



State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 360
TRENTON, N.J. 08625-0360

CHRIS CHRISTIE
Governor

www.nj.gov/health

KIM GUADAGNO
Lt. Governor

CHRISTOPHER R. RINN
Acting Commissioner

November 20, 2017

VIA ELECTRONIC & FIRST- CLASS MAIL

Drew Barile
Member
Village Drive Healthcare, LLC
48 Pavilion Avenue-Suite 2
Long Branch, NJ 07740
Dbarile@ashorepropertymgmt.com

Re: Village Drive Healthcare, LLC
The Wheaton at Millville
CN# ER 17 0703-06-37
Total Project Cost: \$21,000,000
Expiration Date: November 20, 2022

Dear Mr. Barile:

Please be advised that I am approving the Expedited Review Certificate of Need application for Village Drive Healthcare, LLC, submitted on June 22, 2017, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the establishment of a 154-bed assisted living facility to be located at 1125 Village Drive in Millville NJ, Cumberland County. This application is being approved at a total project cost as noted above.

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, 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.

As to the aforementioned specifics of this application, I note that in identifying those services that are subject to expedited review, the Department of Health (Department) chose services that would have a minimal impact on the health care system as a whole and, therefore, for which a statistical bed need methodology would not be necessary. The services in this application are subject to expedited review pursuant to N.J.A.C. 8:33-5.1(a)(4) and, therefore, a statistical bed need methodology is not required. I believe 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. The need for sufficient special equipment and services in the area does not apply as this application is for an assisted living residence, which does not require any special equipment or staff. The facility will realize economies of scale from the operation of joint central services as it shares common ownership with other facilities/services in New Jersey. I believe that this project can be economically accomplished and maintained, as the applicant projects a positive net income by the end of the second year of operation. I also note that while additional professional staff will be required to accommodate the implementation of these beds, I am confident that there is sufficient staff available in the area to meet those staffing needs.

Finally, I have 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). I find that Village Drive Healthcare, LLC, the proposed licensed operator, has provided an appropriate project description, which includes information as to the total project cost, operating costs and revenues, services affected, equipment involved, source of funds, utilization statistics, and justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)); 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)); and documentation that it will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)). In addition, Village Drive Healthcare, LLC 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)).

Please be advised that this approval is limited to the proposal 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 Department's 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 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 a comprehensive personal care home shall have a Medicaid occupancy level of ten percent within three years of licensure. The ten 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 ten 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 to us. The Department offers no opinion as to whether the facility's ownership or business organization are in compliance with the Codey Act, Board of Medical Examiners administrative rules, or federal anti-referral (Stark) and anti-kickback laws. We have not undertaken an independent investigation of such information. If material facts with respect to this application 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 New Jersey Attorney General.

Any approval granted by this Department relates to certificate of need and/or licensing requirements 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 determinations relative to the use of any specific property. Please be advised that services may not commence until a license has been issued by the Certificate of Need and Healthcare Facility Licensure Program to operate this facility. A survey by Department staff will be required prior to commencing services. You will need to contact a representative from the Department's Division of Health Facility Survey and Field Operations at (609) 292-9900 to discuss this matter.

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We look forward to working with you and helping you to provide a high quality of care to your residents. If you have any questions concerning this Certificate of Need, please do not hesitate to telephone Mr. John A. Calabria, Director, Certificate of Need and Healthcare Facility Licensure Program, at (609) 292-8773.

Sincerely,

A handwritten signature in cursive script, appearing to read "Alison Gibson".

Alison Gibson, RN, MA, MPA
Deputy Commissioner
Health Systems

cc: John A. Calabria (Via Electronic Mail)