



State of New Jersey
DEPARTMENT OF HEALTH
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER R. RINN
Acting Commissioner

January 2, 2018

VIA ELECTRONIC & FIRST-CLASS MAIL

Tamara Cunningham
Vice President, System Development & Planning
Clara Maass Medical Center
One Clara Maass Drive
Belleville, NJ 07109
Tamara.Cunningham@rwjbh.org

Re: CN# ER 081008-07-01 C/S
Change in Scope
Clara Maass Medical Center
Adult Acute Care Open Psychiatric Beds
Total Project Cost: \$2,455,689
Expiration Date: January 2, 2023

Dear Ms. Cunningham:

Please be advised that I am approving the expedited review certificate of need (CN) application you submitted on July 3, 2017 for a change in scope of CN# ER 081008-07-01, in accordance with N.J.A.C. 8:33-3.9(d)(2)(i). The CN for the relocation of 23 Adult Open Psychiatric beds from St. Mary's Hospital, which closed its inpatient psychiatric services on June 1, 2008, was approved on February 17, 2009. Two of those 23 beds were implemented in the Applicant's current 22-bed voluntary unit. The remaining 21 beds are as yet unimplemented. You have submitted the application for a change in scope of this project, in order to redesignate the 21 unimplemented beds from Adult Acute Inpatient Voluntary (Open) beds to Adult Acute Inpatient Involuntary (Closed) beds. According to the application, these beds would be implemented, along with the two closed beds awarded as a result of the February 2017 CN call, in a wing adjacent to the existing voluntary (open) unit at Clara Maass Medical Center (Clara Maass or Applicant). The Applicant noted that, following an in-depth assessment, it had identified a greater need for adult acute care closed beds rather than adult acute care open beds. The Applicant states that conversion of these 21 beds from open to closed will enable the Applicant to provide the appropriate type of behavioral health inpatient care required by its community. Upon approval, these beds will be implemented in a unit constructed in accordance with inpatient psychiatric regulations, and does not require changes to the original CN approved project plan. The application notes that there will be no change in the total project cost; therefore, this application is being approved at the total project cost noted above.

N.J.S.A. 26:2H-8 provides for the issuance of a CN 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 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 the several professional disciplines; and f) such other factors as may be established by regulation. All of these requirements were addressed in the original CN approval letter and no changes in these areas were noted for this change in scope application.

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 proposed in the original application approved on February 17, 2009, and in this change in scope application, are subject to expedited review pursuant to N.J.A.C. 8:33-5.1(a)(2) 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 the aforementioned change in scope of the approved CN application with regard to adult acute care psychiatric beds, and that the change in designation from "open" to "closed" beds, does not require any special equipment or staff that is not already available to Clara Maass. Clara Maass will realize possible economies or improvements from the operation of joint central services as it will continue to operate as a part of the RWJ Barnabas Health System. I believe this project can be economically accomplished and maintained, as the Applicant projects a positive net income by the end of the first year of operation. I also note that while additional professional staff will be required to accommodate the implementation of these additional beds, I am confident that there is sufficient professional 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 Clara Maass 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, the owners of Clara Maass have 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 an additional change in scope, as defined at N.J.A.C. 8:33-3.9. However, a change in cost of an approved CN is exempt from further 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 CN approved total project cost and is greater than \$1,000,000, the Applicant shall remit the additional CN 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 CN 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 facility's ownership or business organization is 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 CN and/or licensing requirements and does not imply acceptance by a reimbursing entity. This letter is also 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 such findings or determinations relative to the use of any specific property.

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Please be advised that services may not commence until such time as the Certificate of Need and Healthcare Facility Licensure Program has issued an amended license to Clara Maass which includes these beds.

We look forward to working with you and helping you to provide a high quality of care to your patients. If you have any questions concerning this CN approval or the licensure of these 21 adult acute care psychiatric beds, please do not hesitate to telephone John Calabria, Director, Certificate of Need and Healthcare Facility Licensure Program, at (609) 292-8773.

Sincerely,



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

cc: John A. Calabria (By Electronic Mail)