



State of New Jersey  
DEPARTMENT OF HEALTH  
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*Governor*

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*Lt. Governor*

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JUDITH M. PERSICILLI, RN, BSN, MA  
*Commissioner*

April 8, 2020

**VIA ELECTRONIC AND FIRST-CLASS MAIL**

Richard Pineles  
Managing Member  
Bergen Passaic LTACH, LLC  
55 South Newman Street  
Hackensack, NJ 07601

Re: CN# ER 2019-12666-02  
Former CN# ER 040905-02-43 E/T  
Bergen Passaic Long Term  
Acute Care Hospital  
Total Project Cost: \$2,294,000  
Expiration Date: July 24, 2021

Dear Mr. Pineles:

Please be advised that the Department of Health (Department) is approving Bergen Passaic Long Term Acute Care Hospital (LTACH), LLC's (Bergen Passaic) application, submitted on November 1, 2019, pursuant to N.J.A.C. 8:33-5.1(a)6, for an extension of time for CN# ER 040905-02-43, which was due to expire on January 24, 2020. As you are aware, the original certificate of need (CN) granted on December 10, 2004 for the establishment of a 72 bed freestanding LTACH at the Bergen Passaic LTACH in Bergen County was to have expired on December 10, 2006, but was extended to June 10, 2008, then to December 10, 2009, and further extended by The Permit Extension Act of 2008 (Act), P.L. 2008, c. 78, as amended by P.L. 2009, c. 336, P.L. 2012, c. 48, and P.L. 2014, c. 84. The Act was signed on September 6, 2008, and provided that, for a CN specific to development in existence during the period of January 1, 2007 through July 1, 2010, the running period of the approval is automatically suspended for the extension period through July 1, 2010. Amendments to the Act extended the expiration date of the Permit Extension Act through December 31, 2012, and December 31, 2015, respectively. Pursuant to the Act as amended, and including the time tolled under the Act, the expiration of CN# ER 040905-02-43 was

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extended through June 30, 2016. After the expiration of the Act, the CN was further extended to June 29, 2018, and then to January 24, 2020. At that time, the Department cautioned that it would look carefully at a demonstration/documentation of need before granting any further extensions. In this context, the Department has carefully reviewed your current application which requests, not only an extension of time, but a change of scope as well. Be advised, your CN is now extended for one last additional 18-month time period, as noted on page one, subject to the conditions noted below. It is expected that, as per your representations, this project will be fully implemented by the time this final 18-month period has elapsed.

The decision to approve Bergen Passaic's extension application is based on a review of the documents you submitted and the change in scope you outlined. While the original proposal was for a free-standing LTACH, you have now entered into an agreement with Hackensack Meridian Health, whereby you propose to establish a hospital-within-a-hospital to be located at Hackensack Meridian Palisades Medical Center.

In your application for your last extension, you had provided a schedule for implementation. The Department had required you to provide quarterly progress reports to verify your progress according to the submitted schedule. You have failed to do so and have explained such failure as being due to the negotiations then underway to change your model from a free-standing hospital to a hospital-within-a-hospital. The Department admonishes that timely reports advising the Department of this potential change in scope should have been provided previously. Nonetheless, in response to your current submission demonstrating an on-going need for these beds and your representation that your first phase of implementation can be made (for the first 25 beds) very soon after this approval, the Department is granting this final extension of time and change in scope.

The Department, **as a condition of approval of this final extension of time**, is requiring that you implement the first phase (of 25 beds) as soon as the available medical-surgical floor at Palisades can be converted with minor renovations, as outlined in your submission. Further, the final phase (of 47 beds) is to be implemented prior to the expiration of this CN extension. Also, as indicated in the plans you submitted, all 75 beds are to be implemented in single-occupancy rooms. As this project was originally approved on December 10, 2004 and is now over 15 years old, please be advised that the Department will not consider another extension of time. In accordance with N.J.A.C. 33-3.10(3) "If the project has not been licensed by the Department's Certificate of Need and Healthcare Facility Licensure Program, within the original or, if applicable, extended time frame identified within this subchapter, the CN shall automatically be deemed to be terminated."

The total project cost, originally fixed at \$20,000,000, has now been revised to \$2,294,000, to be financed through equity participation. Please be advised that this approval

is limited to the proposal as presented and reviewed. An additional review by the Department may be necessary if there is any change in scope as defined in N.J.A.C. 8:33-3.9. However, in accordance with N.J.A.C. 8:33-3.9(a) 1-3, a change of cost of an approved CN is exempt from CN review but 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 license 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 the beds/services until the additional fee is remitted in full.

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 Licensure Program.

Any approval granted by this Department relates to CN and/or licensing requirements only and does not imply acceptance by a reimbursing entity. Issues involving reimbursement are solely between the facility and the third-party payer. The Department is neither a party to such matters nor an arbiter of disputes between the parties.

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. We 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.

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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 CN or regarding the licensure of these 72 long term acute care beds, please do not hesitate to telephone Jean DeVitto, Executive Director, Division of Certificate of Need and Licensing at [Jean.DeVitto@doh.nj.gov](mailto:Jean.DeVitto@doh.nj.gov) .

Sincerely,



Marcela Ospina Maziarz, MPA  
Deputy Commissioner  
Health Systems

cc: Jean M. DeVitto, DOH (Electronic Mail)  
Louisa Steska (By Electronic Mail)  
Felicia L. Harris (By Electronic Mail)  
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