



State of New Jersey
DEPARTMENT OF HEALTH

PO BOX 358
TRENTON, N.J. 08625-0358

www.nj.gov/health

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
Monmouth Medical Center Southern Campus
600 River Avenue
Lakewood, NJ 08701
Tamara.Cunningham@rwjbh.org

Re: CN# ER 170701-15-01
Relocation of 6 Adult Acute Care Open
Psychiatric Beds
Monmouth Medical Center Southern
Campus
Total Project Cost: \$0
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 to relocate six (6) Adult Acute Care Open (Voluntary) Psychiatric beds from Monmouth Medical Center (MMC), located in Monmouth County, to Monmouth Medical Center Southern Campus (MMC-SC or Applicant), located in Ocean County, in accordance with N.J.A.C. 8:33-3.4(a)(3). According to the application, these beds would be implemented, along with the three closed beds awarded as a result of the February 2017 CN call, and the conversion of 17 open beds to 17 closed beds, as requested in a companion CN application, in a realignment of psychiatric beds serving the overlapping service areas of MMC and MMC-SC. The Applicant states that conversion of these beds will serve as part of a realignment of its voluntary/involuntary bed distribution which will be more in keeping with the historic distribution of patients by case type and will serve to correct the misalignment of current capacity to patient need. The application notes that there will be no project cost to the Applicant, as MMC-SC will have no capital expenses related to this project. However, the Applicant does acknowledge that approximately \$8 million will be expended by RWJ Barnabas Health Behavioral Health Center (BHBHC), a related entity, which serves as landlord to MMC-SC's psychiatric bed units, in building

an addition to the existing building structure. 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.

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 this application are subject to expedited review pursuant to N.J.A.C. 8:33-5.1(a)(11) and, therefore, a statistical bed need methodology is not required. I believe that the criterion regarding the availability of facilities or services that 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 relocation of adult acute care open psychiatric beds to add to such beds already in place, which does not require any special equipment or staff that is not already available to MMC-SC. MMC-SC will realize 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 MMC-SC 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 MMC-SC 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

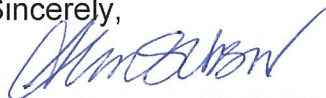
Monmouth Medical Center Southern Campus
Relocation of 6 Psych Beds
CN# ER 170701-15-01
Page 4

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.

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 MMC-SC 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 six (6) 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)