



State of New Jersey
DEPARTMENT OF HEALTH

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Acting Commissioner

September 28, 2023

VIA ELECTRONIC AND FIRST-CLASS MAIL

Joseph F. McElwee
CSH East Brunswick Lessee, LLC
1275 Pennsylvania Avenue, NW, Second Floor
Washington, DC 20004

RE: CSH East Brunswick Lessee, LLC
CN# ER 2022-09305-12;01
Establish a new Assisted Living Residence
Total project cost: \$34,000,000
Expiration Date: September 28, 2028

Dear Mr. McElwee:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (ERCN) application submitted on October 3, 2022, pursuant to N.J.A.C. 8:33-5.1(a)(4), by CSH East Brunswick Lessee, LLC for the establishment of a new 100-bed Assisted Living Residence (ALR) to be located in Middlesex County at 566 Ryders Lane, East Brunswick, NJ 08816. The name of the proposed facility is East Brunswick Assisted Living (Facility). This application is being approved at the total project cost as noted above.

The Facility will be a newly constructed three (3) story, eighty-seven (87) unit ALR with a total licensed capacity of one hundred (100) assisted living beds. The facility will be handicapped accessible from both the exterior and interior and comply with both local handicap-accessible building codes and DCA accessibility standards. Of the 87 assisted living units, sixty-three (63) units will accommodate non-memory care residents. Of these units, fifty-two (52) will be private and eleven (11) will be semi-private. Five (5) of the semi-private units will house the ten (10) Medicaid beds to comply with applicable law concerning the minimum number of Medicaid residents in an assisted living residence. There will be twenty-four (24) memory care units on the lower floor of the

building, twenty-two (22) of which will be private and two (2) of which will be semi-private. The facility will accept Medicaid residents in the memory care unit.

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 8:33H-1.16). As relevant here, N.J.A.C. 8:33-5.3(a)1 requires the applicant to provide or address a project description, total project cost, services affected, equipment involved, source of funds, utilization statistics, and justification for the proposed project. The Department finds that CSH East Brunswick Lessee, LLC, has provided an appropriate project description. The project description includes information regarding the total project cost of \$34,000,000 for the construction of this new Assisted Living Residence. The operating costs and revenues were provided, which reflect that by the second year of operation, the total revenue would be \$8,430,014 and the total operating expenses would be \$5,837,895; therefore, the Applicant would show a profit of \$2,592,119 for the second year. In terms of services affected, the Applicant stated that there are three other older communities for senior housing in the county with high occupancy rates which demonstrates the growing demand for residents of the Applicant to have a new, state-of-the-art assisted living facility in their hometown. East Brunswick Assisted Living would further assist in enhancing access to the much-needed services for the community with additional assisted living beds and a memory care wing. The facility will utilize specialized equipment, which includes alarms, elopement alert wrist guards, and locked exits for the safety of the residents within the memory impairment population. The source of funds is listed as bank loans and investor equity. As this facility will be operated by a for-profit entity, it shall include financial investor groups. The justification for the proposed project referenced the Applicant's experience in the establishment and operation of Assisted Living Residences in New Jersey, as well as the current and future demand for senior housing in the market area, including the need for the provision of services for the memory impaired.

As required by N.J.A.C. 8:33-5.3(a)(2) the Applicant assured that all residents, particularly the medically underserved, will have access to services, and confirmed that the Facility will operate in compliance with the regulatory requirement for admission of Medicaid residents, which will extend to the memory impaired. In addition, the Applicant stated that the facility's design will accommodate those with disabilities and its location will be accessible by public transportation. Documentation that the Applicant will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)) is shown by the project narrative, which contains information on the facility services and an attestation that appropriate licensing and construction standards shall be met. In addition, the Applicant has demonstrated a track record of substantial compliance with the Department's licensing standards (N.J.A.C. 8:33-5.3(a)(3)(ii)). There are no significant regulatory compliance events reported in either the New Jersey or out-of-state facilities that are owned, managed, or operated by the Applicant.

As a condition of this approval, a semi-private room can only be occupied by married couples or civil union partners, relatives, individuals related by blood or adoption,

or others who have consented in writing as part of the admission agreement to the living arrangement. The admission agreement should note that the resident is aware that there are higher health risks associated with shared occupancy and cohabitation. Under no circumstances shall any resident be coerced or compelled to agree to a semi-private room.

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 beds/services until the additional fee is remitted in full.

Furthermore, pursuant to N.J.S.A. 26:2H-12.16 and N.J.A.C. 8:36.5.1(h), a new facility that is licensed to operate as an assisted living residence or comprehensive personal care home shall have a Medicaid occupancy level of 10 percent within three years of licensure. The 10 percent Medicaid occupancy level shall be met through conversion of residents who enter the facility as private paying persons and subsequently become eligible for Medicaid, or through direct admission of Medicaid-eligible persons. The 10 percent Medicaid occupancy level shall be continuously maintained by a facility once the three-year licensure period has elapsed. The Department will monitor that this condition threshold is met and maintained during the duration of licensure.

The Department, in approving this application, has relied solely on the facts and information presented. The Department has not undertaken an independent investigation of such information. If material facts have not been disclosed or have been misrepresented as part of this application, the Department may take appropriate administrative regulatory action to rescind the approval or refer the matter to the Office of the New Jersey Attorney General.

Any approval granted by this Department relates to certificate of need and/or licensing requirements only and does not imply acceptance by a reimbursing entity. This letter is 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 to regulate land use within its borders and shall not be used by the applicant to represent that the Department has made any findings or determination relative to the use of any specific property.

Please be advised that services may not commence until a license has been issued by Certificate of Need and Healthcare Facility Licensure Program to operate this facility. A survey by Department staff will be required prior to commencing services.

The Department looks forward to working with the applicant to provide high quality of care to the assisted living residents. If you have any questions concerning this Certificate of Need approval, please do not hesitate to contact Michael J. Kennedy, Executive Director, Division of Certificate of Need and Licensing at Michael.Kennedy@doh.nj.gov.

Sincerely,

Robin C. Ford

Robin C. Ford, MS
Deputy Commissioner
Health Systems

c: Stefanie J. Mozgai, DOH (Electronic mail)
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