



State of New Jersey  
DEPARTMENT OF HEALTH AND SENIOR SERVICES  
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JON S. CORZINE  
Governor

[www.nj.gov/health](http://www.nj.gov/health)

HEATHER HOWARD  
Commissioner

March 24, 2008

**VIA UNITED PARCEL SERVICE**

Joseph Scott  
President and Chief Executive Officer  
LibertyHealth System  
1825 Kennedy Blvd  
Jersey City, New Jersey 07305

Re: Greenville Hospital  
CN# FR 070701-09-01  
Project Cost: 0  
Expiration Date: March 24, 2013

Dear Mr. Scott:

I am approving LibertyHealth System's (Liberty) certificate of need (CN) application for the discontinuance of Greenville Hospital as a 100 bed general acute care hospital. Specifically, this application constitutes a request to cease operation of the hospital in its entirety, which consists of 94 medical/surgical beds and 6 ICU/CCU beds. This application is being approved at zero total project cost since there are no capital costs associated with this project.

The standards that I am compelled to use in evaluating this application are set forth in statute (N.J.S.A. 26:2H-1 et seq.) and by administrative rule (N.J.A.C. 8:33). I must be satisfied that the project submitted by Liberty is consistent with those requirements. Therefore, for the reasons that follow, I am approving with conditions the application submitted by Liberty. I note for the record that my decision to approve this application is consistent with the recommendation of the State Health Planning Board (SHPB), which recommended approval of the project with conditions, at its February 7, 2008 meeting.

N.J.S.A. 26:2H-8, as well as N.J.A.C. 8:33-4.9(a), provides for the issuance of a certificate of need only where the action proposed in the application for such certificate is necessary to provide required health care in the area to be served, can be economically accomplished and maintained, will not have an adverse economic or financial impact on the delivery of health services in the region or statewide, and will contribute to the orderly development of adequate and effective health care services. In making such determinations, I must take into consideration: (a) the availability of

facilities or services which may serve as alternatives or substitutes, (b) the need for special equipment and services in the area, (c) the possible economies and improvement in services to be anticipated from the operation of joint central services, (d) the adequacy of financial resources and sources of present and future revenues, (e) the availability of sufficient manpower in the several professional disciplines, and (f) such other factors as may be established by regulation. As previously mentioned, I have also taken into consideration the recommendations made by the SHPB to approve this application. I have reviewed the application, the Department's recommendations, and transcripts of the public hearing and the two SHPB meetings in rendering my decision. The presentation by the Chief Executive Officer and supporting testimony by the chair and members of the board acknowledges the shared role of management and governance in submitting this application.

I am also mindful that in 1992, the Legislature enacted P.L. 1992, c. 160, the "Health Care Reform Act" (HCRA) to "move in the direction of a deregulated hospital reimbursement system" and promote a "truly competitive market environment." Indeed, in the years since the HCRA became law, the health care environment has changed dramatically: among other things, it has become increasingly competitive and in many ways more financially challenging for hospitals. For example, managed care penetration has grown significantly during this period and, partly as a result of this, hospital utilization has decreased substantially. The HCRA also eliminated authority for hospital rate-setting, which in the past may have shielded hospitals from the financial consequences of their actions or inactions.

In accordance with N.J.S.A. 26:2H-5.8(c), facilities seeking to close or eliminate a health care facility or service subject to certificate of need review by SHPB are required to file a full review certificate of need application. The SHPB is also required to hold at least one public hearing in the service area of the health care facility or service proposed to be closed within 30 days of the application being declared complete by the Department. In this instance, a public hearing took place on October 11, 2007 where 300 people attended and 32 spoke. All of the speakers opposed the closure of Greenville Hospital and expressed concern that services currently offered at Greenville Hospital, particularly emergency services, would become less accessible to the residents in the Greenville Hospital service area.

As to the specifics of this application, N.J.S.A. 26:2H-8(a) requires that I consider the availability of facilities or services, which may serve as alternatives or substitutes. In Hudson County, there are six other acute care hospitals in addition to Greenville Hospital. Five of these hospitals are located within ten miles of Greenville Hospital. Two are located within a five mile radius, with Jersey City Medical Center (JCMC) the closest at 2.8 miles and Bayonne Medical Center at 3.4 miles. The remaining three include Christ Hospital at 5.3 miles located in Jersey City, Hoboken University Medical Center at 6.0 miles in Hoboken, and Meadowlands Hospital in Secaucus at 9.6 miles. When looking at the current average daily census figures for Greenville Hospital, it is

clear that there are a sufficient number of unused beds at JCMC and Christ Hospital alone to easily absorb the relatively small inpatient census at Greenville Hospital. I am confident that the proposed closure will not adversely affect access to health care services for the community, including the medically indigent and medical underserved population. Thus, I am satisfied that this criterion is met. I take notice of the many comments concerning transportation and the ability to access the available services and address this concern in the conditions below.

I also find that the requirement at N.J.S.A. 26:2H-8(b) to consider the need for special equipment and services in the area would be met in this case, except for dialysis services, since the hospital doesn't currently provide specialized services or equipment other than dialysis. I note that such specialized services have been and will continue to be provided at JCMC. There are also other providers in Hudson County with services and resources, except for dialysis, to satisfy the former patients of Greenville Hospital without unduly disrupting their care. Thus, I take notice of the many comments concerning dialysis and the problems of access to the available dialysis services in Hudson County and address this concern in the conditions below.

With respect to N.J.S.A. 26:2H-8(c) regarding the possible economies and improvement in services to be anticipated from the operation of joint central services, this provision is not applicable since Greenville Hospital would be discontinuing its services. N.J.S.A. 26:2H-8(d) requires me to examine the adequacy of financial resources and sources of present and future revenues. I am convinced that if the annual operating loss at Greenville Hospital continues at a rate of three million dollars or moves higher both JCMC and Meadowlands Hospital Medical Center would be adversely affected. I believe the closure of Greenville Hospital by Liberty would result in enhanced revenues, operational efficiencies and improve resource utilization to reverse the recent operating losses for Liberty. Additionally, I agree that the applicant's rationale to discontinue services at Greenville Hospital is a realistic assessment of the health care environment in Hudson County. I recognize that Liberty can no longer afford to duplicate basic services and competing for the same market share of the population. I agree that any further investment in Greenville Hospital to update the facility would not be cost effective and only add to the financial losses the hospital system is already experiencing. In this case, cost benefit and quality would be more achievable for Liberty through the closure of Greenville Hospital. The additional losses at Greenville, were it to remain open, would further jeopardize JCMC, the largest safety net provider in the area with a 2006 payer mix of 52.2 percent charity care/Medicaid (the highest in the state) and put at risk their provision of tertiary services.

Finally, with respect to N.J.S.A. 26:2H-8(e) regarding the availability of sufficient manpower in the several professional disciplines, I am satisfied that there will be sufficient qualified personnel in this regard, since the application proposes closure of the entire facility, adequate staffing is not an issue. However, I note that the application indicates efforts by Liberty to offer and hire displaced employees at Greenville Hospital

within its own system without loss of seniority or benefits to work with the other area providers to employ their former employees.

N.J.S.A. 26:2H-8(f) requires consideration of such other factors as may be established by regulation; therefore, I have taken into consideration the applicable administrative rules governing the services subject to full review (i.e., N.J.A.C. 8:33-1.1 et seq.). Liberty is in compliance with the access requirements set forth in N.J.A.C. 8:33-1.1 et seq. and N.J.A.C. 8:33-4.10(a). Specifically, Liberty states it will make no changes to the care or services currently provided at its remaining hospitals and that outreach efforts will continue to low income, racial and ethnic minorities, women, disabled, elderly and all other patients in need of prevention, diagnostic and treatment services. The applicant states that there will be no change in its policies regarding the provision of indigent care and will continue to accept all patients regardless of their ability to pay. Liberty notes it will maintain a commitment to the community to continue providing medical care and treatment for medically underserved populations. Liberty has also indicated their commitment to preserve the same level of access to health care services for the Greenville Hospital community, including the medically indigent and medically underserved population.

I have also taken into consideration the statutory requirement to determine whether the action proposed will have an adverse economic or financial impact on the delivery of health care services in the region or statewide and will contribute to the orderly development of adequate and effective health care services. I note the project will result in the closure of a 100 bed acute-care facility, which is currently severely underutilized. I conclude that the applicant's decision to close Greenville Hospital appears sound and in the best interest of the county's health care delivery system. With a declining patient population at Greenville Hospital, clinical skills would become underutilized over time potentially weakening the quality of patient care. The objectives of this closure are to maintain accessibility and availability of services at current levels and strengthen the financial viability of Liberty.

Additionally, as previously noted, there will be sufficient regional capacity to meet the need for inpatient acute care services, even after closure of the Greenville Hospital. As to whether the discontinuance of acute inpatient services at Greenville Hospital would contribute to the orderly development of adequate and effective health care services, I find that the discontinuance would strengthen Liberty, contribute to rationalizing the delivery of inpatient acute care services in the region and not have a significant adverse impact on any hospital in Hudson County or the surrounding counties.

Based on the foregoing, and noting the approval of the SHPB, I am approving Liberty's application subject to the following conditions:

1. A. A Community Advisory Group (CAG) shall be formed to advise Liberty on how best to meet the primary, preventive, and emergency health needs of all residents in the Greenville Hospital service area. The membership should include the Mayor of Jersey City or his/her designee, the president of the union that represents the majority of Liberty employees and a representative of the Coalition to Save Greenville. Liberty shall maintain suitable representation of the residing population of Greenville Hospital's service area who are neither themselves employees of, nor related to employees of, any parent, subsidiary corporation or corporate affiliate. In addition, membership on the CAG shall include patient advocates, including patient advocates whose mission is to ensure that New Jersey residents are provided comprehensive health care services, local health officials, clinical practitioners, including but not limited to, obstetricians, internists and other health care providers such as hospitals and clinics. The membership of the CAG would also need to include chronically ill and dialysis patients or their family members to ensure the needs of these special populations are met. The CAG shall operate at least for one year after the closure of Greenville Hospital and provide quarterly reports to the Department of Health and Senior Services.
- B. Liberty, with the advice of the CAG, shall undertake an outreach effort to ensure that all residents of the hospital service area, especially the medically indigent, have access to the available services in the area. A self-evaluation of this effort shall be conducted after the first six months of Greenville Hospital's closure and then for the last six months of the same year and afterwards on a yearly basis for the next five years to measure its service delivery and effectiveness. These reports shall be filed with the Department for review and comment.
- C. Liberty, in conjunction with the CAG, shall develop a patient transportation plan after performing an assessment to determine transportation needs of the public to access inpatient and outpatient primary and specialty health care services. This plan shall not be dependent on the public transportation system. This plan shall be submitted to the Department within 60 days of the date of certificate of need approval. The plan shall also include the following components:
  - i) A provision that Liberty develop a specific plan for the use of van services for non-emergent care to assure access to primary care services for residents of the Greenville Hospital area.
  - ii) A provision that Liberty develop an overall transportation plan for the current patients at Greenville Hospital receiving dialysis as well as chronically ill patients to ensure their continuous treatment.

- iii) A provision that the CAG work with Liberty to develop an overall transportation plan with these components to ensure Greenville Hospital patients have access to health care services.
  - iv) A provision that CAG work with Liberty to ensure the continued operation by Liberty of a chronic renal hemodialysis service of sufficient size, but no less than the 12 hemodialysis stations previously licensed to Jersey City Medical Center, to serve the needs of its service area population. This plan shall ensure the continuous treatment of patients currently receiving dialysis at Greenville Hospital.
  - v) The transportation plan shall remain in effect for five years after licensure. Any changes in the plan would require Department approval and 120 day prior notice. A self-evaluation of this effort shall be conducted after the first six months of Greenville Hospital's closure and then for the last six months of the same year and afterwards on a yearly basis for the next five years to measure its service delivery and effectiveness. These reports shall be filed with the Department for review and comment.
2. A. A communication plan notifying the public of the closure date of Greenville Hospital and alternative area service providers shall be developed and published in at least two newspapers of general circulation in the area 15 days prior to the closure. This notice shall also be submitted to the Department for review and approval prior to its publication in the newspapers. The plan shall also provide notice by Liberty to all area medical transport services, particularly emergency services providers, area nursing facilities and other hospitals in Hudson County.
- B. Liberty's notice to the public at their place of residence shall include how to access services (i.e. telephone numbers of primary and emergency care providers). This notice shall be presented in a more durable and visible form than a brochure to extend the usefulness of the notice and make the information easier to access. For example, displaying this information on a magnetic card.
3. The applicant shall surrender its license for the existing location to the Department's Certificate of Need and Healthcare Facility Licensure Program (CNHCFL) within ten days of closure.
4. Liberty shall periodically reassess its bed inventory by category to ensure that an adequate number of beds for each would be available. In the first year after approval, this reassessment shall be done on a quarterly basis and the results reported to the Department within ten business days of completion. This report shall include admissions, patient days, and percent of occupancy, average daily

census and average length of stay. In the second year after approval, this reassessment shall be completed on a biannual basis and the results reported to the Department within ten business days of completion. If any reassessment indicates the need for additional beds, JCMC shall file the appropriate application to increase beds.

5. Prior to closure, Greenville Hospital shall notify the Department's CNHCFL in writing, specifically who is responsible for the safekeeping and accessibility of all patients' medical records (both active and stored) from GH, in accordance with N.J.S.A. 8:26:8.5 et seq. and N.J.A.C. 8:43G-15.2.
6. In regards to financial information:
  - A. Within 30 days of this approval, Liberty shall provide to the Office of the Mayor of Jersey City its 2007 audited financial statement and other financial information requested by the City related to Liberty's decision to close Greenville Hospital.
  - B. Within 60 days of this approval, Liberty shall provide the Office of the Mayor of Jersey City with a plan describing its capital improvement needs through 2015, along with associated costs and means of financing these capital needs.
7. In regards to the actual hospital closure and future use of the facility:
  - A. Greenville Hospital shall not cease operation sooner than 30 days from the date of this approval.
  - B. Liberty shall be permitted to retain the license of Greenville Hospital through May 31, 2008.
  - C. Liberty shall not enter into any contract to sell or lease the site or building of Greenville Hospital that is effective prior to June 1, 2008.
8. Liberty shall establish an outplacement job program for displaced employees from Greenville Hospital. This program needs to include both opportunities to find other employment such as job fairs and counseling, as well as counseling to prepare for retirement and for understanding severance packages and other retirement benefits.

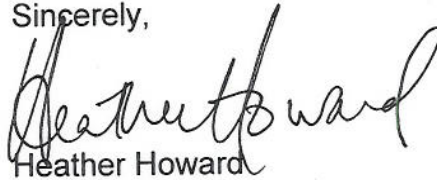
Failure to satisfy the aforementioned conditions of approval may result in sanctions, including license suspension, monetary penalties and other sanctions in accordance with N.J.S.A. 26:2H-1 et seq. and all other applicable requirements. Acceptance of these conditions will be presumed unless written

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objections are submitted to the Department within 30 days of receipt of this letter. Upon receipt of such objections, this approval will be deemed suspended and the project shall be reexamined in light of the objections.

We look forward to working with you and helping you to provide a high quality of care to your patients. If you have any questions concerning this certificate of need, please do not hesitate to contact John Calabria, Director, Office of Certificate of Need and Healthcare Facility Licensure, at (609) 292-8773.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Howard". The signature is written in a cursive style with a large, looped initial "H".

Heather Howard  
Commissioner

c: John A. Calabria