



State of New Jersey
DEPARTMENT OF HEALTH
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PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

SHEREEF M. ELNAHAL, MD, MBA
Commissioner

April 2, 2018

VIA ELECTRONIC AND FIRST CLASS MAIL

Richard Pineles, Managing Member
Franklin LTACH, LLC
55 South Newman Street
Hackensack, New Jersey 07601

Revised Address

Re: CN# ER 030901-18-43 E/T
The Long Term Acute Care Hospital at
Franklin (LTACH)
Total Project Cost: \$1,000,000
Expiration Date: June 30, 2019

Dear Mr. Pineles:

Please be advised that I am approving the application for Franklin LTACH, LLC, submitted on December 1, 2017, pursuant to N.J.A.C. 8:33-5.1(a)6, for an extension of time for CN# ER 03901-18-43, which expired on December 31, 2017. As you are aware, the original certificate of need (CN) was granted on December 17, 2003 for the establishment of a 60 bed long term acute care facility, located at 3371 Highway 27, Franklin in Somerset County. On November 8, 2006, an approval was granted for an increase in the number of beds to 80, and extending the expiration date to November 8, 2008. This CN would have expired on May 8, 2010, but was 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 certificate of need 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# 030901-18-43 was extended through June 30, 2016. On June 1, 2016, Franklin LTACH, LLC, submitted an application for an extension of time which was granted on June 29, 2016 and extended through December 31, 2017. In accordance with your request, the certificate of need is now extended for an additional eighteenth (18) month time period to June 30, 2019, as

noted above. However, if after this period the applicant requires any additional extension, a new demonstration/documentation of need will be required to be submitted.

This project was approved over fifteen (15) years ago, has made little progress at this time and the Department is very concerned about the lack of progress. Therefore, my decision to approve Franklin LTACH's application is based on your representation that the project was delayed due to not locating a funding source, however, you state you are exploring alternative financing options. You are required to submit monthly updates on your progress of obtaining a funding source and failure to do so may result in the Department denying any future extensions of time. Also, having already been issued a CN, you met the exception criteria on a moratorium imposed by the Centers for Medicare and Medicaid Services (CMS) on the issuance of new Medicare Provider Agreements for newly established LTAC units. During this past time, you state that you continued to pursue the project and have secured the required state, county, and local building approvals.

The total project cost originally fixed at \$1,000,000 remains the same. Please be advised that this approval is limited to the proposal as presented and reviewed. An additional review by the Department of Health (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.

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.

Richard Pineles
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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. 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.

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 regarding the licensure of these 80 long term care beds, please do not hesitate to telephone Mr. John A. Calabria, Director, Certificate of Need and Licensing, at (609) 292-8773.

Sincerely,



Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

c: J. Calabria (Electronic Mail)