



State of New Jersey  
DEPARTMENT OF HEALTH  
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Commissioner

June 29, 2022

**VIA ELECTRONIC & FIRST-CLASS MAIL**

Joseph F. McElwee  
Vice President  
CSH Old Tappan Lessee, LLC  
1275 Pennsylvania Avenue, NW – 2<sup>nd</sup> Floor  
Washington, DC 20004

Re: CSH Old Tappan Lessee, LLC  
Old Tappan Township Assisted Living  
CN# ER 2021-07257-02; 01  
Establish a 100-bed Assisted Living  
Residence  
Total Project Cost: \$26,699,260  
Expiration Date: June 29, 2027

Dear Mr. McElwee:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (ECRN) application submitted on July 1, 2021, pursuant to N.J.A.C. 8:33-5.1(a)(4), for CSH Old Tappan Lessee, LLC (CSH), for the establishment of a new 87 unit / 100-bed assisted living residence to be located at 244 Old Tappan Avenue in the Borough of Old Tappan, Bergen County.

CSH states that they are seeking to establish an anticipated mix of the 87 units in the facility, 65 standard assisted living units and 22 memory care units. 57 of the standard assisted living units will be private units and eight (8) units will be semi-private for a total of 73 standard assisted living beds. Five (5) of the semi-private units will house ten (10) Medicaid beds to comply with applicable law concerning the minimum number of Medicaid residents in an assisted living residence. CSH intends there to be 22 memory care units on the lower floor of the building, 17 of which will be private and five (5) will be semi-private for a total of 27 memory care beds. CSH understands the specific needs and desires of assisted living residents and their families and is confident of its ability to

provide a successful project that will be a compatible use and a community resource for the citizens of Bergen County.

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 that CSH, the proposed licensed operator, has provided an appropriate project description, including information as to the total project cost of \$26,699,260. Projection utilization statistics were provided for three (3) years, which indicated that Year 1 would have 41.7% occupancy and Year 2, indicating an 83.2% occupancy rate. Operating costs for Year 1 are expected to be \$4,243,790, and \$249,970 in net revenues after operating costs; operating costs for Year 2 are expected to be \$5,408,030, and \$2,703,953 in net revenues after operating costs. 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. The applicant has extensive experience in the development, ownership, and operation of assisted living communities; specifically, in New Jersey.

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. CSH has met the standards of N.J.A.C. 8:33-5.3(a)(2), by ensuring that the proposed facility shall be marketed throughout the entirety of the proposed service area and the surrounding communities and will accept qualified individuals seeking admission into the facility, who meet all residency requirements, without regard to race, color, sex, national origin, disability, religion, or familial status. In addition, CSH 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 a condition of this approval, a semi-private room can only be occupied by married couples or civil union partners, relatives, individuals related by blood or adoption, or friends 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 will share a single toilet/bath in the unit and acknowledges there are higher health risks associated with due shared occupancy and cohabitation. Under no circumstances shall any resident be coerced or compelled to agree to a semi-private room.

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 Licensing 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 Licensing 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.

Furthermore, pursuant to N.J.S.A. 26:2H-12.16 and N.J.A.C. 8:36.5.1(h), a new facility that is licensed to operate as an assisted living residence shall have a Medicaid occupancy level of 10 percent within three years of licensure. The 10 percent Medicaid occupancy level shall be met through conversion of residents who enter the facility as private paying persons and subsequently become eligible for Medicaid, or through direct admission of Medicaid-eligible persons. The 10 percent Medicaid occupancy level shall be continuously maintained by a facility once the three-year licensure period has elapsed. The Department will monitor that this condition threshold is met and maintained during the duration of licensure.

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 appropriate administrative regulatory action to rescind the approval or refer the matter to the Office of the New Jersey 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 Certificate of Need and Licensing 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 assisted living 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,

*Robin C. Ford*

Robin C. Ford, MS  
Deputy Commissioner  
Health Systems

cc: Stefanie J. Mozgai, DOH (Electronic mail)  
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