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DEPARTMENT OF HEALTH
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SHEREEF M. ELNAHAL, MD, MBA
Commissioner

July 18, 2019

Susan Roman
Alaris Health at The Chateau
96 Parkway
Rochelle Park, New Jersey 07662

Re: CN# ER 180406-02-02
Alaris Health at The Chateau
Expiration Date: July 18, 2024

Danielle DeVincenzo
Atrium Post Acute Care of Park Ridge
120 Noyes Drive
Park Ridge, New Jersey 07656

Re: CN# ER 180414-02-02
Atrium of Park Ridge

Michael Rosiak
Clark Nursing and Rehabilitation Center
1213 Westfield Avenue
Clark, New Jersey 07066

Re: CN# ER 180404-20-02
Clark Nursing and
Rehabilitation Center

Timothy Doyle, Jr.
The Dwelling Place at St. Clare's
400 West Blackwell Street
Dover, New Jersey 07801

Re: CN# ER 180423-14-02
The Dwelling Place at St. Clare's

Rebecca Wolff, MPH, FACHE
The Harborage
7600 River Road
North Bergen, New Jersey 07007

Re: CN# ER 180417-09-02
The Harborage
Expiration Date: July 18, 2024

Joel Liefer
Lakeview Rehabilitation and Care Center
130 Terhune Drive
Wayne, New Jersey 07470

Re: CN# ER 180411-15-02
Lakeview Rehabilitation and
Care Center

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Brian Faszczewski
Morris Hills Center
77 Madison Avenue
Morristown, New Jersey 07960

Re: CN# ER 180412-14-02
Morris Hills Center

Rowena Bautista
The Wanaque Center for Nursing
and Rehabilitation
1433 Ringwood Avenue
Haskell, New Jersey 07420

Re: CN# ER 180415-16-02
The Wanaque Center for Nursing
and Rehabilitation

Kathleen Madden
Westfield Center
1515 Lamberts Mill Road
Westfield, New Jersey

Re: CN# ER 180418-20-02
Westfield Center
Expiration Date: July 18, 2024

Re: Region 3 CN call for specialized long-term care beds for ventilator care

Dear Ms. Roman, Ms. DeVincenzo, Mr. Rosiak, Mr. Doyle, Ms. Wolff, Mr. Liefer,
Mr. Faszczewski, Ms. Bautista, and Ms. Madden:

In the January 2, 2018 New Jersey Register, the New Jersey Department of Health (Department) published a Certificate of Need (CN) Call for the establishment of new specialized long-term care (LTC) beds for ventilator care. The call was issued following a collection of data for calendar years 2014, 2015, and 2016 from general acute care hospitals and LTC acute hospitals through a survey that requested data regarding any placement delays that resulted in extended stays after the patients were clinically cleared for discharge due to the unavailability of specialized LTC beds for vent care. In addition, the Department surveyed providers of specialized LTC beds for ventilator care asking for facility utilization and capacity data for calendar years 2014, 2015, and 2016. Based on the Department's analysis of the data it received, the Department determined that there is a limited need for additional new specialized LTC beds for ventilator care in Region 2 (Hunterdon, Mercer, Middlesex, Monmouth, Ocean, and Somerset counties) and Region 3 (Bergen, Essex, Hudson, Morris, Passaic, Sussex, Warren and Union counties). Nine (9) applications were received to meet the need of 12 new specialized LTC beds for ventilator care identified in the call for Region 3. For the reasons set forth below, the Department has determined to award Alaris Health at The Chateau four (4) new specialized LTC beds for ventilator care, The Harborage three (3) new specialized LTC beds for ventilator care, and Westfield Center five (5) new specialized LTC beds for ventilator care and to deny the balance of the CN applications. This letter supplements and replaces the approval letters dated May 8, 2019.

In summary form, the project proposals for Region 3 are as follows:

<u>Facility</u>	<u>Location</u>	<u># of Beds</u>	<u>Total Cost</u>	<u>Project Type</u>
Alaris Health at The Chateau (Alaris)	Rochelle Park Bergen County	12	\$150,000	Addition
Atrium Post Acute Care of Park Ridge (Atrium)	Park Ridge Bergen County	12	\$300,000	New
Clark Nursing and Rehabilitation Center (Clark)	Clark Union County	8	\$340,000	New
The Dwelling Place at St. Claire's (Dwelling Place)	Dover Morris County	5	\$0	Addition
The Harborage (Harborage)	North Bergen Hudson County	6	\$57,600	Addition
Lakeview Rehabilitation and Care Center (Lakeview)	Wayne Passaic County	12	\$0	Addition
Morris Hills Center (Morris Hills)	Morristown Morris County	12	Did not Answer	Addition
The Wanaque Center for Nursing and Rehabilitation (Wanaque)	Haskell Passaic County	12	\$132,719	New
Westfield Center (Westfield)	Westfield Union County	5	\$0	Addition

N.J.S.A. 26:2H-8 provides for the issuance of a CN 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, 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.

With respect to the first criterion (i.e., whether the action proposed is necessary to provide required health care in the area to be served), the Department has considered the need for specialized LTC beds for ventilator care by means of the formula published at N.J.A.C. 8:33H-1.6(d), using the most recent statewide utilization data available at the time of the call. The need formula reflects the number of persons in New Jersey hospitals or other health care facilities at a given point in time who are medically-ready for discharge to a facility that provides long-term ventilator care, as adjusted to account for projected population growth. The formula identified a limited need for 12 additional new specialized LTC beds for ventilator care in Region 3. Since at this point in time in New Jersey there are few available alternatives to LTC ventilator beds other than ventilator care in acute care facilities, the bed need projected by the formula is reasonable evidence to the Department that approval of sufficient beds to meet the need is necessary to provide required health care services in Region 3.

As to the second criterion (i.e., whether each of the proposed projects could be economically accomplished and maintained), the Department notes that an analysis performed by the Department indicates that six (6) of the nine (9) applicants for Region 3, Alaris, Clark, Dwelling Place, Harborage, Lakeview and Westfield are in sound financial condition, and have the financial resources to undertake and sustain their projects. Three (3) applicants, Atrium, Morris Hills, and Wanaque did not submit complete responses to the Department regarding their financial resources.

Moving to the third criterion (i.e., whether the action as proposed would have an adverse economic or financial impact on the delivery of health services in the region or statewide), the Department notes that the addition of these beds in an area with a demonstrated need for additional capacity should not have a negative financial impact on the area's health care delivery system. In addition, to the extent that the implementation of the additional beds helps reduce excessive length of stay in the region's general acute care hospitals, these beds will have a positive financial impact on hospitals in the region. The implementation of these beds would also bring additional needed services, as well as more choices, to the residents of the area.

Finally, with respect to the fourth criterion (i.e., whether the addition of adult LTC ventilator beds to serve Region 3 would contribute to the orderly development of adequate and effective health care services in the region), the Department again notes that a need has been identified, and that addressing this need will not only meet patient service needs, but will also facilitate patient choice of and access to services. Additionally, as previously

noted, implementation of these beds will have a positive impact on the financial condition of hospitals in the region. As such, the Department believes that the addition of beds will contribute to the orderly development of health care services in the area.

For the record, the Department notes that none of the applicants would realize any economies or improvements from the operation of joint central services, since each proposes to operate its own independent facility.

The Department has considered the applicable regulatory criteria here in a separate paragraph, realizing, however, that these criteria are to be considered when contemplating the broader statutory criteria set forth at N.J.S.A. 26:2H-8. The regulations governing specialized LTC services are set forth at N.J.A.C. 8:33H, the Certificate of Need: Policy Manual for Long-Term Care Services, and at N.J.A.C. 8:33, the Certificate of Need: Application and Review Process. The criteria at N.J.A.C. 8:33H-1.6(g) require applicants to provide: (1) a detailed description of the services and program of care that will be provided; (2) specific admission and discharge criteria for the proposed unit, which clearly identify the types of patients who will be treated in the specialized care beds; (3) a specific plan to provide in-service training for nursing staff and others who will work with specialized care patients, including an orientation program for new staff members, ongoing in-service education, and opportunities to pursue advanced education and certification in the appropriate clinical specialties; (4) a description of physical plant considerations and special architectural features of the proposed unit, as well as an identification of any special equipment that will be installed in order to accommodate patients' needs; (5) a signed transfer agreement with at least one general acute care hospital with a licensed capacity of at least 200 beds to which specialized care patients can be transferred within 30 minutes total travel time for the purpose of receiving emergency medical treatment, if the proposed specialized care unit will not be located within an acute care hospital; and (6) a specific plan to provide coordination and continuity of care for patients who may be discharged from the proposed specialized care beds when this is feasible and beneficial to the patient/family/significant other. Alaris Health at the Chateau, Atrium Post Acute Care of Park Ridge, Clark, Dwelling Place, Harborage, Lakeview Rehabilitation and Care Center, Morris Hills, and Westfield Center demonstrated satisfactory compliance with each of the six criteria listed above. Wanaque failed to provide any of the criteria pursuant to N.J.A.C. 8:33H-1.6(g)1-6.

With respect to N.J.A.C. 8:33H-1.16 through 1.18, 1.16 requires that applicants demonstrate the financial feasibility of their projects; N.J.A.C. 8:33H-1.17 in relevant part requires applicants for LTC ventilator beds to have piped-in oxygen and suction, and other physical plant modifications to accommodate ventilator-dependent patients, and N.J.A.C. 8:33H-1.18(b) requires that "where possible, each facility shall be located where access is easily obtained via low-cost public transportation." All applicants of Region 3 for this call either agree to install, or in other cases already have, piped-in oxygen and suction, and all have access to public transportation, as will be described later in more detail. With respect to financial feasibility, the Department's analysis of financial documentation submitted in the applications indicated that the current financial condition of six (6) of the applicants, Alaris at the Chateau, Clark, Dwelling Place,

Harborage, Lakeview Rehabilitation and Care Center, and Westfield Center is sound. The Department could not determine the financial condition of Atrium Post Acute Care Park Ridge, Morris Hills Center and Wanaque Center for Nursing and Rehabilitation due to the applicants not responding adequately to the Department's questions regarding their financial resources.

The Department has also considered the general CN review criteria as set forth in N.J.A.C. 8:33. The most relevant criteria in the review of these competing applications for LTC ventilator units are to be found at N.J.A.C. 8:33-4.10, "Specific criteria for review." The access/service area criteria at N.J.A.C. 8:33-4.10(a) are in relevant part: (a)1, the contribution of the proposed service in meeting the health-related needs of members of the medically-underserved groups as may be identified in the applicant's service area; (a)2, the extent to which medically-underserved populations currently use the applicant's service or similar services in comparison to the percentage of the population in the applicant's service area which is medically-underserved, and the extent to which medically-underserved populations are expected to use the proposed services if approved; (a)4, how and to what extent the applicant will provide services to the medically-indigent, Medicaid recipients and members of medically-underserved groups; (a)7, access by public or private transportation to the proposed project, including applicant-sponsored transportation services; and (a)8, as applicable, means of assuring effective communication between the staff of the proposed project and non-English speaking people and those with speech, hearing, or visual handicaps must be documented. N.J.A.C. 8:33-4.10(b) requires that an applicant discuss: (1), demographics of the area, particularly as related to the populations affected by the proposed project; (b)2, economic status of the service area, particularly as related to special health service needs of the population and future facility cash flow; and (b)6, the immediate and long-term financial impact on the institution, including the method of financing, the impact of the proposed project on capital cost, operating cost, projected revenues, and charges for two years following project completion, and impact of the project on the provider's financial condition, as measured by financial statements, including balance sheets, income statements, and cash-flow statements. Lastly, 4.10(d) states that "each applicant for CN shall demonstrate character and competence, quality of care, and an acceptable track record of past and current compliance with State licensure requirements, applicable Federal requirements, and State CN requirements...." All applicants were asked to address these criteria in their applications.

Each applicant's documentation of access to specialized LTC beds for ventilator care, as well as access to public transportation to each applicant's facility, was also considered in evaluating access since the service area for long-term ventilator care is regional.

In regard to track record and quality of care, N.J.A.C. 8:33-4.10(d) requires each CN applicant to demonstrate character and competence, quality of care, and an acceptable track record of past and current compliance with State licensure requirements, applicable Federal requirements, and State CN requirements, including, but not limited to, the following:

8:33-4.10(d)1, The performance of the applicant in meeting its obligation under any previously approved CN including full compliance with the cost and scope as approved, as well as all conditions of approval; 8:33-4.10(d)4, a CN application submitted by an applicant who was cited for any State licensing or Federal certification deficiency during the period identified in (d)3 (i.e., beginning 12 months preceding submission of the application and extending to the date on which the Commissioner renders a decision...), which presented a serious risk to the life, safety, or quality of care of the facility's residents or residents, shall be denied....; 8:33-4.16(b), any conditions placed on a CN approval shall become part of the licensure requirements of the approved facility. Failure to comply with conditions of approval may result in licensure action by the Department and may constitute an adequate basis for denying CN applications by an applicant who is out of compliance with conditions on previous approvals. The applicant must contest any condition, if at all, within 30 days of receipt of notice. The applicant shall vacate his right to oppose said condition(s) if he fails to submit written notice to the Department within this time that he contests any condition; and 8:33-4.16(d), where an applicant has failed to meet conditions of approval of previously approved certificates of need, it may form an adequate basis for the Department to bar the applicant from filing any subsequent certificates of need until the conditions in question are satisfied.

The applicants, except for Wanaque, have acceptable track records.

The Standards for Licensure of Long-term Care Facilities, N.J.A.C. 8:39, require that residents in a general LTC facility receive an average of 2.5 hours of nursing care per day, which may be divided among Registered Nurses, Licensed Practical Nurses and Certified Nursing Assistants. Under Medicaid's regulations, N.J.A.C. 10:63, LTC units are considered Special Care Nursing Facilities (SCNF), where the residents have a "technologically or therapeutically complex condition which requires the delivery of intensive and coordinated health care services on a 24-hour basis." The nursing care provided to these residents under Medicaid rules averages 5.5 hours per day, and the additional three hours are to be provided 60 percent by RNs and 40 percent by LPNs. In addition, Medicaid requires the presence of a licensed respiratory therapist on a 24-hour basis in a SCNF unit for ventilator-dependent residents. All applicants in this batch were required a) to indicate that they were aware of these higher staffing requirements on ventilator units, and (b) to describe their plans for recruiting and retaining the required staff. The applicants for Region 3, except Wanaque Nursing and Rehabilitation have appropriately done so.

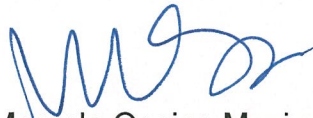
Please be advised, the Department is approving the expedited review CN applications of Alaris for four (4) new Specialized LTC beds for ventilator care, the Harborage for three (3) new Specialized LTC beds for ventilator care and Westfield for five (5) new Specialized LTC beds for ventilator care. The Department is denying the CN applications of Atrium, Clark, the Dwelling Place, Lakeview, Morris Hills, and Wanaque pursuant to the CN and

N.J.A.C. 8:33-5.1(b)(2), for the addition of 12 specialized LTC beds for ventilator care in Region 3. The decision to deny Atrium and Morris Hills is pursuant to N.J.A.C. 8:33-4.10(b). Specifically, the applicants did not respond adequately to questions concerning their financial resources. The decision to deny Wanaque is pursuant to N.J.A.C. 8:33-4.10(b). The applicant did not respond adequately to questions concerning their financial resources. Wanaque is also being denied for being cited for State and Federal certification deficiencies involving infection prevention and infection control during the evaluation period of the CN application. This decision to deny the applicant is pursuant to N.J.A.C. 8:33-4.10(d) for a poor track record. The decision to deny Clark is pursuant to N.J.A.C. 8:33H-1.6(g)(3). Clark did not provide a specific plan to provide ongoing in-service education, and opportunities to pursue advanced education in the appropriate clinical specialties. The decision to deny the Dwelling Place and Lakeview is pursuant to N.J.A.C. 8:33H-1.6(g)(6). The applicants did not provide a detailed plan to provide a specific plan to provide coordination and continuity of care for residents who may be discharged. Lakeview is also being denied for not providing a detailed plan to provide an orientation program for new staff members, on-going in-service education and opportunities to pursue advanced education in the appropriate clinical specialties. This decision to deny is pursuant to N.J.A.C. 8:33H-1.6(g)(6).

Pursuant to N.J.S.A. 26:2H-9, Atrium Post Acute Care of Park Ridge, Clark Nursing and Rehabilitation, the Dwelling Place, Lakeview Rehabilitation and Care Center, Morris Hills, and Wanaque Center for Nursing and Rehabilitation are entitled to contest the denial of a CN by requesting a hearing at the Office of Administrative Law. A request for this hearing must be made within 30 days of receipt of this notice. Request shall be addressed to Ms. Joy Lindo, Office of Legal and Regulatory Affairs, P.O. Box 360, Trenton, New Jersey 08625.

If you have any questions please do not hesitate to contact Felicia L. Harris, Chief, Certificate of Need and Healthcare Facility Licensure Program, at (609) 376-7732.

Sincerely,



Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

cc: Jean M. DeVitto, DOH (Electronic mail)
Stephanie Mozgai, DOH (Electronic mail)
Sue Kelly, DOH (Electronic mail)