



State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 360
TRENTON, N.J. 08625-0360
www.nj.gov/health

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Governor

SHEILA Y. OLIVER
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JUDITH M. PERSICILLI, RN, BSN, MA
Acting Commissioner

October 7, 2019

VIA ELECTRONIC & FIRST-CLASS MAIL

Linda Martin, JD
Chief Compliance Officer
Care One Management, LLC
173 Bridge Plaza North
Fort Lee, New Jersey 07024

Re: CareOne at Wayne
Addition of Long Term Care Beds
CN ER# 2019-4109-16
Total Project Cost: \$ 9,072,417
Expiration Date: October 7, 2024

Dear Ms. Martin:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application for 493 Black Oak Ridge Road, LLC, submitted on April 1, 2019, for the re-location of 28 long term care beds acquired by 493 Black Oak Ridge Road, LLC. The proposed newly-constructed two-story addition to the current CareOne at Wayne facility, which will include these 28 beds, will increase the current bed complement of 73 LTC beds for a total of 101 long term care beds. The facility is located at 493 Black Oak Ridge Road in Wayne, Passaic County. This application is being approved at the total project cost as noted above.

The Department acknowledged the acquisition of the rights to the long term care facility beds by 493 Black Oak Ridge Road, LLC from CareOne LLC in its correspondence dated June 26, 2019. Prior to the ownership by CareOne LLC, 60 beds were formerly licensed at CareOne at Livingston (Essex County) and 12 beds were from CareOne at Ridgewood Avenue (Bergen County). After relocating 44 of the total 72 beds from CareOne LLC to CareOne at Livingston in 2018, it is now proposed that the remaining 28 beds be relocated to CareOne at Wayne. As noted, the beds were originally from Bergen and Essex Counties, which are contiguous counties to Passaic and so are within the same planning region.

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, the Department 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, the Department notes that in identifying those services that are subject to expedited review, services have been chosen 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 in this application are subject to expedited review pursuant to N.J.A.C. 8:33-5.1(a)(11) for the relocation of beds within the same planning region, therefore, a need assessment is not required. The Department believes that the criterion regarding the availability of facilities or services which may serve as alternatives or substitutes is not applicable since the services in this application will have a minimal impact on the health care system as a whole. The need for sufficient special equipment and services in the area does not apply as this application is for general long term care beds. The facility will realize economies of scale from the operation of joint central services as it shares common ownership with other CareOne facilities in New Jersey. The Department believes 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. It is also noted that while additional professional staff will be required to accommodate the establishment of this long term care facility, the Department is confident that there is sufficient professional staff available in the area to meet those staffing needs.

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), and finds that 493 Black Oak Ridge Road, LLC, the proposed licensed operator, has provided an appropriate project description. The project description 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, 493 Black Oak Ridge Road, LLC 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 in 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 residential

long term care services in Essex or Bergen County as a result of the relocation of 28 long term care beds to Passaic County. As noted prior, most of the proposed facility's beds were originally from Essex County. According to Department figures, there are currently 5048 licensed long term care beds in Essex County. The reduction of 28 long term care beds from Essex County will decrease its supply by less than 1%. The planned relocation of 28 long term care beds to Passaic County, which currently has 2781 licensed long term care beds, will increase its supply by approximately 1%.

According to New Jersey Department of Labor and Workforce Development projections, Essex County currently has 1,096,000 persons aged 65 and over, which is estimated to increase 7%, to 1,172,800 persons over the next three years. Passaic County currently has 75,900 persons aged 65 and over, which is estimated to increase 8%, to 81,780 persons over the next three years. Thus, given the small reduction of beds in Essex County, and the relocation of beds to Passaic County, the Department is satisfied that there will be no adverse effect on access to long term care beds for residents of Essex County, and that the additional 28 long term care beds at CareOne at Wayne will benefit the population of Passaic County.

Please be advised that this approval is limited to the proposal 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 Department's 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% 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.A.C. 8:33H-1.15(a), this approval to relocate long term care beds to CareOne at Wayne will be subject to the utilization requirements for Medicaid-eligible residents and former psychiatric patients, or a higher standard if one was imposed on a previous certificate of need approval for any of the beds being relocated to this new facility.

The Department, in approving this application, has relied solely on the facts and information presented. 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. 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 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 of any municipality 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 these additional beds at the 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 long term care residents. If you have any questions concerning this Certificate of Need approval, please do not hesitate to contact Jean M. DeVitto, Executive Director, Division of Certificate of Need and Licensing at Jean.DeVitto@doh.nj.gov.

Sincerely,



Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

cc: Robert Fogg, Archer & Greiner P.C. (Electronic mail)
Felicia Harris, DOH (electronic copy)
Pamela Lebak, DOH (electronic copy)
Ellen Kenny, DOH (electronic copy)
Susan Jackson, DOH (electronic copy)