



State of New Jersey
DEPARTMENT OF HEALTH
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CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

www.nj.gov/health

May 16, 2017

CATHLEEN D. BENNETT
Commissioner

VIA ELECTRONIC & FIRST CLASS MAIL

Jake Lighten
Administrator
Homestead Rehabilitation & Health Care Center
129 Morris Turnpike
Newton, New Jersey 07860

Re: Homestead Rehabilitation & Health Care Center
CN# ER 170301-19-02
Total Project Cost: \$1,800,000
Expiration Date: May 16, 2022

Dear Mr. Lighten:

Please be advised that I am approving the Expedited Review Certificate of Need application for Homestead Rehabilitation & Health Care Center ("Homestead"), submitted on March 1, 2017, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the relocation of a total of sixteen (16) licensed long term care ("LTC") beds to Homestead. Ten (10) of the sixteen (16) LTC beds were originally located at Milford Manor ("Milford Manor"), in Passaic County. Homestead Rehabilitation and Health Care Center ("Homestead") is located in Sussex County, at 129 Morris Turnpike, Newton. The rights to the above-referenced ten (10) LTC beds were acquired by Homestead through a transfer of ownership, effective March 20, 2017. The remaining six (6) LTC beds to be relocated to Homestead were originally located at Valley View Rehabilitation and Healthcare Center ("Valley View"), in Sussex County. The rights to the referenced six (6) LTC beds were acquired by Homestead through a transfer of ownership, effective April 11, 2017. As a result of this approval, the total number of LTC beds at Homestead will increase from 102 to 118 upon project completion. This application is being approved at the total project cost as noted above.

It is noted that in addition to the relocation of the referenced sixteen (16) LTC beds, Homestead was approved April 11, 2017 to add ten (10) additional LTC beds pursuant to the Add-A-Bed provision of N.J.S.A. 8:39-2.11. Therefore, inclusive of these ten (10) LTC beds, Homestead's bed capacity will increase from 118 to 128 beds upon project completion.

in Passaic County to Homestead in Sussex County and of the six (6) long term care beds from Valley in Sussex County to Homestead in Sussex County. According to the data maintained by the Certificate of Need and Healthcare Facility Licensure Program, there are currently 1,052 licensed LTC beds in Sussex County and 2,926 LTC beds in Passaic County. The relocation of the ten (10) LTC beds from Passaic County will increase the total number of LTC beds currently in operation for Sussex County by less than 1.0 percent. Inasmuch as there was an initial deletion of ten (10) LTC beds in Passaic County due to the relocation of beds to Sussex County, this deletion was offset by the simultaneous addition of ten (10) LTC beds under the Add-A-Bed provision of N.J.S.A. 26:2H-7.2, approved for Milford Manor on March 20, 2017; thereby, the additional ten (10) LTC beds added to Homestead yield no net change in the number of LTC beds for Passaic County. Using Department of Labor and Workforce Development projections in 2016, Sussex County has 25,200 persons over the age of 65 with a growth rate of 0.10 percent projecting this population to increase to 30,800 in the year 2023. Thus, I am satisfied the additional LTC beds at Homestead will benefit the population in Sussex County.

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, a change in cost of an approved certificate of need is exempt from certificate of need 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.

Approval of this application is conditioned upon the applicant's compliance with the following:

Approval of the relocation of the sixteen (16) LTC beds to Homestead, located in Sussex County, is subject to the receiving facility 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 a previous certificate of need approval, for the beds being relocated.

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, I 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, 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 need assessment is not required. The need for sufficient special equipment and services in the area does not apply as this application is for general LTC beds. Likewise, the sharing of joint central services does not apply inasmuch as this application is for a stand-alone facility. I believe 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. 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 Homestead, the proposed licensed operator, 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, Homestead 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)).

Pursuant to the criteria set forth at N.J.A.C. 8:33-5.3(a)(2), Department staff has determined that there will not be an adverse impact on the ability of either the general population currently being served or the medically underserved in accessing inpatient long term care as a result of the relocation of ten (10) long term care beds from Milford

Please be advised that this approval is limited to the application as presented and reviewed. The application, related correspondence and any completeness questions and responses are incorporated and made a part of this approval. Any approval granted by this Department relates to certificate of need and/or licensing requirements only and does not imply acceptance by a reimbursing entity.

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 as part of this application, the Department may take appropriate administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General.

Finally, regardless of any management agreement addressing the operation of the facility between the licensee and any other entity, the licensee is responsible for financial, operational and management control. All health services provided by the facility and the revenue generated by a facility from providing these health services are the responsibility of the licensee.

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. Finally, please be advised that services may not commence until such time as the Office of Certificate of Need and Healthcare Facility Licensure has issued a license.

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 certificate of need or the licensure of the additional beds, please do not hesitate to telephone Mr. John A. Calabria, Director, Division of Certificate of Need and Licensing, at (609) 292-8773.

Sincerely,



Alison Gibson
Deputy Commissioner
Health Systems

C: Mr. Calabria