



State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 360
TRENTON, N.J. 08625-0360
www.nj.gov/health

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

SHEREEF M. ELNAHAL, MD, MBA
Commissioner

February 13, 2019

VIA ELECTRONIC & FIRST-CLASS MAIL

Douglas A. Struyk, CPA, LNHA
Administrator
Christian Health Care Center
301 Sicomac Avenue
Wyckoff, New Jersey 07421

Re: Christian Health Care Center
CN# ER180401-02-02
Addition of Six Specialized Long-Term
Care Beds for Severe Behavior
Management
Total Project Cost: \$480,000
Expiration Date: February 13, 2024

Dear Mr. Struyk:

In the January 2, 2018 New Jersey Register, the Department of Health (Department) published a Certificate of Need (CN) Call to establish new specialized long-term care beds for severe behavior management. The Call was issued following a collection of data from providers of specialized long-term care beds for severe behavior management asking for facility utilization and capacity data for calendar years 2014, 2015, and 2016. Based on this analysis of the data received, the Department determined that there is a limited need for additional new specialized long-term care beds for severe behavior management (e.g., six for Region 2 – North Jersey, which encompasses Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Passaic, Somerset, Sussex, Union and Warren Counties). Considering that the need for specialized long-term care beds for severe behavior management is limited, the Department determined that any additional beds approved would have a minimal impact on the healthcare system as a whole and, therefore, would be subject to the expedited CN review process, rather than the full CN review process, in accordance with N.J.A.C. 8:33-5.1(b)(2).

Please be advised that the Department is approving Christian Health Care Center's (CHCC) expedited review CN application, submitted on April 2, 2018, pursuant to the CN Call and N.J.A.C. 8:33-5.1(b)(2), for the addition of six specialized long-term care beds for severe behavior management allocated to Region 2 – North Jersey.

CHCC is a licensed long-term care facility with 254 long-term care beds and 44 specialized long-term care beds for severe behavior management located at 301 Sicomac Avenue in Wyckoff, Bergen County. As a result of this CN approval, and following licensing application approval, the total number of licensed specialized long-term care beds for severe behavior management at Christian Health Care Center shall increase from 44 to 50 beds. This application is being approved at the total project cost as noted above.

CHCC is an existing provider whose application describes its well-documented history of providing services to residents with severe behavioral issues and reports that CHCC, along with the Department, identified a need in the early 1990s of providing specialized care for behavioral management to individuals residing in nursing homes or other long-term care facilities who exhibited combative and/or assaultive behaviors, as these residents routinely required inpatient psychiatric hospitalizations due to the inability of conventional nursing homes to safely and appropriately manage residents exhibiting such maladaptive behavioral repertoires.

CHCC is located in Bergen County, which the application reports as the most populous county in New Jersey. When analyzing its own utilization data, CHCC reports that Southgate, its existing 44-bed behavioral management unit, has an average length-of-stay of six to 18 months and it has a Medicaid occupancy of 85%. CHCC reports that Southgate has experienced maximum utilization levels with occupancy rates of 98.1% in 2015 and 2016; 99.0% in 2017; and 96.5% in 2018. The applicant projects occupancy rates of 94.8% for the full calendar year of 2020 and 98% for calendar year 2021 after completion of renovations to the behavioral unit. CHCC reports that it has maintained a long-standing policy of accepting all residents who meet the admission criteria regardless of their payment source and provided assurance that such practice would continue in the future.

The applicant believes that approval of this application will have a direct, positive and orderly impact on the health care system and allow CHCC to enhance care to the medically under-served population with the proposed increase in bed capacity. The applicant further entrusts that the population to be served with the additional beds will have the benefit of CHCC's easy accessibility to several low-cost public transportation options within the region and reports that CHCC has a history of facilitating transfers for individuals from public transportation locations with the facility's own fleet of buses and vans, or other nearby low-cost means of transportation (i.e., Uber). Furthermore, the application reports that residents served by the additional beds will become an extension of the well-established specialized behavior management services offered at CHCC; thus creating a seamless access to: larger economies of scale of a more conveniently-sized expanded unit from its proposed renovation project, greater clinical services, comprehensive operational and staffing expertise, and a significant range of treatment outcomes influenced by other residents and their experiences. In addition, the applicant assured that CHCC will remain committed, within the regional service area, to ensure priority for placement to the most difficult to manage individuals as well as continue to make all the beds at the Southgate Behavior Management Unit available

for patients from state and county psychiatric hospitals or community inpatient psychiatric units, including patients from its own Ramapo Ridge Psychiatric Hospital. Based on the aforementioned description in relation to the positive impact of access to service, the applicant believes that the addition of the six specialized long-term care beds for severe behavior management services will have minimal impact on the health care system as a whole, and thus meets the criteria for N.J.A.C. 8:33-5.1(b)(2).

The application reports that CHCC's licensed 44 severe behavior management beds are located at Southgate, a behavior management unit, which operates as an independent nursing unit with its own nursing station and ancillary support areas measuring a total of approximately 19,500 square feet. The applicant proposes renovations to Southgate Behavior Management Unit to accommodate the six additional beds by recommending an expansion project of approximately 1,200 square feet, whereby adding two private and two semi-private bedrooms to the first floor of C-Wing. CHCC projects this construction project to be concluded in 2020 and projects that it will take approximately 60 to 90 days to occupy the renovated area.

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 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 that 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 several professional disciplines; and f) such other factors as may be established by regulation.

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 in this application will have a minimal impact on the health care system as a whole, as the Department's statistical bed need methodology determined only a limited need of additional new specialized long-term care beds for severe behavior management. Likewise, the need for sufficient special equipment and services in the area does not apply as CHCC is an existing long-term care provider with established specialized behavior management beds since 1995 and has acquired specialized equipment and services.

As to the specifics of this application, the Department believes this project can be economically accomplished and maintained. In addition, a financial analysis undertaken by staff at this Department indicates that CHCC possesses adequate financial resources to complete the project. According to the applicant, CHCC is financially sound and possesses a long-range of financial stability to undertake and sustain the

proposed bed addition. Therefore, with the addition of the six specialized long-term care beds for severe behavior management care and expected occupancy, the applicant foresees no unfavorable economic or financial impact to occur as a result of this project.

The Department notes that while the addition of professional staff will be required to accommodate the implementation of the six new specialized severe behavior management beds, the Department is confident that there are sufficient available personnel in the area to meet those staffing needs. The applicant has affirmed that CHCC will utilize economies that exist within its own specialized behavior management unit. Furthermore, the application notes that while minimum additional staff will be required to accommodate for the six new severe behavior management beds, CHCC affirms that there is sufficient professional staff available in the area to meet such staffing needs without requiring to draw its workforce from other facilities in the area.

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). The Department finds that CHCC has provided an appropriate project description, which includes information as to the total project cost, utilization statistics and justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)); and 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)). In addition, CHCC demonstrated a track record of substantial compliance with the Department's licensing standards (8:33-5.3(a)(3)(ii)).

Based on the foregoing, the Department is approving CHCC's application for six specialized long-term care beds for severe behavior management, with Conditions, as follows:

- 1) Pursuant to N.J.A.C. 8:33H-1.15(a)(4), applicants receiving certificate of need approval to add specialized long-term care beds to an existing facility shall reserve a minimum of 45% of the total specialized long-term care bed complement to be occupied by Medicaid-eligible residents who either have spent down to the level of Medicaid eligibility during their nursing home stay or who are directly admitted to the facility as Medicaid-eligible residents, as defined in N.J.A.C. 8:33H-1.2. The facility shall meet this 45% overall occupancy by Medicaid-eligible patients in its specialized long-term care beds by the end of the first year of licensure and continue meeting this percentage thereafter.
- 2) The applicant shall submit: 1) schematic drawings of the entire proposed physical plant for review to the Department; 2) upon notice by the Department that the applicant can proceed to the Department of Community Affairs (DCA), full architectural plans to DCA; and 3) upon approval by DCA, DCA-approved plans to the Local Building Officials. Schematic drawings and architectural plans shall be in compliance with all applicable State, Federal and Local physical plant regulations,

including NFPA 101 Life Safety Code (2012), as amended and supplemented.

- 3) At least 90 days prior to the applicant's anticipated date of approval to operate the awarded beds, the applicant shall file a licensing application with the Certificate of Need and Licensing (Division) for approval to operate the beds. The applicant shall not commence operation of the awarded beds prior to Department's approval and licensure.
- 4) At the time of submission of the application for licensure of the awarded beds, the applicant shall file a signed certification with the Division as to the final total project cost expended for the project, if any.
- 5) All of the conditions shall also apply to any successor organization to the applicant that acquires the awarded beds within five years from the date of CN approval.

Failure to satisfy the aforementioned condition 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 applicable regulations. Therefore, acceptance of this condition shall be presumed unless written 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 examined in light of the objections.

Please be advised that this approval is limited to the proposal as presented and reviewed. The application, related correspondences 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% 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.

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, the federal anti-referral (Stark) and federal anti-kickback laws. The Department have not undertaken an independent investigation of such information. If material facts 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.

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 any municipality's authority to regulate land use within its borders and shall not be used by you 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 such time as a license has been issued by the Certificate of Need and Healthcare Facility Licensing Program to operate the additional specialized long-term care beds for severe behavior management. A survey by Department staff will be required prior to commencing services.

Furthermore, please be advised that, regardless of any management agreement between the licensee and another entity, the licensee is responsible for all financial, operational, and management control. Oversight of the facility is the licensee's non-delegable duty. All health services provided by the facility and the revenue generated by a facility from providing these health services are the responsibility of the licensee.

Christian Health Care Center

CN# ER180401-02-02

Page 7

The Department looks forward to working with you and helping you to provide a high quality of care. If you have any questions concerning either this Certificate of Need or the licensure of the specialized long-term care beds for pediatric care, please do not hesitate to telephone Ms. Felicia Harris, Chief, Certificate of Need and Healthcare Facility Licensure Program, at (609) 292-6552.

Sincerely,



Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

cc: Alison Gibson, DOH (Electronic mail)
Sue Kelly, DOH (Electronic mail)
Judy Brown, DOH (Electronic mail)
Felicia Harris, DOH (Electronic copy)