



**State of New Jersey**  
**DEPARTMENT OF HEALTH**

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

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SHEILA Y. OLIVER  
*Lt. Governor*

SHEREEF M. ELNAHAL, MD, MBA  
*Commissioner*

September 28, 2018

**VIA ELECTRONIC AND FIRST CLASS MAIL**

Michael Voorhees  
Executive Director  
East Mountain Hospital, Inc.  
252 County Road 601  
Belle Mead, New Jersey 08502

Re: East Mountain Hospital  
CN# ER 180801-18-22  
Total Project Cost: \$0  
Expiration Date: September 28, 2023

Dear Mr. Voorhees:

Please be advised that the Department of Health (Department) is approving the expedited review certificate of need application for East Mountain Hospital, Inc., (East Mountain Hospital) which was submitted on August 1, 2018, in accordance with N.J.A.C. 8:33-5.1(b)(2), to eliminate East Mountain Hospital as a separate entity and return the 16 licensed adult acute psychiatric beds to Carrier Clinic. Pending regulatory changes in NJ FamilyCare (Medicaid) will negate the need under which East Mountain Hospital was established (CN# ER011102-18-01). The proposed project will return the status of the psychiatric beds to that as it was prior to the March 2002 establishment of East Mountain Hospital. This facility is currently licensed by the Department for 16 adult psychiatric beds, serving inpatients between the ages of 21 and 64. These patients had not been served by Carrier Clinic since the Federal Institution for Mental Disease (IMD) Exclusion had prohibited this age cohort from receiving Medicaid reimbursement for inpatient psychiatric care. The project will eliminate duplicative services and return the 16 beds to Carrier Clinic, increasing the latter's licensed adult acute psychiatric bed complement from 129 to 145 beds. There are no additional project costs associated with this application.

N.J.S.A. 26:2H-8 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 healthcare services in the region or statewide, and will contribute to the orderly development of adequate and effective health care services. In making such determinations, the Department 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 to the aforementioned specifics of this application, it is noted that in identifying those services that are subject to expedited review, the Department chose services that would have a minimal impact on the health care system as a whole and, therefore, for which a statistical bed need methodology would not be necessary. The services in this application are subject to expedited review pursuant to N.J.A.C. 8:33-5.1(b)(2), as the project will have a minimal impact on the health care system as a whole, since there will be no change in the number of psychiatric beds available to the community. Therefore, a statistical bed need methodology is not required. The Department believes that the criterion regarding the availability of facilities or services which may serve as alternatives or substitutes is not applicable inasmuch as the services currently provided by East Mountain Hospital are clearly duplicative of those which Carrier Clinic provides. The need for sufficient special equipment and services in the area is met in that occupancy in the 16 bed unit at East Mountain Hospital has averaged 91.2% over the past three years, indicating the need for the continued retention of these beds. The return of the 16 beds to the overall capacity of Carrier Clinic will insure uninterrupted access to the service for Medicaid patients. The facility will realize economies of scale from the operation of joint central services as this is the very purpose of this initiative, to consolidate unnecessary duplication of services at the same location. The Department believes that this project can be economically accomplished and maintained as the applicant projects a positive net income by the end of the second year of operation, has submitted an operating budget indicating the facility has adequate resources to complete the project and operate the service in a cost effective manner, indicative of the long range stability of the facility. It is also noted that the applicant will make every effort to re-employ staff from East Mountain Hospital at Carrier Clinic, thus satisfying the consideration of availability of sufficient manpower in the several professions.

The Department has taken into consideration the applicable regulations for the services subject to expedited review (i.e., N.J.A.C. 8:33-5.3), and finds that East Mountain Hospital has provided an appropriate project description, which includes information as to the total project cost, operating costs and revenues, services affected,

source of funds, utilization statistics, and justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)); assurance that all residents of the area, particularly the medically underserved, will have access to services (N.J.A.C. 8:33-5.3(a)(2)); and documentation that it will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)). In addition, East Mountain Hospital and Carrier Clinic have demonstrated track records of substantial compliance with the Department's licensing standards (N.J.A.C. 8:33-5.3(a)(3)(ii)).

Please be advised that this approval is limited to the application as presented and reviewed. The application, related correspondence, and any completeness questions and responses are incorporated and made a part of this approval. An additional review by the Department may be necessary if there is any change in scope, as defined at N.J.A.C. 8:33-3.9. However, a change in cost of an approved certificate of need is exempt from certificate of need review subject to the following:

1. The applicant shall file a signed certification as to the final total project cost expended for the project at the time of the application for licensure for the beds/services with the Certificate of Need and Healthcare Facility Licensure Program.
2. Where the actual total project cost exceeds the certificate of need approved total project cost and is greater than \$1,000,000, the applicant shall remit the additional certificate of need application fee due to the Certificate of Need and Healthcare Facility Licensure Program. The required additional fee shall be 0.25 percent of the total project cost in excess of the certificate of need approved total project cost.
3. The Department will not issue a license for the beds/services until the additional fee is remitted in full.

The Department, in approving this application, has relied solely on the facts and information presented to us. The Department offers no opinion as to whether the proposed ownership or business organization is in compliance with the Codey Act, Board of Medical Examiners administrative rules, or the federal anti-referral (Stark) and federal anti-kickback laws. The Department has not undertaken an independent investigation of such information. If material facts with respect to this application have not been disclosed or have been misrepresented, the Department may take appropriate administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General.

Finally, regardless of any management agreement addressing the operation of the facility between the licensee and any other entity, the licensee is responsible for financial, operational and management control. All health services provided by the facility and the

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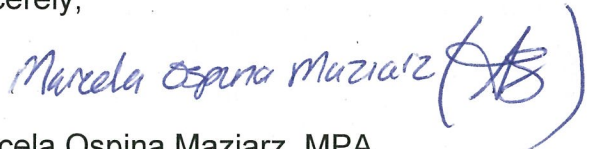
revenue generated by a facility from providing these health services are the responsibility of the licensee.

Any approval granted by this Department relates to certificate of need and/or licensing requirements and does not imply acceptance by a reimbursing entity. This letter is also not intended as an approval of any arrangement affecting reimbursement or any remuneration involving claims for health care services.

This approval is not intended to preempt in any way the authority of any municipality to regulate land use within its borders and shall not be used by you to represent that the Department has made any such findings or determination relative to the use of any specific property. Please be advised that services may not commence at Carrier Clinic until such time as an amended license has been issued to Carrier Clinic by the Certificate of Need and Healthcare Facility Licensure Program to operate these additional 16 beds.

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 approval or the licensure of the assisted living beds, please do not hesitate to contact John A. Calabria, Director, Certificate of Need and Healthcare Facility Licensure Program, at (609) 292-8773.

Sincerely,



Marcela Ospina Maziarz, MPA  
Deputy Commissioner  
Health Systems

cc: John A. Calabria (By Electronic Mail)  
Susan Kelley (By Electronic Mail)  
Cynthia Dunn (By Electronic Mail)  
Felicia L. Harris (By Electronic Mail)  
Gary Spiewak (By Electronic Mail)  
Susan Jackson (By Electronic Mail)  
David Kostinas (By Electronic Mail)  
Donald J. Parker, LCSW (By Electronic Mail)  
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