planning and property management

In March, the community hospital, which serves Kootenai County, opened a \$57 million expansion of the Coeur d'Alene hospital, and is now working on a \$45 million expansion of its emergency room and operating room facilities that is due to be

finished by late summer 2018, said Derek Miller, director of planning and property management. In addition, the organization is spending \$12 million to expand services in its Post Falls clinics, which should be able to see patients in the new space by October 24, he said.

"There's two things happening here," Miller said. "One is that the population has grown," with a steady increase of 2.8 percent annually for the county. Post Falls is the fastest-growing town in the region.

But there's more to it than that. "Kootenai Health has become the regional referral center for trauma," Miller said. "If someone has a heart attack in Bonners Ferry or Sandpoint, the protocol is to take them immediately to Kootenai Health rather than to a hospital closer to home."

The original Kootenai Memorial Hospital was built in 1963, and was added onto in



The interior and front desk of the planned emergency department expansion.

The hospital now sees 13,300 annual patient discharges, as well as 296,000 annual outpatient visits for procedures such as imaging or a colonoscopy, which don't require patients to stay overnight.

1984 — a project known as "Big Blue" because of the color of the facility. Then the heart center building was built in 2003, followed by the expansion earlier this year.

That expansion opened up space in the existing building that will allow the hospital to increase its operating rooms from eight to 11, along with the ancillary functionality associated with the operating rooms, Miller said. For example, in the pre-op area, the hospital will be going from nine beds in a bay arrangement to a space that will eventually accommodate 24 beds in private rooms. In the post-anesthesia care unit, the hospital

will be going from 12 to 18 beds. The expansion will also include growth in the pharmacy department, as well as expansion in the sterile department, which is the area where instruments are sterilized and prepared.

The expansion will also take into account the way that medical technology has changed since the hospital's original construction. "It's our first major expansion in 30 years," Miller said, noting that cell phones and computers weren't nearly as prevalent the last time around. "The technology we use to practice medicine wasn't in place."

The hospital now sees 13,300 annual pa-

tient discharges, as well as 296,000 annual outpatient visits for procedures such as imaging or a colonoscopy, which don't require patients to stay overnight. While the hospital doesn't have specific projections of how much these numbers are expected to increase, the expansions are based on a master plan developed with the assistance of consultants in 2012 and updated in 2014, Miller said.

In the emergency room expansion, the organization will be going from 25 examination rooms to 36, primarily to accommodate the increased number of ER visits. "The ER was designed to care for about 30,000 people annually," Miller said. Instead, it's now at 51,000. The expansion will support up to 57,000 visits annually. In addition, the Post Falls clinic expansion includes expansion in cardiology, obstetrics/gynecology and family medicine, he said.

Kootenai Health has 292 beds. Prior to the opening of its east expansion, it had 254. While the newest expansion has 72 rooms, after moving patients into the new units, 35 rooms within the existing hospital were closed to make room for the operating room expansion. Additionally, these numbers include NICU rooms that previously did not count as rooms, said Kim Anderson, a spokeswoman for the hospital. She added that a third floor of the expansion is shelled in space for future growth.

For community input, the organization held a couple of town halls, but the most important input is the perspective of the nurses and doctors, Miller said. "They're the ones who are providing the patient care, they're most in touch with the technology and what they need to do in the room," he said.

Consequently, the hospital used some empty warehouse space to mock up, using



Do No Harm: Adaptive reuse in healthcare construction

By Scot Oliver

Buildings that are designed and built well can be valuable long after their original intended use is over. More than just a collection of wood, stone, steel and glass, a good building has an intention of exceeding a basic utilitarian purpose. It aspires to make a design statement, to be of service, to be an active participant in the community. Good buildings exhibit a lot of pride — in the developer's mission, or business, or himself. This extends to the pride of design and craftsmanship that makes a building valuable long after the source of the pride is gone.

Some of our favorite buildings have been adapted from other uses.

The old Ada County Courthouse, once slated for demolition, housed the state Legislature for a few years and now serves magnificently as the Idaho Law Center. Railroad warehouses became the cool, eclectic shops and offices in Eighth Street Marketplace, and attracted the BoDo development around it. Old hotels got new life as office, residential and retail uses in the Owyhee, Hoff and Idanha buildings. Downtown department stores have been converted, like the Alaska Building offices and Athlos Academy's headquarters. The office where I write this was an opera house in the late 19th century; three blocks away a warehouse from that era now houses the opera.

Even some older industrial buildings were built to last. Often, these buildings don't survive redevelopment, but their

high-quality construction and design can lead to interesting reuse — local examples from the early 1900s include the Biomark office/manufacturing building, built as a coal-gasification plant; the Linen Building and Powerhouse event centers; and the Armory, undergoing rehabilitation for a new use.

Increasingly, however, commercial and industrial buildings are victims of the national trend toward disposability and quick profit. There's a sameness in design, and construction methods and materials are quick and cheap. The owners expect a relatively short business life in that location and build accordingly. There's no motivation to think about the neighborhood context and how the building will fit in it over time. Owners of big-box stores or factories don't live in the neighborhood and usually don't have the sense of pride or long-term vision to create lasting buildings that enrich their context.

Health care is a rapidly growing industry that needs new facilities as it grows. The single largest private employer in Idaho is the St. Luke's Health System; three of Idaho's 10 largest private employers are healthcare systems. Nationally, healthcare workers are projected to be the largest workforce by 2020.

Yet the way health care is delivered is constantly changing. Not that long ago, healthcare delivery often meant doctors making house calls. This was followed by a rapid increase in hospital treatment, with a corresponding proliferation of large auto-orient-

ed factory-like hospitals. Trends are shifting again. Patients, payers and the courts are deciding that too much growth and consolidation in the healthcare industry is not healthy. Today, U.S. hospitals have one million beds with an average daily occupancy rate of 70 percent, a decline of nearly 39 percent since the 1980s. Inpatient use declined by 16.1 percent from 1999 to 2012. This is due in part to the push by payers for evidence-based outcomes rather than more procedures and hospitalization. Demand is changing, too, as people look for care in ambulatory centers in their communities, or opt for direct care in their homes. Home healthcare jobs are the nation's fastest growing sector, expected to increase 70 percent between 2010 and 2020.

Facility design is changing as well. Patients and their families are showing a preference for care in small, friendly, personal spaces with access to daylight and the outdoors. This mirrors their residential and business preferences: places that are walkable and have a lively mix of uses. As patients develop a more retail-oriented approach to healthcare choices, providers are adaptively reusing retail and commercial spaces to be closer to the market. There are many instances of large systems like St. Luke's and Saint Alphonsus as well as smaller "docs-in-a-box" taking advantage of this trend.

Kaiser Permanente, one of the nation's largest healthcare systems, has been promoting green, smart-growth healthcare fa-

cility design for years. Recently they held the international Small Hospital, Big Ideas design competition to encourage new thinking about hospitals that provide patient-centered healing with a small environmental footprint and also reduce costs and improve community health. The winning concepts propose places that inspire human connection and collaboration, blur the boundaries between the community and the traditional hospital setting, provide direct access to daylight and nature and go beyond carbon neutrality to restore ecosystems and biodiversity.

We can't predict what's next in healthcare demand and delivery, but we can expect the trend away from large centralized facilities to continue. Healthcare providers will be challenged to repurpose outdated buildings; if they fail the community ultimately will be left with the task. If we're lucky, we'll have good designs to work with. One excellent example is Fort Boise, the first large development in the area. Fort Boise started in 1863 as a U.S. Army cavalry fort and operated for many years before it was adaptively repurposed as a healthcare complex for the Veterans Administration. It's a great example of how good design and construction can be a lasting community asset.

Scot Oliver is executive director of Idaho Smart Growth, a statewide nonprofit that promotes community choices in land use, transportation and community development issues.

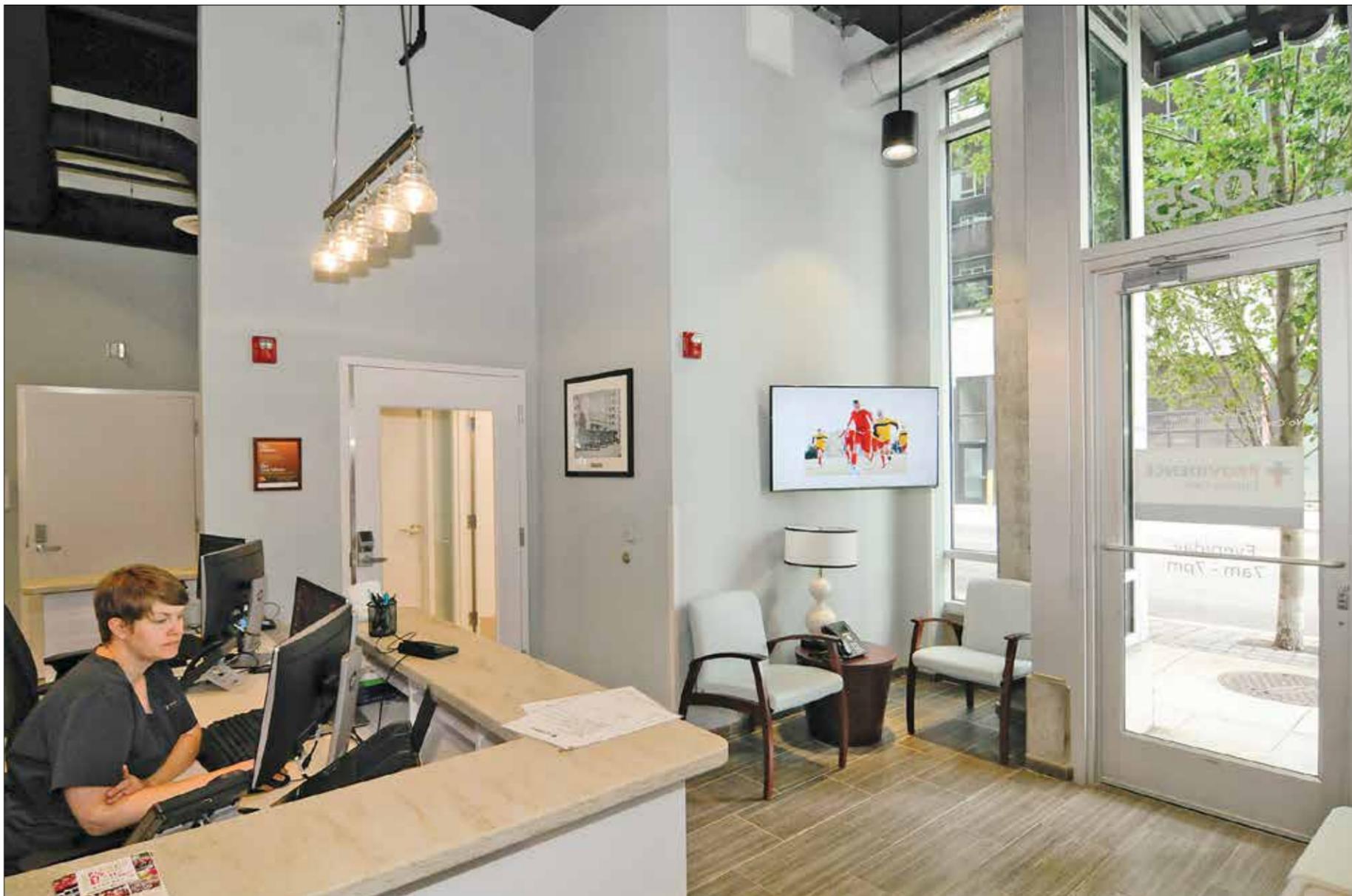
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Medical assistant Valerie Keeley works at a recently completed Providence Express Care clinic in the Pearl District. The number of retail health clinics has risen over the past few years, with multiple providers operating such facilities in the Portland area. (Sam Tenney/DJC)

In Portland, retail therapy presents a growing opportunity for builders

BY GARRETT ANDREWS
BridgeTower Newsires

In just a few years, “retail” health clinics have become close to ubiquitous around Portland, Ore. These small acute care facilities, open late hours and on weekends, are popping up in commercial spaces around the metro area — strip malls, discount centers and grocery stores.

They represent a new way of interfacing with the growing health care sector, and, as such, new opportunities for builders. One, Bremik Construction, has now built retail health spaces for three different providers, with plans to keep going.

And with the stigma of retail clinics wearing off and the Affordable Care Act increasing access to medical care, the era of retail clinics doesn't seem to have crested just yet.

Retail-spin

The first retail clinic in the U.S. opened in 2000, according to a 2009 study in the *Annals of Internal Medicine*. And they've been the subject of controversy ever since.

Today, retail clinics are opposed by a number of doctors' groups, including the American Academy of Family Physicians and American Academy of Pediatrics, who worry about “fragmentation” of patient care. They say the clinics are a cop-out, rather than a solution to actual problems of limited access. The American Medical Association has opposed them for nearly a decade, on the basis that insurance companies shouldn't steer patients away from a primary care provider, or toward facilities staffed by nonphysicians.

Convenience is one main reason for the surge in retail health. Most doctors' offices are open traditional business hours and

only on weekdays. One common knock on health care in America has been that many patients use emergency rooms as a first stop for all manner of conditions. Another perceived benefit is cost. Visits to retail clinics were found to cost around \$110, while the doctor's office and urgent care centers cost around \$160.

Retail clinics are said to offer convenience and low cost, though professional medical groups counter the facilities are often incentivized to over-prescribe medication and provide lower-quality care.

Researchers with the Health Care Financing & Organization have found that the proximity of a clinic increases the chances that a patient will visit. And said to be more likely to visit are young people, women, people without a chronic condition and high-income people. For these reasons, researchers expect retail clinic utilization to continue to increase.

Zoom+Care = growing

Industry observers say the market is rapidly expanding — Providence Express Care, Zoom+, GoHealth and Kaiser Permanente are still developing their plans, and each model is a bit different. And there are several smaller competitors like Doctors Express. Zoomcare started up with two Idaho clinics, one in downtown Boise and one at the Village at Meridian, but quickly closed them in 2014 due to a lack of visitors. Saint Alphonsus Health System also recently closed the last of its “retail” clinics, although Saint Alphonsus and St. Luke's Health System are building larger clinics that provide acute care and also more permanent family prac-

CONSTRUCTION HIGHLIGHTS

The Eagle-based Primary Health Medical Group has opened four new clinics since spring 2014. It's expanding one and rebuilding another right now.

April 2014 — Primary Health opened a South Meridian clinic at 1623 S. Wells Ave. The 5,429-square-foot clinic has nine exam rooms, an X-ray suite, a trauma room, and a procedure room with three family physicians in addition to urgent care providers.

October 2015 — Opened the 5,429-square-foot Orchard clinic at 4971 W. Overland Road in Boise with nine exam rooms, an X-ray suite, a trauma room, a procedure room and two family physicians in addition to urgent care providers.

February 2016 — Opened the 6,310-square-foot Chinden & Linder clinic in Meridian at 1900 W Chinden Blvd. with 11 exam rooms, an X-ray suite, a trauma room, a procedure room and three family physicians in addition to urgent care providers.

May 2016 — Opened a Garden City clinic at 5601 W. Chinden Blvd. The 5,618-square-foot clinic has nine exam rooms, an X-ray suite, a trauma room, a procedure room and two family physicians in addition to urgent care providers.



Primary Health, an independent medical group with 17 locations in southwestern Idaho, opened this clinic in Garden City in May. Like Primary Health's other locations, it offers walk-in urgent care and also regularly scheduled primary care visits. Photo courtesy of Primary Health.

Expansion — Primary Health is expanding its clinic at 1907 S. Broadway in Boise in a remodel expected to be completed late this year. Previous clinic size was 4,296; new clinic will be 9,001 square feet with three family physicians as well as urgent care providers.

Opening in December: A 6,310-square-foot clinic at Cherry Lane and Meridian Road will have 11 exam rooms, an X-ray suite, a trauma room, and a procedure room. Exterior finishes will be different from those of other Primary Health clinics to adhere to design requirements of the historic neighborhood. The clinic will replace the group's oldest building, which has been in use for 23 years at 1130 E. Fairview Ave. in Meridian. Three family medicine providers in addition to urgent care staff.



Building health: Future diagnoses

By Charlie Woodruff

As is typical for Idaho summers, we have all experienced reports in recent months of bad air quality in the area due to nearby wild land fires, which are often accompanied by the suggestion to stay indoors to protect your health. While poor outdoor air quality from wild land fires or pollution can cause a number of issues for the elderly, those with asthma or compromised immune systems, indoor air quality is equally important.

It's even more important when you consider that we spend 90 percent of our time inside, and that the Environmental Protection Agency estimates that indoor air quality is up to 10 times more polluted than outdoor air. When the place you go to escape unhealthy air has potentially more harmful effects, something has to be done.

From the start, the U.S. Green Building Council (USGBC) has promoted building industry transformation as the path to improved global environmental and human health and prioritized air quality as an essential component of its LEED (Leadership in Energy and Environmental Design) certification program; the most widely used green building rating system in the world. LEED works for all buildings — from homes to corporate headquarters — at all phases of development. Projects pursuing LEED certification earn points across several categories that address sustainability issues. Each category in a LEED rating system consists of prerequisites and credits — prerequisites are required elements, or green building strategies

that must be included in any LEED certified project, and credits are optional elements, or strategies that projects can elect to pursue to gain points toward LEED certification. Minimum air quality performance is one of the requirements for all LEED rating systems and there are number of credits to focus on aspects of air purification and human health strategies.

While something simple like changing heating and cooling fan filters regularly can be a critical first step in maintaining better indoor air quality, LEED credits focus on air quality and human health from the ground up.

LEED has long promoted healthy building materials that have lower impacts on indoor air quality — including low VOC paint and nontoxic flooring, and methods for minimizing dust and other pollutants indoors. As a result, LEED-certified buildings have reduced rates of communicable diseases, allergies, asthma and symptoms associated with sick building syndrome. Yet the latest version of the rating system, LEEDv4, has placed an even stronger emphasis on the importance of healthy building products through content transparency and optimization.

USGBC is shifting the materials manufacturing and building sectors to embrace product transparency for the benefit of human health, starting with a new credit focused on material ingredients of products. This credit will help drive the industry to develop products and materials that

are safer and healthier during all life cycle phases. The material ingredients credit will also bring product transparency to the forefront to give consumers the ability to make informed decisions about chemical ingredients used in products, while minimizing the use of harmful substances. Certification programs like GreenScreen, Cradle to Cradle, Environmental Product Declarations (EPD), and Health Product Declarations (HPD) provide guidance to product designers and developers on material choices that meet higher environmental and health performance standards.

In addition, USGBC has introduced a pilot credit to address the connection between human health and building materials, which encourages LEED project teams and manufacturers to focus on human health as it relates to exposure to products during installation and use. This pilot credit rewards manufacturers for performing hazard and exposure assessments to create transparency around the impacts on human health during installation and use of their products, as well as expanding the understanding of the materials used to build and operate buildings. These assessments can, in turn, be an important consideration for developing products designed to minimize human health impacts during installation and product use.

Another rating system that focuses specifically on human health is the WELL Building Standard (WELL), which takes the focus on human health in the built environment one

step further. Administered by Green Business Certification Inc. (GBCI), and the result of seven years of interdisciplinary research, WELL is a performance-based system for measuring, certifying and monitoring features of the built environment that impact the health and well-being of the building occupants. Through WELL's human-centric design principles, the rating system is creating buildings that improve the nutrition, fitness, mood, sleep patterns and performance.

As the WELL Building Standard continues to permeate the market and LEED's human health and materials credits see an uptick in usage, USGBC and GBCI's work to create healthy indoor environments remains a top priority. USGBC is working to provide LEED project teams with a full and complete picture of building materials and products that will help enable transparent, informed decision-making as it relates to health.

Through the shift towards transparency in building products, and the advancement of energy codes, real estate consumers in Idaho will benefit from expanded access to new information in their own decision-making processes and from increased energy savings. Advancing these initiatives are a logical and necessary step as science and building technology give us the information and tools to create healthier and more efficient buildings where we live, learn, work and play.

Charlie Woodruff is director, community - Northern Rockies, U.S. Green Building Council.

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By Brad Huerta

A frontier hospital that measures success by technology

In 2013 Lost Rivers Medical Center nearly closed its doors for good. In its third year of bankruptcy, the hospital was so laden with debt (\$3.5 million, including millions in back taxes and penalties), it was doubtful the staff would be paid on any given week. The infrastructure was in ruins. Needed repairs went ignored and outdated technology languished, providing little value to clinicians. Despite the best intentions of its administrators and board, Lost Rivers was in dire straits — and sinking fast.

The financial struggle of rural hospitals is very real — of the 2,000 rural hospitals in the U.S., 74 have closed since 2010 and nearly 700 more are vulnerable for closure — some filing for bankruptcy protection or announcing mergers with larger institutions in an effort to survive. More than 60 percent of the country's hospitals are now part of larger, mega-hospital systems, and the trend of "merge or die" continues to rise.

Lost Rivers — a critical access hospital in Arco — is a holdout. It is located in a vast, sparsely populated wilderness where the population of bears outnumbers residents. The 14-bed facility provides 24-hour emergency service and is the only hospital in an area greater than the state of Rhode Island — the nearest facility is over an hour away.

I arrived at Lost Rivers at the height of its troubles and had some tough decisions

to make: how to scrape together enough funds to keep the hospital open and who to lay off to save money. Getting control of the financials was the first priority. Second was investing in flexible, network-enabled technology that would secure the hospital's future by helping us adapt amid fluctuation and uncertainty.

Health IT is a double-edged sword. At best, the right technology helps achieve the triple aim of healthcare: increased cost savings, greater performance insight to advance population health and better clinical outcomes. At worst, it's a drain on resources and the source of much frustration and distraction.

Achieving both clinical excellence and financial viability requires good — if not the best — technology, and the IT skills to manage it. Thankfully, strides in healthcare innovation have surfaced alternatives to cost-prohibitive software.

In order to survive, rural hospitals need to resist the status quo in health IT — the prevalent notion that the bigger the vendor, the better — and look to nimble, cloud-based network services. Lost Rivers benefits from technology that enables visibility and system-wide integration, data sharing, expedited billing and streamlined referrals. Not only are cloud-based EHR and revenue management services relatively affordable as

opposed to traditional software implementation (most of which take years to pay off or show any significant savings), they don't require expensive software licenses, high-priced servers or a high-paid technology chief to run them.

A cloud-based network also provides benefits beyond any one organization by connecting hospitals or medical groups to one another for data sharing. For instance, Lost Rivers is now able to stay ahead of payer changes because we're part a network powered by more than 40 million payer rules based on the processing of more than 140 million claims per year. The network can capture data on payer standards, denials and pay-for-performance opportunities, learn from this data to maximize reimbursements, and finally, surface analytics that track progress and success. The ability to take data and put it to work gives Lost Rivers the power of a larger organization.

On the financial side, being on a cloud-based network has dramatically improved Lost Rivers' bottom line. Days in accounts receivable has decreased from 67 to 42 — much lower than the industry standard for a hospital of Lost Rivers' size, which is 52 days. When cash flow is tight, this number makes a big difference. The claims denial rate has also gone down, which means we're leaving less revenue on the table.

We've stabilized hospital operations at Lost Rivers, celebrating our second year of profitability. We are now expanding by bringing in new specialty expertise on-site, as well as virtually. Telemedicine is the greatest force multiplier for the rural hospital. We have specialists virtually join from local universities, trauma centers, burn centers and others — expertise we could never recruit due to our remote location.

As the shift in reimbursement moves from volume to value and rural hospitals look to enter risk-based ventures, the pressure is on. Small hospitals are going to be pushed hard to demonstrate both clinical and administrative efficiencies. Add on the importance placed on patient satisfaction and engagement, and hospitals, regardless of size, will need to meet growing billing, performance insight and population health needs.

I measure our hospital's success by the cost-effectiveness, efficiency, and ease of our technology, which has been — and will continue to be — key to our survival.

Brad Huerta is the CEO/Administrator of Lost Rivers Medical Center. He is also an adjunct faculty member in the Health Care Administration Department at Idaho State University and Weber State, as well as a curriculum and health care advisory board member at BYU Idaho.

Osteopathic college is on track for February groundbreaking

By SHARON FISHER
Special to the IBR

The proposed Idaho College of Osteopathic Medicine — which would be Idaho's first and, so far, only medical school — is on track for a groundbreaking in February that will enable it to offer classes beginning in 2018.



Robert Hasty

So far, the proposed school has received approval for 2.8 acres next to the Idaho State University Meridian Health Science Center on a 40-year lease, plus two 10-year renewals, for a total of 60 years, said Robert Hasty, founding dean and chief academic officer. On it, he plans to build a new 95,000-square-foot building, which is expected to cost \$34 million, he said. In addition, the proposed school will be leasing anatomy space from ISU's Health Science Center.

Hasty is working with Dekker/Perich/Sabatini, an Albuquerque, N.M. firm with expertise in designing medical schools.

"They do beautiful work and they're incredibly talented," he said. For the construction, he has pledged to use only local contractors.

The building includes two 250-seat auditoriums, 20 small group rooms, faculty and staff offices, smaller classrooms and conference rooms, and a 4,000-square-foot atrium that the school will be able to use for events such as a Thanksgiving lunch for students, faculty and staff, Hasty said. In addition, it will include a 9,000-square-foot simulation lab that includes space for debriefing, ultra-



The proposed Idaho College of Osteopathic Medicine will build its own building and will also lease space from Idaho State University's Meridian Health Science Center, shown here. File photo.

sound stations, and simulated patient areas. Using actor patients, the students will practice performing procedures ranging from pelvic and rectal exams to delivering bad news to patients, he said.

Hasty and the architects have not yet determined whether the building will comply with the Leadership in Energy & Environmental Design (LEED) certification process, because he said he believed that would involve extra expense. "Either way, it'll have a lot of green features," he said.

This set of plans is actually the second round. "They gave me one initial plan, but I rejected it," Hasty said. "They gave me another set, and we gave the green light on those." For example, the initial set of plans featured two large internal atriums,

but a later light study determined that they wouldn't be practical. "In December, that atrium would be dark most of the time," he said.

Similarly, initial plans had included a number of interview rooms within the admissions suite. "That's fine for interviewing students, but after hours, that would have locked access," Hasty said. "The rooms for interviewing need to be outside that space, so students can study whenever."

Planning the facilities is part of the school's accreditation process, along with meeting other milestones such as hiring faculty and staff. "We've done quite a bit of that," Hasty said. He has six associates and three department chairmen under contract, as well as an executive assistant and an ex-

ecutive director for the undergraduate program. Altogether, when the school opens, it is expected to have 70 employees, increasing later to 90. In addition, he has 373 preceptors — practicing physicians who instruct, train, and supervise medical students — who will be teaching on the rotations. "Everything's moving along about where I expect it to be," he said. He expected the school to receive its provisional status next year, after which it can begin soliciting and accepting applications for students.

The proposed for-profit college is privately funded, though the proposed college was awarded a Tax Reimbursement Incentive by the state earlier this year that is expected to amount to \$3.85 million over the next 10 years, based on the number of high-wage jobs created. In published reports, Hasty has pledged to use the TRI money for scholarships and residency programs.

According to the school's website, it will be independent of ISU, but ISU will have representation on the board of trustees. The proposed school also intends to create a fund to help create medical education residencies in Idaho, Montana, North Dakota, South Dakota, and Wyoming. It intends to register with the Idaho Secretary of State's office as a benefit corporation, which commits to supporting the community and society, rather than shareholder value, as its highest priority.

Governor C.L. "Butch" Otter announced in February 2016 that the medical school would be coming to Idaho and that Idaho students would receive preference in enrollment. Idaho now ranks 49th in the number of doctors per capita. Based on 2015 data from the American Association of Colleges of Osteopathic Medicine, the state had 171 students attending osteopathic medical schools elsewhere in the U.S.

Aspen Dental is building dental offices across Idaho

By TEYA VITU

Syracuse, N.Y.-based Aspen Dental Management Inc. is investing about \$1.2 million to construct dental buildings for four independent practices in Idaho Falls, Nampa, Pocatello and Lewiston.

Aspen Dental provides a brand name and non-clinical business support services — including real estate — to independently owned and operated dental practices.

Aspen, which is involved with at least 565 dental practices in 34 states, opened its first Idaho office on July 14 in Idaho Falls.

Construction is underway now in Pocatello with an expected December opening. Nampa construction started in September with the goal of a mid-March opening, but work has not started in Lewiston, said Kasey Pickett, Aspen's director of communications.

All Aspen Dental buildings are built from the ground up, usually in retail settings like shopping centers.

"They're not in traditional health centers," Pickett said. "It's much more looking at retail centers, stand-alones in front of a Target. Like a lot of changes in health care (drug stores with clinics; urgent care clinics), this is a move toward consumerism."

Aspen Dental's Pocatello location is at the Pine Ridge Mall; the Nampa office is in the Treasure Valley Marketplace; the Idaho Falls location is across from the Edwards Grand Teton 14 cinema; and the Lewiston office at 2320 Thain Road near Shopko and Big 5 Sporting Goods.

Aspen has a real estate team that does site selection in communities, and Aspen works with a few national general contractors to build the Aspen Dental facilities.



The Idaho Falls office of Aspen Dental opened July 14. Photo courtesy of Aspen Dental.

All Aspen Dental buildings are built from the ground up, usually in retail settings like shopping centers.

The contractor typically hires local subcontractors, Pickett said.

"It's been a pretty smooth process in Idaho identifying sites and getting to construction," Pickett said.

Aspen Dental was founded in 1998 but only arrived in the western states in 2008 in Arizona and in 2009 in Washington and Oregon. Aspen seeks locales with dental health professional shortages as identified

by the U.S. Department of Health and Human Services, Pickett said.

Aspen has a standard office prototype design and an in-house architect who makes minor design changes if needed at specific locations.

Aspen Dental practices cover all facets of general dentistry. Each location has a lab and lab technician to make dentures in-house, Pickett said.



Slattery Orthodontics • Boise, Idaho • Completion: Spring 2016



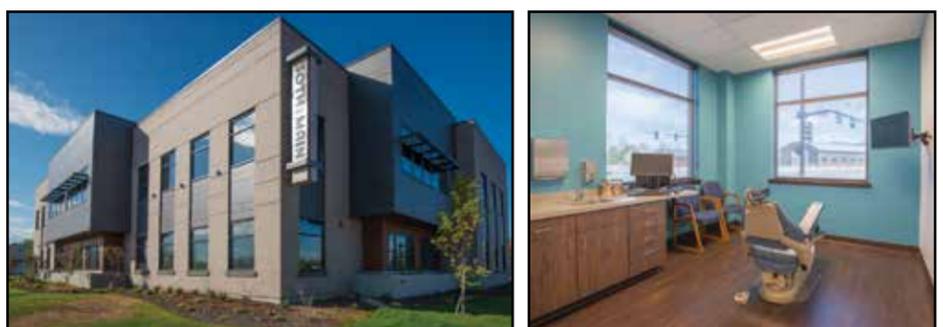
Steele Memorial Medical Center • Salmon, Idaho • Completion: Spring 2017



Summit Family Health • Meridian, Idaho • Completion: Winter 2017



River City Surgery • Boise, Idaho • Completion: Summer 2016



Whitewater Oral Surgery • Boise, Idaho • Completed: Spring 2015



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Smaller West Valley expands services, square footage

IBR STAFF

As part of the 165-hospital Hospital Corporation of America in Nashville, Tenn., West Valley Hospital in Caldwell belongs to a huge healthcare company, but occupies a relatively small space in the Treasure Valley health care landscape.

West Valley has five rural clinics in Nampa, Caldwell, Parma, Wilder and Middleton as part of its West Valley Medical Group, a separate company under HCA's Physician Services group. Like its larger competitors, West Valley, with 100 beds and 200 physicians on staff, has been adding square feet and services to keep up with local population growth and growing demand for health care.



Betsy Hunsicker

"There's a lot of expansion everywhere," said Betsy Hunsicker, who was hired as West Valley's CEO about two years ago. "Certainly in this market there is. The biggest reason is it's growing so much. And there's a lot of demand to provide state-of-the-art services."

One area where West Valley isn't reaching out is in urgent care and retail care. Other hospitals and local companies like Primary Health are rapidly expanding their retail care offerings.

Hunsicker said West Valley's parent company has acquired some urgent care companies, but West Valley doesn't have any plans to open retail clinics. At many physician offices and local hospitals, she said, primary care, walk-in clinics and same-day appointments are available.

"So I think there's more access points for primary care, which really eliminates the need for more doc-in-the-box kind of places," Hunsicker said.

CONSTRUCTION HIGHLIGHTS

Over the past three years, West Valley Medical Center invested more than \$23 million in capital improvements, expansions and equipment.

Here are the major construction highlights:

West Valley Medical Complex

West Valley partnered with the Gardner Company to construct a four-story, 91,500-square-foot medical office building — the tallest in Caldwell — near the hospital campus at 1906 Fairview Ave. This project was completed in December 2013. West Valley invested about \$2.2 million in the new space.



West Valley Medical Center in Caldwell. The 100-bed hospital is owned by Hospital Corporation of America, based in Nashville, Tenn. Photo courtesy of West Valley.

Surgical Services Expansion — Phase 1

West Valley added 2,771 square feet to its existing surgical department for a new pre-operative Day Surgery Unit and recovery room for post-operative patients. The hospital also renovated 5,755 square feet of space to accommodate a fifth operating room. The total costs for this project were about \$6.25 million. Construction began in March 2015 and was completed in April 2016. The hospital partnered with Gould Turner Group for architectural services; Batten and Shaw Construction Management served as contractor.

Surgical Services Expansion — Phase 2

A renovation will begin in the third

quarter of 2016 to fully renovate and further expand the surgical department by adding additional OR space and support area, bringing the total number of operating rooms to six. The total investment is estimated to be more than \$8 million. Project completion is anticipated in 2018. Gould Turner Group will continue to provide architectural services; Robins & Morton will serve as contractor.

Cardiac Catheterization Lab

West Valley's new electrophysiology cardiac catheterization lab — the first of its kind in Canyon County — added 4,700 square feet to the previous catheterization suite. The project also upgraded X-ray and 3-D mapping equipment to provide highly accurate images of the heart and major ves-

sels. The total investment was about \$3.2 million. Construction began in November 2014 and was completed in December 2015. The hospital partnered with Lombard-Conrad Architects for architectural services; Contractors Northwest Inc. served as contractor.

MRI

West Valley invested approximately \$2 million for new state-of-the-art technology and an expansion of its MRI services. The project renovated 700 square feet of existing space and added another 1,200 square feet. Construction was completed in September 2016. The hospital partnered with Babcock Design Group; Engineered Structures Inc. served as contractor.



Want to sell your medical practice? Look beyond the hospital

By Randal L. Schultz, Esq.

The good news: The future is bright for physician practices if they know how to structure their business operations and have a vision for participating in new payment methodologies.

The bad news: Many physicians are simply giving up under the weight of heavy government regulations, restrictions on historical practice strategies and the cost of maintaining electronic medical records and other basic tools necessary to operate a medical practice.

To many physicians, the easy out is simply selling to the hospital and allowing the hospital to manage the physician's medical practice. The physician believes that the hospital will pay some cash, be responsible for all regulatory compliance and administrative costs and enable the physician to simply practice medicine without dealing with any of these issues. Depending upon the hospital, the physician might be right.

However, a variety of business strategies can help the physician reduce stress and achieve a lump sum cash payment without selling to the hospital.

Management companies and equity funds are jumping in to the business of medicine. These companies use an entrepreneurial approach to maximize opportunities for providing quality medical services while capturing revenue. These organizations are looking to partner with physicians to leverage the knowledge and talents of the physician regarding the care of patients while utilizing business strategies that have proven successful in healthcare and other industries.

Accountable Care Organizations help

physicians coordinate all aspects of the healthcare delivery process including scheduling, use of nationally recognized care protocols, innovative payment arrangements and post-visit patient follow-up using business systems adopted from other industries.

Other management companies directly negotiate with self-insured employers and commercial payors to develop bundled payment arrangements across the spectrum of patient care events. By fixing the facility fee and allowing physicians to receive a fair market value fee for services rendered which is increased in the event of complications, they incentivize physicians with bonus payments if the overall programs saves the payor money.

Other management companies and equity funds are looking for physician practices that want to be part of a larger business strategy to reduce stress and obtain lump sum cash payments based upon a multiple of profits. Under this arrangement, the physician practice forms its own management company owned by the physicians who own the physician practice. The physician practice assigns all of its non-physician employees to the new management company and pays the management company for all administrative services historically performed by the physician practice plus an additional "profit" payment.

Although the cost of this "profit" payment, by definition, reduces the funds that are otherwise available to pay the physicians' compensation, because the physician owns both the management company and the physician practice, the physician is simply putting the profit from the management

company in one pocket while putting his reduced salary in the other pocket. The combined total from both pockets is the same amount of money the physician made before he or she set up the management company.

The theory behind this arrangement is that any "profit" in the management company can be sold to equity funds and other buyers at a multiple. For example, assume a physician earns \$300,000 per year through his or her practice. Also assume that the physician must generate \$600,000 in revenues in order to pay all of the practice expenses to achieve the \$300,000 compensation.

Under the management company approach, the first step is to set up a management company owned by the physician and have the physician's practice pay to the management company \$400,000 for administrative expenses. As a result, the physician will only make a salary of \$200,000 through the practice. However, the physician receives \$100,000 in profit from the management company (\$400,000 paid in minus \$300,000 actual expenses) so the combination of the profit from the management company and the reduced salary through the practice gives the physician the same \$300,000 at the end of the year.

Recently, equity funds have paid between a four and nine times multiple for the stock of these management companies to obtain the "\$100,000" annual profit. This allows the physician to sell the management company to a third party but not sell the practice. Thus, if the physician can sell the management company at a six times multiple of profit, or \$600,000, the payment will be

taxed at capital gains rates leaving the physician \$480,000 in the bank. Had the physician not used this management company strategy and simply paid 50 percent ordinary income tax on the \$100,000 as salary, how long would it take to accumulate \$480,000? The answer is 10 years.

The acquiring equity fund will use a variety of business strategies to increase the amount of money the physician makes through the practice which will, in turn, increase the amount of money the physician pays to the new management company. Where this strategy works, the physician enjoys the benefit of capital gains on the sale of the management company while having a business partner manage the medical practice to achieve increased annual compensation. This strategy is becoming an excellent alternative to selling the practice to a hospital because the hospital will fear paying a multiple of profits to the physician practice due to the federal anti-kick-back legislation.

Physicians have more choices than simply selling their medical practices to hospitals. Obviously, there are other legal issues not discussed herein. However, given that hospitals can no longer use provider-based billing for new practice acquisitions and new legal cases are restricting the funds hospitals can pay to physicians as compensation, investigating the opportunity created through these alternative business strategies is a must.

Randal L. Schultz is an attorney with Lathrop & Gage in St. Louis. He can be reached at 913-451-5100 or rschultz@lathropgage.com.



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Here's the lineup for 2017:

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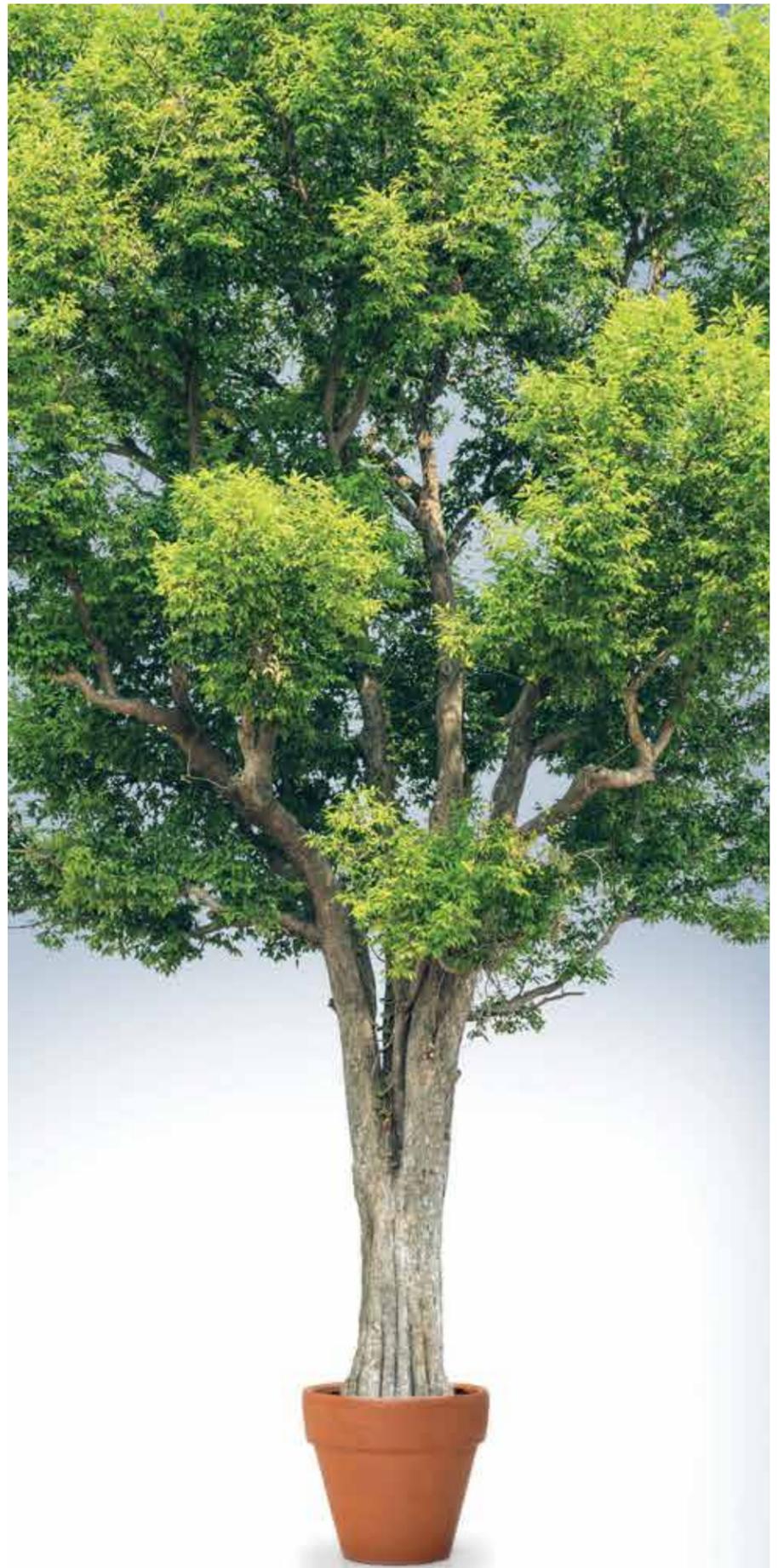
July – **HOSPITALITY**

October – **EDUCATIONAL INSTITUTIONS**

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CASCADIA

Continued from 5

censed by the Idaho Department of Health and Welfare.

Hammond said Cascadia's new facility will compete well with older homes. He said across the West, many skilled nursing homes are in converted convalescent homes in buildings that were constructed in the 1950s and 1960s.

"They just aren't built to be skilled nursing homes," Hammond said. "Many have no real congregation areas. They are very institutional. People don't want to be in huge rooms with six other people."

Hammond was previously with the Mission Viejo-based Ensign Group of skilled nursing, rehabilitative care services, home health, hospice care, assisted living and ur-

gent care companies, where he headed its Pennant Healthcare and Signum Healthcare subsidiaries. Pennant operates nine skilled nursing homes in Idaho and Washington, including Monte Vista Hills Health Care Center in Pocatello, Pocatello Care & Rehabilitation, River's Edge Rehabilitation & Living Center in Emmett, and Parke View Rehabilitation & Care Center in Burley.

"My whole career has been turning around underperforming skilled nursing homes," Hammond said. "As an operator, I've probably been involved with 50 skilled nursing facilities."

Cascadia's Boise and Nampa homes will have two wings, one with 30 semi-private rooms with two beds, and the other with 20 private rooms and 10 semi-private rooms with two beds. Officially, both homes will have 99 beds.

"Each room will have a shower and bathroom," Hammond said. "That doesn't

sound like a big deal. (But) most I've dealt with either have Jack-and-Jill bathrooms (shared between two rooms) or you have to bring in your own TV."

The homes will have a mix of short-term and long-term residents. Medicaid patients will be welcomed, Hammond said.

"We have TV entertainment," he said. "A lot of (skilled nursing homes) say you have to bring in your own TV."

The Cascadia homes will have what Hammond calls a professional transitional model — a room with a real home setting where patients can reacquaint themselves with home tasks.

"It will be a stepping stone from the hospital to a home," he said.

Hammond expects to have a staff of about 120 at each home with 80 nurses. Cascadia's Curtis Road home is proposed for a portion of the old West Junior High School site.

NURSING HOME

Continued from 3

"They might give the investor 5 to 6 percent, which is better than you can get at a bank."

5. A real estate investment trust, or REIT, is an increasingly common way to invest in all sorts of properties, not just long-term care facilities, though some do specialize in just healthcare facilities, Brocksome said. "REITs go around the country looking for people with lots of facilities" that can be packaged into a \$15 to \$20 million bundle, which are then leased to an operator to run, he said.

Most of the long-term care facilities over the past five years with which Brocksome is familiar have been funded as REITs or with investors, he said.

Boiseans are getting older

By 2030, one out of every five Americans will be at least 65 years old. By contrast in 1950 fewer than one in 12 Americans was 65 years old or older.

COMPASS, the Community Planning Association of Southwest Idaho, collects and analyzes data for the metropolitan planning area of Ada and Canyon counties. It found that the number of households with children will decline from 45 percent to 27 percent, while households without children will rise from 55 percent to 73 percent. Single-person households have more than doubled in number from 1970 (14 percent) to 2000 (31 percent), and will reach 34 percent in 2030.

Likewise, in the city of Boise, residents ages 65 and older make up the fastest-growing age group. About 23 percent of Boiseans were age 55 or older in 2010, and this number is expected to rise to 27 percent by 2017.

Source: Boise at Home

KOOTENAI

Continued from 10

two-by-fours and sheetrock, what one of the rooms would look like. "Staff could walk in and it had equipment in the room," Miller said. "Where are the outlets going to be? Where is the computer going to sit? It was really that granular, and created a nice environment for staff."

The project is being supported partly through financial reserves, partly through a loan, and partly by donations to the Kootenai Health Foundation.

Financing

Kootenai financed \$74.715 million in 2014 with a tax-exempt revenue bond issue through the Idaho Health Facilities Authority. The bonds were directly placed in 2014 to Deutsche Bank and Capital One Public Funding.

ARCHITECTURE FIRM:

NAC Architecture

General contractor and construction manager:

Bouten Construction Co.

Fire protection:

McKinstry

Excavation & utilities:

Peck & Peck

Plumbing:

Mackin & Little

HVAC:

Apollo

Electrical:

Energize Electric

Phase I and Phase II Master Facility Projects are expected to cost \$101 million. The foundation has committed \$7.5 million to date and the capital campaign will continue through Phase II with a target of an additional \$10 million in donations. Miller said the rest of the money will be generated through operations.

"We have been really fortunate to have

some generous donors in our community," Miller said. "A lot of these donors are people who are really the business leaders of our community and they recognize the importance of having good healthcare close to home."

Organizationally, Kootenai Health is a political subdivision of the state of Idaho — similar to a school district or a water district, and with boundaries contiguous to those of the county. But it functions like a nonprofit, Miller said. While it does have taxing authority, it has not assessed taxes since 1995 and has no plans to assess taxes in the future.

Altogether, the expansions are expected to add at least 150 jobs to the approximately 3,000 (2,700 full-time equivalents) at the hospital now. Kootenai Health is the area's largest employer, followed by Hagadone Hospitality, Coeur d'Alene School District, North Idaho College, and the Coeur d'Alene Casino, said Tere Taylor, communications coordinator for Coeur d'Alene Chamber of Commerce.

RETAIL THERAPY

Continued from 12

tice services.

Providence's focus is on same-day, no-wait neighborhood clinics intended to handle low-acuity conditions — coughs, colds, sinus issues, stitches, sprains, strains — that don't require a trip to the emergency room.

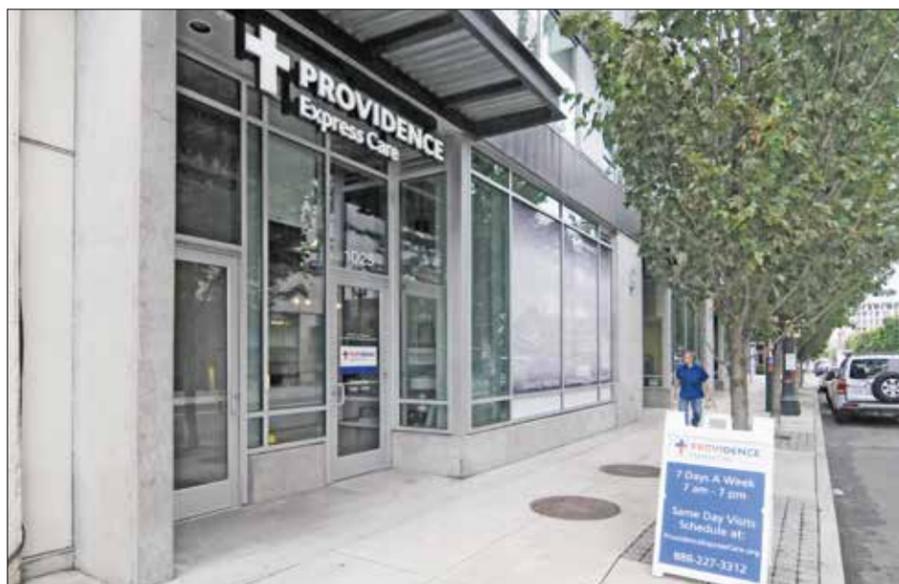
"I think what makes Providence unique is that we have a very deep continuum of care — a deep bench, in other words," said David W. Ray, Providence's Oregon director of retail operations. "We've got these neighborhood clinics and the 45 primary clinics and a number of specialists in the Portland-metro region and in the hospital system. So wherever you enter into our system, we'll both take care of you and follow your care, and to get you better faster."

With one in development in Bethany, Providence will have 14 stand-alone clinics in Portland by the end of 2016. The Seattle area is home to 15.

Providence is mission-based, and accepts all patients, regardless of insurance.

Medical assistant Valerie Keeley works at a recently completed Providence Express Care clinic in the Pearl District of Portland, Ore. The number of retail health clinics has risen over the past few years, with many providers operating such facilities in the Portland area. Photo by Sam Tenney of the Daily Journal of Commerce.

Zoom+'s health clinics are similar to the others, but the fast-growing local company's business model is much more unique. It offers a holistic health insurance plan, which patients can use at many Zoom+ storefronts in the Portland area — Zoom+Smile (dental), Zoom+Performance (fitness) and Zoom+Care



Bremik Construction recently completed building out a Providence Express Care clinic in the Pearl District. The contractor has built eight such clinics for Providence in addition to "retail" health projects for Zoom+ and Kaiser. (Sam Tenney/DJC)

(health), with other variants in the works.

It's targeting people who are younger, and thus generally healthier, and hiring specialists to develop a health plan.

"The jury's still on whether they can get the members to cover the risk involved in the concept," Ray said. "They are making a lot of money."

Provider preference

Bremik has now built retail clinics for three owners — Providence, Kaiser and Zoom+. The latest one, for Providence, is in the Enso building in the Pearl District. The contractor has built stand-alone clinics and "embedded" ones inside larger stores, like Walgreens.

"They're each unique; Zoom, Providence and Kaiser each have their own needs," said the company's health care project team superintendent, Paul Miller. "They're different and similar in a lot of different ways. Each one of those companies have their own project team and they work together on their own design hand in hand with the architect."

The outskirts of Portland are home to more of these embedded clinics. In inner Portland, they're more focused on "neighborhood" care.

The layouts are fairly simple: usually two exam rooms, a reception area and bathrooms. Providence has used JRJ Architects, Kaiser has used ZGF Architects and Zoom+ has used Hacker. The projects are more or less like

standard tenant improvements. The timing is quick: projects usually take less than a couple of months, depending on the quality of the building.

Bremik Construction recently completed building a Providence Express Care clinic in the Pearl District of Portland, Ore. The contractor has built eight such clinics for Providence in addition to "retail" health projects for Zoom+ and Kaiser. Photo by Sam Tenney of the Daily Journal of Commerce.

Bremik has constructed eight Providence Express Care clinics, after entering the retail health market last summer, Miller said. Kaiser, meanwhile, is developing a project in the Pearl.

Idaho's Primary Health Medical Group in Boise has 17 clinics in Idaho's Treasure Valley that provide retail care but also more permanent care for patients who want it. The company has grown quickly over the last five years, said David Peterman, the president of Primary Health. Patient visits have increased more than 100,000 in that time to more than 350,000 visits per year, he said.

"When we open new clinics, we have a fairly steep curve of patients coming to visit," Peterman said. "It meets their needs in this complicated, challenging environment of health care, where we all get frustrated. What's key to the patient is 'I need a medical home, someone who can help me coordinate the care, someone who can tell me where I get physical therapy,'" he said of Primary Care's model, where patients can use a physician at the clinic as their primary care provider.

"That's what we're all about: Having a combination clinic that is accessible, in the neighborhood, where you can be seen without an appointment — and also have a family doctor there."

► **ALPHONSUS FROM PAGE 8**



Saint Alphonsus Medical Group

Garryty Clinic, Address TBD (adjacent to new replacement hospital build)

The Saint Alphonsus Medical Group — Garryty Clinic, located near the corner of Garryty Boulevard and Comstock Street adjacent to the new replacement hospital build, will be 16,000 square feet and will house 36 exam rooms, three procedure rooms, and X-ray on a 3.5 acre site. The Saint Alphonsus Garryty Clinic will offer services including family medicine, pediatrics, occupational medicine, ear nose and throat (ENT), and urgent care.

Completion expected Spring 2017



Saint Alphonsus Medical Group

Bown Crossing Health Plaza, 2141 E. Parkcenter Blvd., Boise, ID

Saint Alphonsus has opened their first health plaza located in southeast Boise. The Saint Alphonsus Medical Group's Bown Crossing Health Plaza provides area residents with urgent care, primary care, and specialty care services closer to home in the 13,333-square-foot facility.

Completed, opened August 2015



Saint Alphonsus Medical Group

Star Clinic, 10717 W. State St., Star, ID

The Saint Alphonsus Medical Group — Star Clinic is a 5,200-square-foot facility that brings convenient care closer to home in urgent care and family medicine.

Expected open at the end of September 2016

Saint Alphonsus Medical Group

Emerald Clinic, (address TBD on Emerald)

The expected 13,000-square-foot facility will replace the current Saint Alphonsus Medical Group — Emerald Urgent Care Clinic, and will offer family practice, urgent care, occupational medicine, and primary care services.

Expected open summer 2017

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