



State of New Jersey  
DEPARTMENT OF HEALTH

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PHILIP D. MURPHY  
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Lt. Governor

June 22, 2018

SHEREEF M. ELNAHAL, MD, MBA  
Commissioner

**VIA ELECTRONIC & FIRST-CLASS MAIL**

Kenneth N. Sable, MD, MBA, FACEP  
President, Jersey Shore Medical Center  
C/O Rebecca B. Wolff  
Senior Director, Strategic Planning  
Hackensack Meridian Health  
1945 State Route 33  
Neptune, NJ 07753

Re: K. Hovnanian Children's Hospital  
at Jersey Shore University Medical  
Center  
CN# ER 180104-13-01  
Addition of 4 PICU Beds  
Total Project Cost: \$ 0  
Expiration Date: June 22, 2023

Dear Dr. Sable:

In the October 2, 2017 New Jersey Register, the Department of Health (Department) published a Certificate of Need (CN) Call for a limited number of additional Pediatric Intensive Care Unit (PICU) beds. The call was issued following a review of the statewide PICU utilization data for 2014 through 2016. This review noted that Pediatric Intensive Care Units are generally small in number, and therefore, there may be a need for an increase in PICU beds in order to ensure appropriate access during periods of increased demand. Based on the review, the call was limited to providers that are currently licensed to provide PICU beds in Essex, Middlesex, Monmouth, Morris and Passaic counties. Considering that the need for PICU beds is limited, the Department determined that any additional beds approved would have a minimal impact on the healthcare system as a whole and, therefore, would be subject to the expedited CN review process, rather than the full CN review process, in accordance with N.J.A.C. 8:33-5.1(b)(2).

Please be advised that the Department is approving K. Hovnanian Children's Hospital (KHCH) at Jersey Shore University Medical Center (JSUMC) expedited review certificate of need (CN) application, submitted on January 2, 2018, pursuant to the CN Call and N.J.A.C. 8:33-5.1(b)(2), for the addition of four (4) pediatric intensive care unit (PICU) beds at KHCH at JSUMC which is located at 1945 State Route 33, Neptune, in Monmouth County. This application was submitted based on the above noted CN Call

Notice for additional PICU beds. As a result of this approval and following licensing application approval, the total number of PICU beds at KHCH at JSUMC will increase from six to ten. This application is being approved at the total project cost as noted above.

N.J.S.A. 26:2H-8 provides for the issuance of a CN only where the action proposed in the application 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, the Department must take into consideration: a) the availability of facilities or services that 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 several professional disciplines; and f) such other factors as may be established by regulation.

The Department believes that the criterion regarding the availability of facilities or services which may serve as alternatives or substitutes is not applicable inasmuch as the services in this application will have a minimal impact on the health care system as a whole. In addition, as noted below, information provided by KHCH at JSUMC supports the need to maintain the four PICU beds.

According to the applicant, KHCH at JSUMC PICU's average daily census exceeded the six licensed beds 25% of the time in 2015, 27% of the time in 2016 and 26% of the time from January to October 2017. Staff believes the addition of the four PICU beds at KHCH at JSUMC would not have an adverse effect on any of the hospitals already providing this service. These beds would enhance the existing PICU services provided in Monmouth County and improve access to both the general population currently being served and the medically underserved in the region, particularly at times of high occupancy.

The Department also notes that since these four beds are currently in use, there is no need to obtain additional professional staff to maintain the four beds. However, if there is ever a need for professional staff, there is sufficient available personnel to staff the existing beds.

The Department believes this project can be economically accomplished and maintained, including the acquisition of any additional specialized equipment. According to the applicant, Hackensack Meridian Health-KHCH at JSUMC possesses adequate financial resources and will have sufficient future revenues to sustain the operation of the additional beds once licensed. KHCH at JSUMC is currently licensed for six PICU beds and was granted the Department's approval on January 17, 2014 to maintain an additional four PICU beds with the condition that KHCH at JSUMC apply for the four beds in the next PICU CN call. The Department believes this project can be

economically accomplished and maintained as the applicant projects a positive net income by maintaining the four PICU beds.

Finally, 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). The Department finds that KHCH at JSUMC has provided an appropriate project description, which includes information as to the total project cost, 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)). In addition, KHCH at JSUMC demonstrated a track record of substantial compliance with the Department's licensing standards (N.J.A.C. 8:33-5.3(a)(3)(ii)).

Please be advised that this approval is limited to the proposal as presented and reviewed. 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.
- 1) 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.
- 2) The Department will not issue a license for 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 Licensing Program.

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.

In accordance with N.J.A.C. 8:33-3.2(a), please be advised that any health care facility, which has closed or substantially ceased operation of any of its beds, facilities or services requires a certificate of need to be initiated, for any consecutive two-year period,

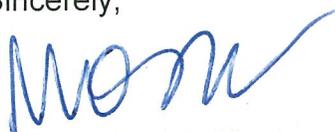
and shall be required to obtain a certificate of need before reopening such beds, facilities or services.

Furthermore, please be advised that, regardless of any management agreement between the licensee and another entity, the licensee is responsible for all financial, operational, and management control. Oversight of the facility is the licensee's non-delegable duty. 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.

Finally, 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. If you have any questions concerning either this certificate of need or the licensure of the PICU beds, please do not hesitate to telephone Mr. John A. Calabria, Director, Certificate of Need and Healthcare Facility Licensure Program, at (609) 292-8773.

Sincerely,



Marcela Ospina Maziarz, MPA  
Deputy Commissioner  
Health Systems

cc: J. Calabria (electronic copy)