



State of New Jersey
DEPARTMENT OF HEALTH AND SENIOR SERVICES
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JON S. CORZINE
Governor

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HEATHER HOWARD, J.D.
Commissioner

July 29, 2008

VIA UNITED PARCEL SERVICE

John P. McGee
President and Chief Executive Officer
Solaris Health System
Park Avenue & Randolph Road
Plainfield, New Jersey 07061

Re: Muhlenberg Regional Medical Center
CN# FR 080303-20-01
Project Cost: 0
Expiration Date: July 29, 2013

Dear Mr. McGee:

I am approving Solaris Health Systems' (Solaris) certificate of need (CN) application for the discontinuance of Muhlenberg Regional Medical Center (Muhlenberg) as a general hospital with 282 medical/surgical beds, 30 obstetrics/gynecology beds, 19 adult ICU/CCU beds, 16 adult acute psychiatric beds, 8 adult closed acute psychiatric beds and 7 intermediate bassinets. Muhlenberg is a designated Community Perinatal Center-Intermediate. Muhlenberg's licensed service complement also consists of 7 mixed operating rooms, 1 cystoscopy room, 1 cardiac catheterization laboratory, primary angioplasty, acute hemodialysis services, 1 MRI, 1 mobile C-arm lithotripter, 1 PET/CT scanner and C-Port E Demonstration elective angioplasty. There are no capital costs associated with this project.

The standards that I am compelled to use in evaluating this application are set forth in statute (N.J.S.A. 26:2H-1 et seq.) and by administrative rule (N.J.A.C. 8:33). I must be satisfied that the application submitted by Solaris is consistent with those requirements. Therefore, for the reasons that follow, I am approving with conditions the Solaris application for the closure of the general acute care hospital, Muhlenberg Regional Medical Center. My decision to approve this Solaris CN application is consistent with the recommendation of the State Health Planning Board (SHPB), which recommended approval of CN# FR 080303-20-01 with conditions, at its June 26, 2008 meeting. In issuing this decision I reviewed the CN application for the closure of

Muhlenberg, Solaris' responses to completeness questions, the transcripts of the two public hearings, written comments, exhibits, and petitions, the Department's recommendations, and transcripts of the SHPB meeting, including their recommendations. The referenced review materials are incorporated and made a part of this final decision.

N.J.S.A. 26:2H-8, as well as N.J.A.C. 8:33-4.9(a), 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, I 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.

I am also mindful that in 1992, the Legislature enacted P.L. 1992, c. 160, the "Health Care Reform Act" (HCRA), to "move in the direction of a deregulated hospital reimbursement system" and promote a "truly competitive market environment." Indeed, in the years since the HCRA became law, the health care environment has changed dramatically: among other things, it has become increasingly competitive and in many ways more financially challenging for hospitals. For example, managed care penetration has grown significantly during this period and, partly as a result of this, hospital utilization has decreased substantially. The HCRA also eliminated authority for hospital rate-setting, which in the past may have shielded hospitals from the financial consequences of their actions or inactions. Recent reports such as the New Jersey Commission for Rationalizing Health Care have concluded that many New Jersey hospitals are in poor financial condition relative to hospitals nationwide.

In accordance with N.J.S.A. 26:2H-5.8(c), facilities seeking to close or eliminate a health care facility or service subject to certificate of need review by SHPB are required to file a full review certificate of need application. The SHPB is also required to hold at least one public hearing in the service area of the health care facility or service proposed to be closed within 30 days of the application being declared complete by the Department. In this instance, two public hearings took place, the first on May 6, 2008 and the second on June 5, 2008, each of which were attended by approximately 1,000 persons of whom approximately 40 persons spoke at each of the hearings. Most of the members of the public at both hearings opposed the closure of Muhlenberg and voiced a variety of concerns including access to services, especially emergency services, concerns related to transportation to hospitals and health care services in the surrounding communities, the need for a community health assessment, and the lack of

communication and the sufficiency of the information provided by Solaris. There was also testimony concerning the financial condition of the hospital as well as comments from individuals describing the availability of health care services in the surrounding communities.

As to the specifics of this application, N.J.S.A. 26:2H-8(a) requires that I consider the availability of facilities or services, which may serve as alternatives or substitutes. In addition to Muhlenberg, there are eight other general acute care hospitals that have comparable or expanded capabilities to Muhlenberg and are located within 5.7 to 13 miles of the Muhlenberg campus (Union County). JFK Medical Center ("JFK") (Middlesex County), the closest area hospital, is 5.7 miles from Muhlenberg, RWJ University Hospital at Rahway (RWJ-Rahway)(Union County) is 7.8 miles away, Overlook Hospital (Overlook) (Morris County) is 10 miles away, St. Peter's University Hospital (St. Peter's) (Middlesex County) and RWJ University Hospital (RWJ-New Brunswick) (Middlesex County) are both 11 miles away, Raritan Bay Medical Center, Perth Amboy (Raritan Bay) (Middlesex County) is 12 miles away and Somerset Medical Center (Somerset) (Somerset County) and Trinitas Hospital (Trinitas) (Union County) are both 13 miles away. The summary of Inpatient Utilization Data (B-2) prepared by Departmental staff for its recommendations charts the licensed and maintained beds, average daily census, licensed and maintained occupancy rates for medical/surgical, obstetrics & OB/GYN for the years 2005, 2006 and 2007. For those three years, Muhlenberg, licensed for 282 beds, maintained an average daily census of 103.75, 109.59, and 98.96, respectively. The other eight hospitals, located within 5.7 to 13 miles of the Muhlenberg Campus, operate with average occupancy rates for licensed medical/surgical beds ranging from 39.6 percent to 91.5 percent and average occupancy rates for maintained medical/surgical beds ranging from 42.4 percent to 97 percent. As described in the Staff Recommendations, access to health care services will be accommodated by the oversupply of licensed acute care beds in Union, Somerset and Middlesex Counties. Given Muhlenberg's overall utilization in 2007, a 38% occupancy rate of licensed beds, there are a number of area hospitals to serve as alternatives for local residents. When looking at both occupancy and average daily census of both licensed and maintained beds for all bed categories provided at Muhlenberg, except the adult closed psychiatric bed category which is addressed below, I accept the Department's analysis that there are a sufficient number of unused beds among the eight neighboring hospitals to absorb the inpatient census at Muhlenberg. The proposed closure will not significantly adversely affect access to inpatient health care services for the community, including the medically indigent and medically underserved residents of Plainfield, Edison, and surrounding communities. Furthermore, the Department's analysis of Intensive Care and Cardiac Care Unit occupancy rates also show available capacity within the eight surrounding communities. Therefore, the Department's independent review and analysis reveals admissions and inpatient occupancy are not sufficient to maintain this facility for inpatient general hospital services. I am satisfied that this criterion is met. I take notice of the many comments concerning emergency care and the ability to access the available services, and address these concerns in the Conditions 7, 9, 10, and 12-16 below.

I also find that the requirement at N.J.S.A. 26:2H-8(b) to consider the need for special equipment and services in the area would be met in this case. I note that such specialized services, such as cardiac services, psychiatric services and both inpatient and outpatient obstetrical/pre-natal services, will continue to be accessible at JFK and/or other area hospitals. JFK's CN application for participation in the elective angioplasty demonstration project was reviewed along with other proposed providers' applications at the July 10, 2008 SHPB meeting. This is a matter under separate review and I am currently reviewing the SHPB's recommendations. To address the concern with adult closed psychiatric beds that I noted above, Princeton House Behavioral Health Unit of the University Medical Center at Princeton was granted temporary approval to operate six additional Short Term Care Facility (STCF) beds in response to Muhlenberg's application for closure. Additionally, Trinitas and Raritan Bay responded to the Department's CN call for the permanent addition/conversion of psychiatric beds to their licensed capacities which will add 16 STCF beds to the Union County and Middlesex County service areas. In terms of inpatient OB/GYN care, it is expected that JFK will provide much of these health care services for those patients formerly serviced by Muhlenberg. Trinitas has also agreed to provide inpatient OB services to the patients in Muhlenberg's service area, including continuation and oversight of the midwifery program at the Neighborhood Health Center at Plainfield (NHC-Plainfield). The latter is a large Federally Qualified Health Center, which has six sites operating within the Muhlenberg service area for the provision of primary care services and prenatal and postpartum OB services. In 2007, the Department authorized a capacity grant for over \$300,000 to the NHC-Plainfield to expand services. In addition, I note that recently the Department posted a Request for Application to allow the FQHC to submit an application for additional funding to enable expanded hours of operation on evenings and weekends, and to promote community-based primary health care as an alternative to hospital emergency departments and enhance the quality of care delivered. Furthermore, a Satellite Emergency Department (SED) and primary care services will be required to operate at the Muhlenberg site. See Conditions 9 and 10. I am satisfied that the applicant has demonstrated that these services will continue to be met after the closure of the facility.

With respect to N.J.S.A. 26:2H-8(c) regarding the possible economies and improvement in services to be anticipated from the operation of joint central services, this provision is not applicable since Muhlenberg would be discontinuing its services.

N.J.S.A. 26:2H-8(d) requires me to examine the adequacy of financial resources and sources of present and future revenues. I am convinced that if the annual operating losses at Muhlenberg continue, JFK, which is operated by Solaris and is the closest area hospital to Muhlenberg may seek bankruptcy protection. I believe the closure of Muhlenberg by Solaris would maintain access to inpatient services, create operational efficiencies, enhance revenues, and improve resource utilization to reduce the risk of future operating losses at JFK. It is appropriate to review this application as it relates to the availability of health care services in the surrounding area. Additionally, I

agree that the applicant's rationale for discontinuing services at Muhlenberg is a realistic assessment of the health care environment in Union County and neighboring counties. It is also noted that the Solaris Board voted in November, 2007 to seek a buyer for Muhlenberg, and this information was reported in local newspapers and in the public discourse since that time. At the public hearings and in written articles concerning the Muhlenberg closure, it was commented that Solaris has refused to sell the hospital. The June 26, 2008 SHPB Meeting Transcript reflects Solaris' responses to the SHPB member's questioning concerning efforts to sell Muhlenberg. Despite Solaris' timely engagement of a hospital acquisition broker and the public's awareness of the proposed closure, no viable candidate presented who was interested in acquiring the facility as a general acute care facility. I recognize that Solaris can no longer afford the multi-million dollar annual operating losses at Muhlenberg, which began to accelerate in 2007, when the operating deficit reached \$16.5 million, and is projected to reach \$18 million in 2008. Muhlenberg is not a financially sustainable hospital, and the additional losses at Muhlenberg, were it to remain open, would threaten the financial viability of JFK and risk the closure of both hospitals. The impact of closure of both hospitals would significantly impact the availability of health care services in the service area. The applicant has sufficiently documented the efforts of Solaris' Board of Trustees and management in seeking opportunities to maintain the Muhlenberg campus.

I am pleased to see that the Commissioner's Report to the SHPB at the June 26, 2008 meeting mentioned the Health Care Stabilization Fund (passed by both houses on June 23, 2008, and approved as P.L. 2008, c.33, on June 30, 2008). The Health Care Stabilization Fund (the Fund) is established for the purpose of providing grants to general hospitals and other licensed health care facilities to ensure continuation of access and availability of necessary health care services to residents in a community serviced by a hospital facing closure or significantly reducing services due to financial distress. The Act takes effect on the 60th day following enactment. The Department is currently developing administrative rules that will guide the application process. The Fund is available, through an application process, to qualified health care facilities to provide health care services to the community. It may be that a qualified applicant from the Plainfield area could submit an application for a Fund grant that meets the statutory criteria as well as regulatory requirements for participation in the program in order to address community health care needs.

Finally, with respect to N.J.S.A. 26:2H-8(e) regarding the availability of sufficient manpower in the several professional disciplines, I am satisfied that there will be sufficient qualified personnel in this regard. Since the application proposes closure of the inpatient portion of the facility, adequate staffing is not an issue. However, I note that the application indicates efforts by Solaris to hire a significant number of displaced employees of Muhlenberg at JFK without loss of seniority or benefits, and Solaris has collaborated with other area providers to find employment for former Muhlenberg employees. During the SHPB meeting, the applicant stated that of the 1100 Muhlenberg employees, close to 600 employees, approximately 41% of which are Greater Plainfield residents, have been placed in positions either at JFK or retained to

fill positions at services that will remain on the Muhlenberg campus. In addition, as noted below, JFK Medical Center is ultimately responsible for the pension payments of Muhlenberg. I also note that the Department of Labor and Workforce Development is working, and will continue to work, with Solaris on job placement and job fairs. Condition 17 addresses the issue of job loss and requires Solaris to provide job placement assistance to displaced employees for another year.

N.J.S.A. 26:2H-8(f) requires consideration of such other factors as may be established by regulation; therefore, I have taken into consideration the applicable administrative rules governing the services subject to full review (i.e., N.J.A.C. 8:33-1.1 et seq.). Solaris is in compliance with the access requirements set forth in N.J.A.C. 8:33-1.1 et seq. and N.J.A.C. 8:33-4.10(a). Specifically, Solaris states that following the closure of Muhlenberg, outreach efforts will continue to low income, racial and ethnic minorities, women, disabled, elderly and all other patients in need of prevention, diagnostic and treatment services at the JFK site, through Trinitas' willingness to provide inpatient OB service through its midwifery program and the provision of inpatient psychiatric services, and the NHC-Plainfield provision of outpatient OB pre-natal services, as well as other primary care services. In addition, SED services will be provided within Muhlenberg's former emergency department. Solaris notes that it will maintain a commitment to the Plainfield community to preserve access to health care for the residents of this community, including the medically indigent and medically underserved population. The applicant states that JFK policies are consistent with those of Muhlenberg regarding the provision of indigent care and its acceptance of all patients regardless of their ability to pay. In approving this application with conditions, there will be a Community Advisory Group and other community groups to monitor the availability of health care services. Furthermore, Solaris shall be reporting to the Department on its compliance with the various conditions noted below. As noted at the SHPB meeting and in the Report of the New Jersey Commission for Rationalizing Health Care, acute care beds are not the only means to assure access to health care and improve overall health status in a community. The Department supports universal health care coverage and the development of alternative health care services and facilities consistent with the changing health care landscape.

I have also taken into consideration the statutory requirement to determine whether the action proposed will have an adverse economic or financial impact on the delivery of health care services in the region or statewide and will contribute to the orderly development of adequate and effective health care services. I note that the project will result in the closure of a 355 bed acute care facility, which is currently underutilized. I conclude that the applicant's decision to close Muhlenberg appears sound and in the best interest of the county's health care delivery system. I also note that a primary objective of this closure is to maintain access at one hospital and preserve the financial viability of JFK. In reviewing the transcripts from the public hearings and the written comments, I found many references to the availability of financial information provided by Solaris. Pursuant to existing administrative rules, hospitals are required to submit financial information to the Department consistent with

Generally Accepted Accounting Principals. Specifically with respect to the financial conditions reported by Solaris, the New Jersey Health Care Facilities Financing Authority reviewed the 2007 audited financial statements for Muhlenberg Regional Medical Center prepared by the independent auditing firm Parente Randolph. The statements show that as of December 31, 2007, liabilities exceeded unrestricted assets by \$9.2 million and unrestricted cash reserves were only \$3.1 million. Further, for the 12 months ended December 31, 2007, expenses exceeded revenues by \$16.7 million. Based on the medical center's poor financial condition, the auditors have expressed doubts as to whether the medical center can continue to operate. JFK Medical Center is ultimately responsible for the debt service and pension payments of Muhlenberg. As such, continued losses at Muhlenberg would jeopardize the financial viability of JFK Medical Center. Additionally, in October 2007, Moody's Investor Services downgraded JFK's bond rating from Baa2 to Ba1 (non-investment grade) noting that "Muhlenberg Regional Medical Center's financial impact has taken its toll, and has been a major contributor to the declining credit profile of Solaris." Further, on June 16, 2008, Moody's downgraded Muhlenberg's rating from Ba1 to Ba3. Given the financial situation of Muhlenberg and its parent, Solaris, the approval of the closure through a public process is far preferable to the alternative, a filing for bankruptcy. I recognize the community's desire to maintain Muhlenberg as a vital health care resource. The CN process allowed for the public hearings noted above and permits me to impose the various conditions noted below regarding the potential for future use of the site, and access to health care services including emergency services, primary care and transportation. These conditions relate to many of the concerns addressed at the public hearings and would not be possible to impose in a closure that followed bankruptcy proceedings. I am convinced that far greater harm could befall the Plainfield community through bankruptcy proceedings than this orderly closure through a public process. The record shows that Solaris made the financially prudent and sound decision in proposing hospital closure and avoiding bankruptcy. However, I also recognize that the Plainfield community may adequately and appropriately demonstrate that a general acute care hospital on the present site of Muhlenberg is needed to provide health care in the area to be serviced and may be financially accomplished, consistent with certificate of need requirements.

In that regard, I have reviewed the recommendations of Departmental staff and the State Health Planning Board that Solaris be permitted to retain its license for a period of time in order to facilitate a transfer of the license if an entity is found that is willing and able to operate an acute care hospital at the Muhlenberg site. If that were to occur, the Department's regulatory process requires that the entity file an application for a certificate of need to operate an acute care hospital in Plainfield, and that the application be subject to the Department's full CN review process. I am sensitive to the concerns of the community regarding the desire to leave open the possibility that an acute care hospital may be operated in Plainfield sometime in the future. However, I find that allowing Solaris to continue to hold the license for a period of time in order to facilitate a transfer of the license is not required in order to accomplish that goal. If Solaris' license is terminated, and the Department subsequently determines that there is

a need for an acute care hospital in the community, the Department may issue a call for applications for a certificate of need to provide those services and the applications would be subject to the Department's full CN review process. Any potential applicant for a certificate of need may submit a request to the Department at any time requesting that the Department issue a call for applications, and the Department will process that request as expeditiously as possible. By considering multiple CN applications under the competitive call process, the Department can most fairly consider what applicant is best equipped to provide the required services.

Additionally, as previously noted, I find that there will be sufficient regional capacity to meet the need for inpatient acute care services, even after closure of Muhlenberg. As to whether the discontinuance of acute inpatient services at Muhlenberg would contribute to the orderly development of adequate and effective health care services, I find that the discontinuance will contribute to rationalizing the delivery of inpatient acute care services in the region and will not have a significant adverse impact on the remaining hospitals in Union County and the surrounding counties. I have conditioned approval of this CN application on Solaris' development and participation in a Community Advisory Group to assure the continuation of adequate and effective health care services. However, this condition shall by no means be interpreted to leave the future of health care needs in the area exclusively under the control of Solaris. On the contrary, Condition 6, referenced below, is intended to ensure the consultative role of the community for as long as Solaris remains a healthcare provider in the area. Future health care planning for the area is a shared responsibility within the region and should not be determined by any one health care provider.

Based on the foregoing, and noting the approval of the SHPB, I am approving Solaris' application for the closure of Muhlenberg subject to the following conditions which, I believe, address many of the concerns expressed at the public hearings and mitigate the effects of the closure in an urban community:

1. The applicant shall surrender Muhlenberg's license for the existing location to the Department's Certificate of Need and Healthcare Facility Licensure Program (CNHCFL) within ten days of closure. This shall not prevent qualified applicant(s) from submitting a certificate of need application for the operation of a general hospital pursuant to N.J.A.C. 8:33.
2. Solaris shall appropriately maintain the physical plant and grounds of Muhlenberg until it has received written approval from the Department to cease or partially cease such maintenance.
3. Within seven days from the date of CN approval, Muhlenberg shall:
 - a. Notify, in writing, the Department's Certificate of Need and Healthcare Facility Licensure program of who, specifically, is responsible for the safekeeping and accessibility of all components of the patients' medical records (both active and

stored) from Muhlenberg, in accordance with N.J.S.A. 8:26:8.5 et seq. and N.J.A.C. 8:43G-15.2.

- b. Provide a detailed description, in writing, of the established process to obtain a copy of a complete medical record, inclusive of electronic and hard copy components, and the projected timeframe from request to receipt of same.
 - c. Provide a detailed plan for public notification regarding the process to obtain a copy of a complete medical record. Public notification must occur on a weekly basis over the course of a three month period, commencing on the date of approval of the closure of Muhlenberg by the Commissioner. This notification shall also be provided in Spanish.
4. A communication plan notifying the public of the closure of Muhlenberg and alternative area service providers shall be developed, and notice of the closure of Muhlenberg and alternative area service providers shall be published in at least two newspapers of general circulation in the area upon receipt of approval of the closure by the Commissioner. This notice shall also be submitted to the Department for review and placement in the facility's permanent record on file at the Department. This notice shall also be provided in Spanish.
5. 15 days prior to the closure of Muhlenberg, Solaris shall notify, in writing, all emergency medical service providers who utilize Muhlenberg, as well as the following hospitals: RWJ-Rahway, Overlook, St Peter's, RWJ-New Brunswick, Raritan Bay, Somerset, and Trinitas, of the date of hospital closure.
6. Within three months of approval of this application, Solaris shall develop and participate in a Community Advisory Group (CAG) to provide on-going community input to Solaris on ways that it can most effectively and efficiently meet the primary, preventive, maternal and child health service needs, emergency health, transportation service needs and any remaining inpatient and outpatient needs of all residents in Muhlenberg's service areas. The CAG shall also assure appropriate implementation of the CN conditions as they impact Plainfield and surrounding communities and may advise the Solaris Board, other health care providers and local public health agencies on ways to meet any community health care needs identified by the CAG in the course of their deliberations and analysis. The CAG shall meet at least quarterly during its first year of operation.
 - a. Subject to the provisions below, Solaris shall determine the membership, structure, governance, rules, goals, timeframes and the role of the CAG in accordance with the primary objectives set forth above and shall provide a written report setting forth same to the Solaris' Board, with a copy to the Department and subject to the Department's approval, within 60 days from the date of formation of the CAG.

- b. The CAG's membership shall include one member from the Solaris Board, and Solaris shall invite membership from representatives appointed by the Mayors of all towns of Muhlenberg's primary service areas, at least one representative of Assemblyman Jerry Green's Task Force (as noted in the CN application), one representative of JFK, and representatives from each of the People's Organization for Progress, NHC- Plainfield, the Maternal and Child Health Consortia representing Muhlenberg's service areas and the Department. Other than the member appointed from the Solaris Board and the representative of JFK, no other member shall be either employed or related to anyone employed by Solaris, its corporate subsidiaries or corporate affiliates.
 - c. Solaris shall designate co-chairs of the CAG, one of whom shall be a member of the Solaris Board or a representative of JFK and one of whom shall be a community member who is neither employed nor related to anyone employed by Solaris, its corporate subsidiaries or corporate affiliates.
 - d. The co-chairs of the CAG shall jointly submit to the Solaris Board, with a copy to the Department, a semi-annual report of the progress toward the goals of the CAG.
 - e. The co-chairs of the CAG shall jointly transmit to the Solaris Board, with a copy to the Department, a quarterly and any special report relative to the implementation of these conditions.
 - f. The CAG shall also examine the need for the continuation of outpatient prenatal/obstetrics, pediatric, behavioral health and other primary care and emergency services in the Plainfield area.
 - g. The CAG shall explore options for the reinstatement of the medical residency program which will be discontinued due to the closure of Muhlenberg.
 - h. Solaris shall provide sufficient financial and administrative support for the CAG to effectively function in the tasks noted above.
 - i. Solaris may petition the Department to disband the CAG not earlier than three years from the date of CN approval and on a showing that all of the conditions have been satisfied for at least one year.
7. Solaris shall provide total funding for a physician to provide oversight of the midwifery services at the NHC-Plainfield. This physician oversight shall commence at the same time of the Muhlenberg closure. Funding shall be for at least a two year period commencing prior to or at the time of the hospital closure.
 8. Solaris shall reimburse the NHC-Plainfield for the cost of credentialing each certified nurse mid-wife for staff privileges at Trinitas. In addition, Solaris shall

waive the credentialing fee for each NHC-Plainfield physician for staff privileges at JFK, or reimburse these fees if already paid by NHC-Plainfield.

9. Solaris shall initiate at the time of hospital closure primary care services for both adults and children either on site at Muhlenberg or in conjunction/agreement with NHC-Plainfield. These services shall be operational at least five days a week, a half-day on Saturdays, and shall include two days of evening hours. A plan for the operation of these outpatient services shall be submitted to the Department for approval prior to the hospital closure.
10. Under the license of the JFK facility, Solaris shall maintain a SED at the Muhlenberg campus and initiate operation of the SED concurrent with the closure of Muhlenberg.
 - a. The SED shall be operated and licensed in accordance with the Department's regulations for such services at the Hospital Licensure Standards, specifically, N.J.A.C. 8:43G-36.
 - b. The SED shall remain in operation for a minimum of 5 years, and Solaris must provide 120 days notice and receive written approval from the Department prior to ceasing or reducing services or hours of operation.
11. Compliance with licensure standards in N.J.A.C. 8:43G regarding the implementation of health services (SED, primary care (including prenatal/obstetrics and behavioral health) and diagnostic imaging services) at the Muhlenberg site is required. This includes the submission of a license application, an operational survey and authorization from the Department's Certificate of Need and Healthcare Facility Licensure Program prior to the initiation of any health care service.
12. As noted in the CN application, Solaris shall provide for a period of five years from the date of closure:
 - a. A continuous loop shuttle service between the SED at Muhlenberg and JFK. The shuttle service will operate 7 days a week from noon until 8:30 PM. The service will be available at no cost to passengers, regardless of frequency of use or insurance status;
 - b. A medical taxi service for patients living in Muhlenberg's primary and secondary service areas (towns and zip codes identified by Solaris in the April 14, 2008 response to the Department's Completeness Question #20) to access scheduled non-emergent care services at JFK and Trinitas. The contracted medical taxi service shall provide door-to-door service from the patient's home to JFK and Trinitas and back at no cost to passengers, regardless of frequency of use or insurance status;

- c. Medical transport by a contracted ambulance service from the SED at Muhlenberg to area health care providers. The ambulance service is for patients who are in need of services not available at the SED and will operate 24 hours a day, 7 days a week. This service shall be at no cost to the patient who does not have insurance coverage for this type of transport.
13. Solaris shall develop and maintain an ongoing communications program to keep the public informed of the operation of these transportation programs. This communication program shall be submitted to the Department for review and approval prior to the closure of Muhlenberg.
14. Solaris shall develop a patient and family transportation plan after performing an assessment, in consultation with the CAG, to determine transportation needs to alternative inpatient and outpatient service providers. Solaris shall consult with New Jersey Transit and the transportation authorities in both Union and Middlesex Counties in the development of transportation plans to ensure access to Plainfield residents for both inpatient and outpatient health care resources. This plan shall be submitted to the Department within three months of the date of certificate of need approval. This plan shall remain in effect for five years after closure. Any changes in this plan require Department approval and shall require 120-day prior notice. A self-evaluation of the implementation of the plan shall also be conducted on a yearly basis for five years after closure to measure effectiveness of this initiative and shall be submitted to the Department for review and comment.
15. Since Trinitas has indicated its willingness to serve the inpatient obstetric and behavioral health needs of patients of the Neighborhood Health Center Plainfield and other residents formerly served by Muhlenberg, Solaris shall, from the time of closure of Muhlenberg, provide free round trip taxi vouchers to Trinitas for residents of Muhlenberg's primary and secondary service areas (as noted in Condition 12 above), and their families, who require such services. Use of such vouchers shall be deemed valid even if, upon examination at Trinitas, it is determined that an inpatient admission is not required at that time. Solaris shall not discontinue this voucher program except upon approval of the CAG and upon written approval from the Department with at least 120 days prior written notice from Solaris.
16. An outreach effort shall be placed into effect to ensure that all residents of the hospital service areas, especially the medically underserved and indigent, have access to the available services at the two Solaris locations, that is, JFK and the outpatient services at the Muhlenberg site. A self-evaluation of this effort, including mechanisms to measure patient satisfaction, shall be conducted six months after the closure, for the next six months after that and afterwards on a yearly basis for the next five years to measure service delivery. In addition, emphasis in this effort shall be placed on developing and maintaining programs that link Conditions 7 and 8 above so that residents of the area have access to a medical home for

preventive and primary care services and, to the extent possible, do not use the SED to access such services. This self-evaluation shall be submitted to the Department for review and comment.

17. Solaris shall maintain a job placement program for Muhlenberg employees displaced by the hospital's closure for at least one year from the date of this approval.
18. Solaris shall not terminate the lease to DaVita, a provider of chronic hemodialysis services, unless DaVita has obtained an alternative site within the same service area.

Failure to satisfy the aforementioned conditions of approval 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 other applicable requirements. Acceptance of these conditions will 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 application shall be re-examined in light of the objections.

We look forward to working with you and helping you to provide a high quality of care to the residents of the Plainfield, Union County area, the JFK, Middlesex County area and surrounding service areas. If you have any questions concerning this certificate of need, please do not hesitate to contact John Calabria, Director, Office of Certificate of Need and Healthcare Facility Licensure, at (609) 292-8773.

Sincerely,



Heather Howard
Commissioner

c: John A. Calabria