



State of New Jersey
DEPARTMENT OF HEALTH
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Commissioner

December 1, 2020

VIA ELECTRONIC AND FIRST-CLASS MAIL

David Sussman
St. Cloud at Rochelle Park, LLC
96 Parkway
Rochelle Park, NJ 07662

Re: Alaris Health at The Chateau
CN# ER 2020-9197-02
Total Project Cost: \$1,000,000
Expiration Date: December 1, 2025

Dear Mr. Sussman:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application for Alaris Health at The Chateau (Chateau), submitted on September 1, 2020, pursuant to N.J.A.C. 8:33-5.1(a)(11), for the relocation of a portion of one facility's licensed beds to another located within the same planning region. The proposed bed relocation involves the transfer of 178 long term care (LTC) beds from Alaris Health at Rochelle Park (Rochelle Park) to Chateau, both located in Bergen County. The addition of these 178 LTC beds to the existing capacity of 62 LTC beds and 11 LTC ventilator beds at Chateau would increase its total bed capacity to 251 LTC beds (including the 11 LTC ventilator beds), while the licensed bed capacity of Rochelle Park will be reduced to 62 LTC beds, which will be out-of-service, pending a "long-term evaluation." 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 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, the Department 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, the Department notes that in identifying those services that are subject to expedited review, services have been chosen 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)11 and, therefore, a statistical bed need methodology is not required. The Department believes 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 general LTC beds which do not require any special equipment or staff. The Chateau will realize economies of scale from the operation of joint central services since it proposes to operate these 178 beds at its existing long-term care facility. The Department believes that 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. It also noted that while additional professional staff will be required to accommodate the implementation of these additional beds, the Department is confident that there is sufficient professional staff available in the area to meet those staffing needs.

The Department has 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). The Department finds that Chateau 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 Chateau 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)).

Pursuant to the criteria set forth at N.J.A.C. 8:33-3.4(a)(3)(iii) and (iv), Department staff has found no indication of any adverse effect on the ability of either the general population currently being served or the medically underserved in accessing patient care in Bergen County as a result of the relocation of 178 LTC beds to Chateau in Bergen County. According to the Department's Certificate of Need and Healthcare Facility Licensure Program data, there are currently 5,095 licensed LTC beds in Bergen County. Using New Jersey Department of Labor and Workforce Development projections, in 2020, Bergen County has 173,400 persons over the age of 65 with a growth rate of 8%, projecting

this population to increase to 187,800 by 2023. The supply in Bergen County will remain unchanged. For the year 2020, the ratio of LTC beds to the population over the age of 65 is 36.86 beds per thousand people in Bergen County. After this project is implemented, the ratio will be unchanged in Bergen County. Thus, the Department is satisfied that there will be no adverse effect on access to LTC beds for residents in Bergen County.

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, effective August 5, 2002, a change in cost of an approved Certificate of Need 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 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 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 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.

In addition, approval of this application is conditioned upon the applicant's compliance with the following:

Approval of the relocation of these 178 beds from Rochelle Park to Chateau is subject to satisfying the Medicaid-eligible resident utilization requirement at N.J.A.C. 8:33H-1.15(a), or a higher standard that was imposed in any previous Certificate of Need approval for the beds being relocated.

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 Certificate of Need and Healthcare Facility Licensure Program to operate this facility. A survey by Department staff will be required prior to commencing services.

The Department looks forward to working with the applicant to provide high quality of care to the residents. If you have any questions concerning this Certificate of Need approval or the licensing of these long term care beds, please do not hesitate to Ms. Jean DeVitto, Executive Director, Certificate of Need and Healthcare Facility Licensure Program at Jean.DeVitto@doh.nj.gov.

Sincerely,



Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

cc: Jean DeVitto, DOH (Electronic mail)
Felicia Harris, DOH (Electronic mail)
Cynthia Dunn, DOH (Electronic mail)
Gary Spiewak, DOH (Electronic mail)
Susan Jackson, DOH (Electronic mail)
Avery Eisenreich, St. Cloud at Rochelle Park (Electronic mail)
David Kostinas, David G. Kostinas & Associates (Electronic mail)