



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

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

JUDITH M. PERSICILLI, RN, BSN, MA
Commissioner

July 15, 2022

VIA U.S. FIRST CLASS & ELECTRONIC MAIL

David Sussman
CG Healthcare, LLC
175 Belgrove Drive
Kearny, N.J. 07032

Re Alaris Health at Cedar Grove
CN# ER 2022-06292-07;01
Establish LTC/behavioral health beds
Total Project Cost: \$100,000
Expiration Date: July 15, 2027

Dear Mr. Sussman:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application by CG Healthcare, LLC, submitted on July 1, 2022, pursuant to N.J.A.C. 8:33-5.1, for the conversion of 60 long-term care beds to 60 long-term care/behavioral health beds at Alaris Health at Cedar Grove, a 230-bed long-term care facility located at 110 Grove Avenue in Cedar Grove, Essex County. This application is being approved at the total project cost as noted above.

The Department has taken into consideration the applicable regulations for the services subject to expedited review, which includes emergency situations which demand rapid action (N.J.A.C. 8:33-5.1(b)(1)). The Department finds that CG Healthcare, LLC the licensed operator, has provided an appropriate project description. The project description includes information as to the total project cost of \$100,000 for the conversion of 60 existing long-term care beds into 60 long-term care/behavioral health beds pursuant to the determination of the Commissioner of Health to alleviate an emergency situation with certain long-term care residents from another facility in New Jersey. The operating costs and revenues for this behavioral health unit were provided, which reflected one-year revenue of \$9,150,000 and one-year expenses of \$8,450,000, so the Applicant would show a profit of \$700,000. In terms of services affected, the Applicant stated that these beds will enhance the provision of behavioral health services for an underserved population in an emergency situation. There is no specialized equipment involved as this is a 230-bed long-term care facility currently operating and the need for behavioral health services in the facility can be readily met by existing providers and contractors in the area. The source of funds was listed as provided by CG Healthcare, LLC member equity.

Utilization statistics project an immediate need for these beds due to an emergency situation at another long-term care facility in New Jersey, which will be transferring some of its residents in need of behavioral health services to these 60 beds at Alaris Health at Cedar Grove.

The justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)) referenced the principals' experience in the operation of long-term care facilities in New Jersey, as well as the emergency need announced by the Commissioner of Health. The Applicant will assure that all residents of the area, particularly the medically underserved, shall have access to services (N.J.A.C. 8:33-5.3(a)(2)), that this facility shall continue to operate in compliance with the regulatory requirement for admission of Medicaid residents, and that behavioral health residents being transferred from Woodland Behavioral and Nursing Center in Andover, Sussex County, including those who transferred to another long-term care facility in the years 2021 and 2022, shall have first priority for the first year of operating these beds. Documentation that the Applicant will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)) is shown by the beds and services already being provided at the facility. In addition, CG Healthcare, 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)). There are no significant regulatory compliance events reported in the New Jersey facilities which are owned, managed, or operated by the Applicant.

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 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 also be advised that services may not commence until a license has been issued or amended by the Certificate of Need and Healthcare Facility Licensure Program to operate these beds. A survey by Department staff will be required prior to commencing services. Licensing approval of these beds is subject to documentation by the facility that certain criteria, which have been agreed to by the Department and the facility's owner, will be met, including, but not limited to, the following:

1. Admissions:

Resident eligibility shall be determined by professional staff designated by the Department based on a comprehensive needs assessment, including clinical documentation, that demonstrates a resident requires skilled nursing and moderate to severe behavioral health services, including medical, emotional, behavioral, and psychosocial services. Eligible residents also include those with serious mental illness or behaviors that could result in serious injury to self or others, not including those who require psychiatric hospitalization. Admissions priority shall be given to those residents transferred from Woodland Behavioral and Nursing Center in Andover, Sussex County, including those who transferred to another long-term care facility in the years 2021 and 2022, who meet the above criteria.

2. Physical plant standards:

Facility standards shall be adequate to support individuals with behavioral health challenges, including programming and treatment spaces. These include, but are not limited to, secure alarm systems for all egress doors, windows that do not open more than six inches, a day room with dining capability, and adequate common spaces conducive to reducing resident stimulation and increasing resident comfort. No more than two behavioral health residents shall reside in each room/unit.

3. Services:

Resident services shall include those necessary to meet the daily living, medical, nursing, dietary, emotional, and behavioral health needs of individuals residing in these beds, including rehabilitation services and therapies, social work services and counseling, recreation services, and on-site behavioral health services. These behavioral services include those to meet physical, mental, cognitive, and social needs of residents in accordance with federal and state standards, including, but not limited to; behavioral management, crisis intervention and prevention, family counseling and support, individual and group psychotherapy, medication monitoring, peer support, psychiatric services, structured socialization, substance use disorder treatment and counseling, supportive counseling, therapeutic recreation for cognitive and emotional functioning, and individual/family education of self-care to promote optimum level of health in preparation for discharge to a less restrictive environment.

4. Staffing:

Behavioral health services for residents shall be delivered by an interdisciplinary team that consists of a physician, registered professional nurse, social worker, and other health professionals as determined by an individual's health care needs. At a minimum, staffing for the behavioral health unit shall include a full-time nurse manager/program coordinator, medical director (psychiatrist), psychologist, rehabilitation therapist (in-house or contracted), social worker, and recreation services director. Other staff or contracted staff services shall be employed as necessary to meet resident's behavioral health needs.

The criteria above are detailed in the attached document of specifications, incorporated as part of this approval for these long-term care/behavioral health beds.

Finally, please be aware that the Department will conduct an evaluation of these beds after one year of use and occupancy, in order to determine the continued need for behavioral health services for long-term care residents at this facility.

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.

Sincerely,

Robin C. Ford

Robin C. Ford, MS
Deputy Commissioner
Health Systems.

Enclosure

c: Stefanie Mozgai, DOH (Electronic mail)
Michael Kennedy, DOH (Electronic mail)
Lesley Clelland, DOH (Electronic mail)
Kara Morris, DOH (Electronic mail)
Jeff Kasko, DOH (Electronic mail)
CN Tracker# 23517

BEHAVIORAL HEALTH NURSING FACILITY

Facility Standards and Capacity

The milieu must be conducive to supporting individuals who have a history of behavioral health challenges, including individualized active programming and adequate treatment space, and conforming to the following standards:

1. No more than sixty beds in a unit.
2. One unit per building.
3. Two units per nursing facility location.
4. No more than two residents per room.
 - a. To the extent possible, individuals should have the choice of a roommate and individuals who have the most challenging behaviors should be in rooms closest to the nursing station.
5. Secure alarm system for all egress doors.
6. Windows do not open more than 6 inches.
7. Day room with dining capability.
8. Adequate common spaces that are conducive to reduced stimulation, including access to a comfort room (i.e., environment that is surrounded with calming auditory, tactile, color and lighting components).

Admission Criteria and Individual Care Plans (based on 8:85-2.1 (a) – (c))

(a) Eligibility for nursing facility (NF) services will be determined by the professional staff designated by the Department, based on a comprehensive needs assessment that demonstrates that the beneficiary requires, at a minimum, the basic NF services described in N.J.A.C. 8:85-2.2.

1. Individuals requiring NF services may have unstable medical, emotional/behavioral and psychosocial conditions that require ongoing nursing assessment, intervention and/or referrals to other disciplines for evaluation and appropriate treatment. Typically, adult NF residents have severely impaired cognitive and related problems with memory deficits and problem solving. These deficits severely compromise personal safety and, therefore, require a structured therapeutic environment. NF residents are dependent in several activities of daily living (bathing, dressing, toilet use, transfer, locomotion, bed mobility, and eating).
2. NF residents shall be those individuals who require services which address the medical, nursing, dietary and psychosocial needs that are essential to obtaining and maintaining the highest physical, mental, emotional and functional status of the individual. Care and treatment shall be directed toward development, restoration, maintenance, or the prevention of deterioration. Care shall be delivered in a therapeutic health care environment with the goal of improving or maintaining overall function and health status. The therapeutic environment shall

ensure that the individual does not decline (within the confines of the individual's right to refuse treatment) unless the individual's clinical condition demonstrates that deterioration was unavoidable.

(b) All Medicaid participating NFs shall provide or arrange for services in accordance with statutory and regulatory requirements under 42 CFR 483 and Department of Health and Senior Services licensing rules at N.J.A.C. 8:39. Reimbursement of NF services is discussed in N.J.A.C. 8:85-3.

(c) A BHNF shall provide services to Medicaid beneficiaries who have been determined, following an NJ Choice assessment, PASRR Level I and Level II (if applicable), who:

1. Meet Nursing Facility Level of Care; and
2. Have moderate to severe behavioral problems requiring ongoing or intensive behavioral management, and
3. Require regular behavioral supports due to a primary or secondary diagnosis of:
 - a. Serious mental illness: Schizophrenia, Schizoaffective Disorder, Delusional Disorder, Psychotic Disorder, Personality Disorder, Panic or Other Severe Anxiety Disorder, Somatic Symptom Disorder, Bipolar Disorder, Depressive Disorder, or another mental disorder that may lead to chronic disability as documented by a current psychiatric assessment with diagnosis or other professionally accepted diagnostic practices by a qualified physician or psychiatrist; (or)
 - b. Behaviors that will result in injury to self or others absent frequent supervision: Assaultive and/or self-abusive, Aggressive, Disruptive, Inappropriateness, Depression, or Anxiety; and
4. Are excluded based on need for higher level of care, defined as
 - a. An individual who presents extreme danger to himself or herself, to others and or property, or who is experiencing an episode of mental illness necessitating psychiatric hospitalization, shall not be eligible for services until such time that the individual stabilizes, as documented by the treating physician or psychiatrist; (or)
 - b. An individual who is pregnant.
 - c. Medicaid beneficiaries who are suitably placed in the community, receiving care in appropriate alternative placements or referred for social reasons only shall not be authorized for admission to a BHNF.

(d) BHNF services shall be delivered within an interdisciplinary team approach. The interdisciplinary team shall consist of a physician, a registered professional nurse, and social worker and may also include other health professionals as determined by the individual's health care needs. The interdisciplinary team performs comprehensive

assessments and develops the interdisciplinary care plan. Within a focused therapeutic program, targeted, when appropriate, at timely discharge to alternative health care settings, such as conventional NF or community based services, the BHNH shall provide:

1. Review of each resident before admission to the unit for appropriateness.
2. Aggressive management and treatment to stabilize, improve and monitor current conditions;
3. Appropriate, intensive rehabilitative therapies and counseling services;
4. Coordinated care planning and delivery of required services, with professional staff/consultant participation responsive to resident needs, that meets at least monthly for each resident to develop, implement and review individualized case management plans for each resident that include medical, behavioral and other supports; and
5. Ongoing evaluations of residents through a comprehensive MDS.
6. Individuals are to be actively engaged in therapy and/or behavioral health services on a daily basis, at least 4 hours a day.

e) All staff working on the unit/program receive additional training for working with residents who have behavioral issues at hire and annually. Content of training should reflect the population of the residents served. Competency evaluations must be completed.

Clinical Documentation (in part based on 8:85-2.21(c))

(a) The following clinical information and documentation shall be included in the assessment process:

1. Documentation of problematic behaviors in progress notes, nurse's notes and/or behavior plans, as well as the resident's response to treatment.
2. Use and efficacy of the person-centered behavioral care plan and medications to address behaviors.
3. Summary of hospitalizations and emergency room visits.
4. Psychiatry and neurology notes and evaluations that address the competency of the individual and identify whether acute psychiatry treatment is warranted.
5. Psychiatric and psychosocial clinical assessment.
6. Physical and chemical restraints shall not be used unless documented in individual service plans.

Nursing Staff (based on 8:85-2.21(f)2)

(a) Two and one-half hours of basic nursing services by registered professional nurses, licensed practical nurses and certified nurse aides as defined in N.J.A.C. 8:85-2.2 shall be provided per beneficiary per day. Additional nursing services in a BHNH up to a maximum of two hours may be provided due to technically complex nursing needs and/or

intensive rehabilitative/restorative nursing care needs. A BHNF which is an identifiable unit within a conventional NF shall calculate the nurse staffing level separate and apart from the nurse staffing level of the conventional beds.

(b) Provision of additional nursing services as defined in N.J.A.C. 8:85-2.2 does not apply to nurse staffing rules in a BHNF. The additional nursing services described at N.J.A.C. 8:85-2.2(a) are included in the two hours.

1. Sixty percent of the additional hours of care under iii above shall be provided by registered professional nurses, and forty percent shall be provided by licensed practical nurses. There shall be a minimum of one registered professional nurse, one licensed practical nurse and one certified nurse aide on each shift.

(c) Responsibilities of the nursing staff, in concert with other members of the interdisciplinary team, include, but are not limited to:

1. Expertise and understanding of the physiologic impact, prognosis and treatment needs specific to the medical condition or specialized needs of the target population to enhance integration of the resident and family goals with adjustment and rehabilitation.
2. Utilization and application of specialized equipment essential to provide services required for the care and treatment of the BHNF population.
3. Comprehensive and coordinated program of restorative and rehabilitative nursing services to prevent complications and promote and/or restore the individual's physical, psychosocial function to a realistic level.
4. Individual/family education and instruction of self-care to promote optimum level of health in preparation for discharge to a less restrictive environment.
5. Evaluation and management of moderate to extreme emotional and behavioral disorders related to illness.

(d) A BHNF shall also have one full-time equivalent RN Nurse Manager/Program Coordinator dedicated to the program and units.

Medical Director (based on 8:85-2.21 (f))

(a) A freestanding BHNF shall have a designated medical director who is board-certified/eligible in psychiatry. The medical director shall also function as a primary care attending physician. If a medical group provides medical services, a member of that group shall be designated as the medical director.

(b) A BHNF that is part of a conventional NF may share the NF's medical director but shall have a treating psychiatrist or psychiatric advanced practice nurse, and a psychologist who lead weekly medical, medication and behavioral rounds, provide a

minimum of 4 hours on site per week for every 30 residents, and leads the interdisciplinary team.

1. The psychologist must have expertise in Applied Behavioral Analysis or experience in behavior management in order to effectively lead development of individualized behavioral plans for residents and to train staff in the strategies of effective implementation of the plans.

Rehabilitation Services (based on 8:85-2.21 (f)5)

(a) A BHNH shall provide, directly in the facility, the rehabilitation services as required by N.J.A.C. 8:85-2.4 on an intensive level which are specifically targeted to meet the goals of the prescribed treatment plan.

1. Rehabilitative therapies shall include, but shall not be limited to:
 - a. Physical therapy;
 - b. Occupational therapy;
 - c. Speech/language pathology; and
 - d. Cognitive or remedial therapies (including neuropsychological treatment)
2. Rehabilitation services shall focus on developing and/or restoring maximum levels of function within the limits of the resident's impairment. Through collaboration with other members of the interdisciplinary team, a comprehensive rehabilitation plan shall be developed which:
 - a. Identifies rehabilitation needs and establishes realistic criteria for measuring
 - b. the need for continued rehabilitative services;
 - c. Projects targeted outcomes (goals) and defines the parameters to measure
 - d. response to treatment goals; and
 - e. Establishes realistic time frames to meet outcome criteria.

Social Work Services (based on 8:85-2.21(f)3)

A BHNH shall provide those social services as required by N.J.A.C. 8:85-2.6, with the following modifications and/or additions:

1. The social services coordinator shall possess a Master's Degree or Baccalaureate Degree in Social Work from a college or university accredited by the Council on Social Work and have at least two years of full time social work experience in a health care setting.
2. An average of at least 35 minutes of social work services per week for each resident.
3. In a BHNH with more than 30 beds, one of the direct care social workers shall be designated as the Director of Social Services.
4. Responsibilities of the social service staff, in concert with other members of the interdisciplinary team, include, but are not limited to:

- a. Knowledge of alternative care programs and resources in the community to assist the resident/family with appropriate discharge planning.
- b. Maintain a library of information and resources pertinent to the resident's diagnosis, educational/vocational training needs and applications to community based programs.
- c. Facilitate on-going collaboration and coordination among health care providers, the resident and the family to promote long-range social and health care planning.
- d. Coordinate programming with community-based resources to facilitate continuity of care and assimilation into community/family environment.
- e. On-going supportive intervention with the resident/family in dealing with the confusion, anger, fear, depression, guilt and conflict associated with illness.

Recreation Services (based on 8:85-2.21(f)4 and 8:85-2.21)

A BHNF shall provide resident activities required by N.J.A.C. 8:85-2.5, with the following modifications and/or additions:

1. The director of resident activities shall possess a Master's Degree or Baccalaureate Degree from an accredited college or university with a major area of concentration in recreation, creative arts therapy, occupational therapy or therapeutic recreation. In addition, three years of experience in a clinical, residential or community-based therapeutic recreation program is required.
 - a. In lieu of (1) above, the individual shall have served as director of resident activities prior to November 23, 1994; or
 - b. In lieu of (1) above, hold current certification from the National Certification Council for Activity Professionals (National Certification Council for Activity Professionals, 520 Stewart, Park Ridge, Illinois 60068) or the National Council of Therapeutic Recreation Certification (National Council of Therapeutic Recreation Certification, P.O. Box 16126, Alexandria, Virginia 22302).
2. One full-time equivalent therapeutic recreation therapist for every 30 residents. This staff person shall serve as the Director of Resident Activities.
3. Two full-time equivalent therapeutic recreation assistants for every 30 residents.
4. Responsibilities of the resident activities staff, in concert with other members of the interdisciplinary team, shall include, but are not limited to:
 - a. Utilization of all possible community, social, recreational, public and voluntary resources to promote the resident's ties with community life.
 - b. Provision of therapeutic resident activities which endorse the therapeutic plan of care.

- c. Incorporation of family-centered activities which provide a supportive, therapeutic environment to give residents and families an opportunity to work together toward achieving common goals.

On-Site Behavioral Health Service Provision (based on 8:85-2.21 (f)6)

(a) Mental health services provided by a licensed psychiatrist, psychologist or other appropriately credentialed professional shall be provided to residents with mental health disorders in accordance with N.J.A.C. 8:85-2.9 and all other federal and state standards (e.g., N.J.A.C. 10:37), necessary to meet resident physical, mental, cognitive and social needs, including, but not limited to:

1. Behavioral management
2. Crisis intervention and prevention
3. Family counseling and support
4. Individual and group psychotherapy
5. Medication monitoring
6. Peer support
7. Psychiatric services
8. Structured socialization
9. Substance use disorder treatment and counseling
10. Supportive counseling
11. The therapeutic recreation program should enhance cognitive and emotional functioning
12. Individual/family education of self-care to promote optimum level of health in preparation for discharge to a less restrictive environment.