



State of New Jersey
DEPARTMENT OF HEALTH

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Commissioner

April 19, 2024

VIA U.S. FIRST CLASS & ELECTRONIC MAIL

Tami Cumings, Vice President, Senior Living
Cherry Hill Senior Living, LLC
5910 N. Central Expressway, Suite 1400
Dallas, TX 75206

Re: Cherry Hill Senior Living, LLC
CN# ER 2022-12312-04;01
Establish a 101-Bed Assisted Living Residence
Total Project Cost: \$26,576,439
Expiration Date: April 19, 2029

Dear Ms. Cumings:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (ERCN) application by Cherry Hill Senior Living, LLC (Applicant), submitted on October 31, 2022, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the establishment of Heartis Cherry Hill, a new 101-bed assisted living residence to be located at 110 Springdale Road in Cherry Hill, Camden County. This application is being approved at the total project cost as noted above.

The Department has considered 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). The Department finds that Cherry Hill Senior Living, LLC, the proposed licensed operator, has provided an appropriate project description. The project description includes information as to the total project cost of \$26,576,439 for the construction of this new assisted living facility. The operating costs and revenues were provided, which reflected that by the second year of operation, total expected revenue would be \$6,744,138 and total expected expenses would be \$6,322,402 so the Applicant would show a profit of \$421,736 by the second year. In terms of services affected, this project will provide the option of services in an

assisted living setting to provide access that will meet the increasing demand for alternate services. This project will allow the facility to offer residents of the service area increased availability of cost-effective long-term care services. No specialized equipment is involved as this is an assisted living facility providing supportive services including a memory care unit, double occupancy units, and single occupancy units for a largely independent population. The source of funds is accounted 100% private equity, funded 50% by Clay Heighen and 50% by Carl Soderstrom. Utilization statistics project an 80% occupancy rate will be achieved after one year of operation and a 95% occupancy rate after two years of operation.

The justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)) referenced the facility will provide assisted living services in a modern environment that will exceed minimum standards. The facility will provide additional alternatives to nursing home care in the Camden County service area and promote continuity for patients discharged from area acute care hospitals and unable to live on their own. The Applicant will assure 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 states that this residence will operate in compliance with the regulatory requirement for admission of Medicaid residents and will provide services to the memory impaired. 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 licensed healthcare facilities with significant compliance events owned, managed, or operated by the Applicant.

As a condition of this approval, a double-bedded room can only be occupied by married couples or civil union partners, relatives, individuals related by blood or adoption, or those 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 he or she may share a single toilet/bath in the unit and acknowledges 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 double-bedded 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 the 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 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
New Jersey Department of Health

- c: S. Mozgai, DOH (Electronic mail)
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K. Morris, DOH (Electronic mail)
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