



State of New Jersey
DEPARTMENT OF HEALTH
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Commissioner

August 2, 2022

VIA ELECTRONIC & FIRST- CLASS MAIL

Mark Stauder
Chief Operating Officer
Hackensack Meridian Health
343 Thornall Street
Edison, NJ 08837

Re: Hartwyck at Oak Tree
CN ER #2021-10265-12;01
License #061218
Total Project Cost \$25,000
Expiration Date: August 2, 2027

Dear Mr. Stauder:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (ERCN) application submitted on September 29, 2021, for Hartwyck at Oak Tree (Oak Tree or the Facility), a long-term care facility located in Middlesex County at 2048 Oak Tree Road in Edison, New Jersey, to relocate 24 long-term care beds from Oak Tree to JFK Hartwyck at Cedar Brook (Cedar Brook). A companion related ERCN has also been filed to relocate 24 long-term care Huntington beds from Cedar Brook to Oak Tree. Both long-term care facilities are wholly owned by Hackensack Meridian Health, Inc. (HMH) and are in contiguous counties which means they are in the same planning region as that term is defined in N.J.A.C. 8:33-1.3.

This project involves relocating 24 long-term care beds from Oak Tree to Cedar Brook and the reverse relocation of 24 long-term care Huntington beds from Cedar Brook to Oak Tree. Oak Tree is currently licensed for 100 long-term care beds, 16 ventilator care beds, and 4 ventilator care beds with hemodialysis. The applicant states that Oak Tree also provides subacute rehabilitation, brain trauma care, cognitive rehabilitation therapy, physical, speech, occupational and recreational therapy and is closely aligned with JFK Johnson Rehabilitation Institute (JFKJRI), a 94-bed comprehensive rehabilitation hospital, also operated by HMH and located in Edison. JFK University Medical Center, also located in Edison, supports both Oak Tree and JFKJRI. HMH states that they are seeking to consolidate all special long-term care beds in this region at Oak

Tree which will result in a comprehensive program of advanced clinical services for long-term care residents at one location which will allow the opportunity to enhance clinical staffing at one location. HMH believes that Oak Tree is a logical site for the Huntington's Disease (HD) program as Oak Tree has a larger licensed capacity and larger footprint and due to its higher acuity services, is more closely aligned with JFKRI's clinical programs. Subsequent to the relocation of the HD beds to Oak Tree, the program will continue to be managed by the same clinical and administrative staff and HMH expects to maintain the same level of excellence at its new location.

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). As it pertains to the provisions of N.J.A.C. 8:33-5.3(a)(1)), the Department finds the following:

Oak Tree has provided an appropriate project description, including information about the total project cost of \$25,000 for the minor renovations at Oak Tree. The operating costs and revenues were provided, which reflected that by the second year of operation, the total revenue would be \$20,676,000 and \$20,541,000 for expenses which projected a profit of \$135,000. Utilization statistics project a 95.8% resident occupancy by the second year of operation. No services will be affected, as the applicant reports that no increase or decrease in services will occur with the relocation of the 24 long-term care beds from Oak Tree to Cedar Brook and the reverse relocation of Huntington's beds from Cedar Brook to Oak Tree. The applicant states that no special equipment is required for the relocation. The source of funds will be organic, meaning that it will be paid with the applicant's available funds. The applicant has provided sufficient justification for the proposed project, which as stated by the applicant, is to consolidate special long-term care beds and services in the HMH system at Oak Tree.

N.J.A.C. 8:33-5.3(a)(2), requires an assurance that all residents of the area, particularly the medically underserved, will have access to services. Oak Tree meets the standards of N.J.A.C. 8:33-5.3(a)(2), as the project will result in a comprehensive program of advanced clinical services for long-term care residents at one location, offering economies of scale which residents of the region will continue to have access to, as Oak Tree and Cedar Brook are less than 3 miles apart geographically. The construction standards required by N.J.A.C. 8:33-5.3(a)(3)(i) are not applicable as no construction is required in order to implement the Huntington's beds at Oak Tree. In addition, HMH has demonstrated a track record of substantial compliance with the Department's licensing standards as set forth in N.J.A.C. 8:33-5.3(a)(3)(ii) as there were no significant regulatory compliance events reported in the New Jersey facilities that are owned, managed or operated by the Applicant.

N.J.A.C. 8:33-5.4(a)2 also requires compliance with N.J.A.C. 8:33-3.4(a)(3)(i-vii), which states that "i. the relocation shall take place within the same planning region where the sending facility is located; ii. The receiving facility shall already hold a license for the category of beds proposed for relocation. The Commissioner may, in the case of proposed bed relocations, waive this requirement when the receiving facility is the site of a general hospital proposed or approved for closure in the previous 12 months, if the Commissioner makes a finding that such approval will not reduce the quality of care associated with the beds; iii. The relocation shall not have an adverse impact on the ability of the population currently being served in the sending facility's service area to access the same types of service or bed compliment as those proposed for relocation; iv. The relocation shall not reduce access by the medically underserved and shall

address the criteria set forth at N.J.A.C. 8:33-4.10(a); v. The relocation shall not have an adverse impact on quality of care at either the sending or receiving facility;”.

The applicant has demonstrated compliance with the above requirements as both Oak Tree and Cedar Brook are in the same planning region, in contiguous counties (Middlesex and Union counties, respectively); both Oak Tree and Cedar Brook are currently licensed to operate long-term care beds; Oak Tree will continue to maintain long-term care beds, therefore, the relocation will not reduce access to the same bed type in Middlesex County; the project will result in a comprehensive program of advanced clinical services for long-term care residents at one location to which residents of the region, including the medically underserved will continue to have full access; the applicant states that consolidating specialized long-term care beds at Oak Tree will further enhance the quality of specialized nursing care in the HMH system; the requirements at N.J.A.C. 8:33-3.4(a)(3)(vi), and N.J.A.C. 8:33-3.4(a)(3)(vii) are not applicable to this application.

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. 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.

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 as part of this application, 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 this Department relates to certificate of need and/or licensing requirements only 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 the 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 the relocated long-term care beds. A survey by Department staff will be required prior to commencing services.

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.

Sincerely,

Robin C. Ford

Robin C. Ford, MS
Deputy Commissioner
Health Systems

cc: Stefanie J. Mozgai, DOH (Electronic mail)
Michael J. Kennedy, DOH (Electronic mail)
Luisa Alexopoulos, DOH (Electronic mail)
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