



State of New Jersey  
**DEPARTMENT OF HEALTH**

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KAITLAN BASTON, MD, MSc, DFASAM  
*Commissioner*

August 19, 2024

**VIA ELECTRONIC & FIRST CLASS MAIL**

Mary Ellen Bove, LNHA  
CEO/ Executive Director  
Heath Village  
430 Schooley's Mountain Road  
Hackettstown, New Jersey 07840

Re: Heath House at Heath Village  
430 Schooley's Mountain Road  
Hackettstown, New Jersey 07840  
CN ER# 2023-11339-14;01  
Relocation of CPCH  
Total Project Cost: \$ 5,443,207  
Expiration Date: August 19, 2029

Dear Ms. Bove:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (ERCN) application submitted by Heath Village (Heath Village or the Applicant) for the relocation of Heath House at Heath Village, formerly named Canterbury Village (License N2K04D), a 53-bed Comprehensive Personal Care Home (CPCH). This CPCH, previously located in West Orange, Essex County, was closed effective July 31, 2023. In accordance with the Department's closure letter, dated June 5, 2023, the Applicant was permitted to re-open the facility, with approval by the Department, by July 31, 2025. The Applicant has made a commitment to re-open by this date, but the five-year expiration date of this ERCN approval is longer and allows for potential delays related to the completion of construction.

Heath Village, a non-profit entity, plans to relocate this CPCH to the same campus as the Heath Village, a 108-bed Long Term Care (LTC) Facility (License 031402) at 451 Schooley's Mountain Road in Hackettstown, and the 40-bed Heath Village Residential Health Care Facility (RHCF) (License 60330) at 430 Schooley's

Mountain Road in Hackettstown. These facilities are in Morris County. The Applicant clarified in their submission that while the mailing address for Heath Village is Hackettstown, the campus is in Washington Township, Morris County.

Pursuant to N.J.A.C. 8:33-5.1(a)(12), the relocation of the CPCH, now named Heath House at Heath Village, to the Heath Village campus is appropriate for consideration as an ERCN. This is because N.J.A.C. 8:33-5.1(a)(12) states that “[t]he relocation of an entire licensed health care facility that is subject to the certificate of need requirement, except for general hospitals, within the same planning region” is subject to ERCN. The previous CPCH location was in Essex County, and the new location will be in Morris County, which are contiguous counties and therefore, according to the definition of “planning region” found in N.J.A.C. 8:33-1.3, they are in the same planning region.

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 Heath Village has provided an appropriate project description. In that description, the applicant has proposed the relocation of the CPCH to their existing campus, which currently has a nursing home, residential health care facility and independent living units. The applicant asserts that Heath House at Heath Village will enhance the continuum of care available on the campus, especially for those residents of the independent living units who have aged in place and need a higher level of care.

The project description includes information that the total project cost will be \$5,443,207, which includes architect fees, renovations, building design upgrades and other expenses. Heath Village reported that in the first year of operation, the estimated total revenue for the facility would be \$2,072,000 and the expenses would be \$1,622,338, which shows that the facility would realize a profit of \$449,662. The Applicant stated that they expect a greater profit in the second year of operations. There is no specialized equipment involved as this is an CPCH facility providing supportive services to a largely independent population. The source of funds was listed as a loan, use of community investments or a combination of the two. Based on the licensed operator’s estimates, the annual payment for the loan can be drawn from community revenues, and the community can still show a surplus. Heath Village anticipates that given the current demand based on monthly inquiries, they will have the ability to fill the new accommodations easily to attain a stable census in the first year and going forward.

The justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)) provided by the applicant is that the relocation of the CPCH will provide a needed resource within the existing campus by providing additional services for residents who are aging in place, including from the licensed operator’s independent living units, and for others from the wider community who need continuity of care within this one location. The intent is to provide access to different levels of care, through the current skilled nursing facility,

residential health care facility, and this new CPCH and independent living units, all on one campus.

The Applicant will assure 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 confirmed that this facility would be operated in compliance with the regulatory requirement for admission of Medicaid residents. Furthermore, documentation that the Applicant will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)) is shown by Heath Village's past performance in the provision of LTC facility services.

In addition, Heath Village 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)) for their existing licensed facilities. Any regulatory compliance events reported have been addressed by the Applicant. The licensed operator reported that they do not own, manage or operate any other licensed health care facilities in New Jersey or out-of- state, other than those on their existing campus.

As a condition of this approval, a double-bedded room can only be occupied by married couples or civil union partners, relatives, individuals related by blood or adoption, or those who have consented in writing as part of the admission agreement to the living arrangement. The admission agreement should note that the resident is aware he or she may share a single toilet/bath in the unit and acknowledges there are higher health risks associated with shared occupancy and cohabitation. Under no circumstances shall any resident be coerced or compelled to agree to a double-bedded room.

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 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 certificate of need is exempt from certificate of need 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 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 the 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. The Department has not undertaken an independent investigation of such information. If material facts have not been disclosed or have been misrepresented, the Department may take administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General.

Any approval granted by the Department relates to certificate of need and/or licensing requirements only and does not imply acceptance by a reimbursing entity. This document 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 the applicant 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 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.

The Department looks forward to working with the applicant to provide a high quality of care to the CPCH residents. If you have any questions concerning this Certificate of Need approval, please do not hesitate to contact Michael J. Kennedy, Executive Director, Division of Certificate of Need and Licensing at [Michael.Kennedy@doh.nj.gov](mailto:Michael.Kennedy@doh.nj.gov).

Sincerely,



Jeff Brown  
Deputy Commissioner  
Health Systems  
New Jersey Department of Health

cc: Stefanie J. Mozgai, DOH (Electronic mail)  
Michael J. Kennedy, J.D., DOH (Electronic mail)  
Kara Morris, DOH (Electronic mail)  
Andrea McCray Reid, DOH (Electronic mail)  
Luisa Alexopoulos, DOH (Electronic mail)

Heath House at Heath Village

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Keira McRae-Wiggins, DOH (Electronic mail)

Ellen Kenny, DOH (Electronic mail)

Intake Unit, DOH (Electronic mail)