



State of New Jersey
DEPARTMENT OF HEALTH

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Acting Commissioner

May 15, 2025

VIA U.S. FIRST CLASS & ELECTRONIC MAIL

Michele Morrison
Chief Hospital Executive
Southern Ocean Medical Center
1140 RT 72 W
Manahawkin, NJ 08050

Re: Southern Ocean Medical Center
CN# ER 2024-02349-15;01
Addition of 2 Neonatal Intermediate
Care Bassinets
Total Project Cost: \$751,000

Dear Ms. Morrison:

Pursuant to N.J.A.C. 8:33-5.1(b), the New Jersey Department of Health (Department) is denying the Expedited Review Certificate of Need (ERCN) application submitted by Southern Ocean Medical Center (SOMC or the Hospital), a general acute care hospital located at 1140 Route 72 West, Manahawkin, New Jersey 08050. The application seeks to establish a neonatal intermediate care unit (NICU) nursery with two new neonatal intermediate care bassinets (intermediate bassinets) but fails to demonstrate minimal impact on the healthcare system or an emergency condition warranting approval of the ERCN under the rule. The Department received this application (CN# ER 2024-02349-15;01) on February 1, 2024.

SOMC is currently licensed as a Community Perinatal Center - Basic designation with ten obstetrics and gynecology (OB/GYN) beds. This proposed expansion of services involves two new neonatal intermediate bassinets and the corresponding removal of five existing licensed OB/GYN beds. As a result of the ERCN and subsequent application, the Hospital is seeking approval to be designated as a Community Perinatal Center - Intermediate with two new neonatal intermediate care bassinets and five OB/GYN beds.

SOMC purports that the request for two intermediate care bassinets to establish a neonatal intermediate care unit is aimed at enhancing healthcare accessibility and efficiency in their region. SOMC believes that adding more intermediate bassinets will

allow the hospital to keep newborns within the hospital's network, reduce travel times for newborns and maternal transfer, and provide easier access for community residents. SOMC believes that this initiative will address the local demand for maternal and newborn care, ensuring that the necessary care levels are available to accommodate the growing patient population in the area.

Upon careful consideration and review of SOMC's application, the Department has determined that the applicant has not adequately demonstrated the requirements to meet N.J.A.C. 8:33-5.1(b) to be approved for a neonatal intermediate care unit and two neonatal intermediate care unit bassinets. Pursuant to N.J.A.C. 8:33-5.1(b), such applications must be justified under emergency conditions or have minimal impact on the healthcare system. SOMC has failed to establish either of these requirements. As explained below, the data available to the Department for intermediate bassinets demonstrates not only a lack of need for additional bassinets due to low utilization rate of intermediate bassinets in the region, which underscores the lack of emergency conditions warranting the new bassinets sought by SOMC, but also shows that the addition of bassinets in the region would have a significant impact on the healthcare system in the region.

SOMC has provided transfer data from its hospital to other hospitals and B-2 data from three hospitals within the region. Analysis of newborn transfer data from 2021 to 2023 reveals only 23 transfers, averaging 7.6 annually or 0.64 per month, which is considered low volume in terms of service provided for a hospital. Additionally, the Department's review of B-2 data indicates that three nearby hospitals near SOMC are currently licensed for intermediate bassinets but are not operating near capacity, with none reaching a 70% utilization rate and only one reaching as high as 61% capacity while the other two operating at 38% and lower within a three-year period. Specifically in 2023, Ocean University Medical Center's NICU operated at 15% capacity, Community Medical Center operated at 26% capacity, and AtlantiCare Regional Medical Center - Mainland Campus operated at 61% capacity, although AtlantiCare's numbers include data from intermediate and intensive level bassinets to reach that occupancy level.

This data not only suggests a lack of current need for more intermediate bassinets in the region but would further reduce the already low utilization rate of intermediate bassinets within the area, thereby impacting the healthcare system in the region. SOMC has stated that the majority of newborns born at SOMC were transferred to Jersey Shore University Medical Center (Jersey Shore), which is in Monmouth County, due to the mothers wanting to stay within the Hackensack Meridian Health Network. This may cause transfers to take up to an hour or more, depending on the time of season and traffic; however, geographically it is found that SOMC has the ability to transfer newborns to AtlantiCare Regional Medical Center - Mainland Campus, which is approximately 29 minutes and 25 miles away, which would significantly reduce travel times. Consequently, SOMC's current arrangements with Jersey Shore to accommodate a patient's preference for remaining within the Hackensack Meridian Health (HMH) System when transferring newborns in need of intermediate care, along with collaborations with other Regional and Community Perinatal Centers-Intensive, are considered sufficient at this time.

SOMC provided a letter of support from the Central Jersey Family Health Consortium for its application and provided data to justify adding Level II (intermediate) bassinets and services. However, the very data cited highlights a concerning issue: between 2021 and 2023, 51% of preterm births from SOMC's immediate service area occurred at other facilities. Ocean University Medical Center is within the same region and county as SOMC, and as previously referenced, OUMC is operating only at a 15% intermediate bassinet occupancy rate. Therefore, while HMH asserts that SOMC would be a closer option for patients, OUMC's data demonstrates that even without SOMC's proposed services, patients currently have available options within the area to seek care elsewhere.

Furthermore, the data underscores a significant gap between what is presented and the justification SOMC provided. The Consortium's findings show that women from the Southern Ocean market with preterm deliveries traveled an average of 26.4 miles to deliver, which is farther than if they had gone to SOMC. Rather than reinforcing the need for SOMC to expand its services, this statistic raises a critical question: If we are using SOMC's logic that the majority of their transferred patients are willing to be transferred to Jersey Shore University Medical Center, which is outside of the county/region, to stay within the HMH network, then why aren't more of these patients going to OUMC for their care within this region? If distance alone were the determining factor, OUMC and other hospitals within the region would already be capturing a greater share of these preterm deliveries. As stated above, OUMC is an HMH network hospital within the same county as SOMC; however, the data shows their intermediate bassinet occupancy rate is at 15% or lower.

Despite the region having three hospitals referenced above that have access to intermediate bassinets, neither of the hospitals reached a level that was at or above capacity, which suggests there is a lack of need within the region. If there were a need for additional intermediate bassinets within this region, there would be a higher occupancy rate of intermediate bassinets. Instead, the data reveals a lack of need within the region for intermediate bassinets.

The Department has several concerns regarding SOMC's proposal to establish a neonatal intermediate care unit (NICU), particularly given the expected low patient volume:

1. Clinical Experience: Due to the limited number of cases, physicians and clinical staff may receive insufficient practice and experience.
2. Staff Retention: The low volume of cases may jeopardize the hospital's ability to retain qualified NICU staff, raising concerns about long-term operational sustainability.

3. Financial Viability: The financial projections indicate that the unit will not become profitable until Year 3, leading to doubts about its long-term sustainability.

The above demonstrates not only a lack of need for intermediate bassinets in SOMC's region but also that the addition of these bassinets to SOMC's region would be more than a minimal impact to the healthcare system, contrary to N.J.A.C. 8:33-5.1(b). The foregoing also demonstrates that there is not an emergency situation that demands rapid action regarding intermediate bassinets in SOMC's region that would warrant the addition of the requested intermediate bassinets under N.J.A.C. 8:33-5.1(b).

Additionally, a preliminary architectural review of the proposed drawings submitted with the application demonstrate that the proposal would not meet the requirements set forth in N.J.A.C. 8:43G-19.36 for an Intermediate Care Nursery as it is presented. SOMC has proposed applying for a waiver to only provide two intermediate bassinets instead of the four required for establishing a neonatal intermediate care unit. While the hospital is requesting to operate with two neonatal intermediate care bassinets, it is also important to note that N.J.A.C. 8:33C-2.9(b) mandates a minimum of four bassinets in a unit. Although the applicant seeks a waiver for this requirement, such a waiver can only be granted by the Commissioner in cases of demonstrated geographic inaccessibility, which has not been substantiated in this instance. The proposed drawing also did not demonstrate that the nursery was close to the delivery room, a soiled utility room, a clean utility room, storage space for supplies needed for immediate use for each infant care station, and at least two multi-purpose rooms available for consultation, breastfeeding, lactation training, and conferences. This raises further questions about the hospital's capacity to operate the necessary area.

Based upon the above, the Department hereby denies SOMC's ERCN application.

The Department has relied solely on the facts and information presented in the facility's application and completeness question responses to render its determination. If material facts have not been disclosed or have been misrepresented, the Department may take appropriate administrative regulatory action to remedy this situation.

Pursuant to N.J.S.A. 26:2H-9, if the Commissioner denies a certificate of need application, the applicant may request a hearing pursuant to the Administrative Procedure Act, P.L. 1968, c.410 (N.J.S.A. 52:14B-1 et seq.) and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1.

A request for a hearing shall be made to the Department within 30 days of receipt of notification of a decision for denial. The hearing shall be conducted according to the Administrative Procedure Act, N.J.S.A. 52:14F-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1.1 et seq., and the record shall be limited to the documentary evidence presented to the reviewing agency. The Department shall arrange within 60 days of a request, for a hearing and after such hearing the Commissioner or her designee shall furnish the applicant in writing the hearing examiner's recommendations and

reasons, therefore. Within 30 days of receiving all appropriate hearing records, the Commissioner shall make her determination, which shall be a final agency decision.

If you have any questions regarding this matter, please contact Mr. Michael Kennedy, Executive Director of the Certificate of Need and Healthcare Facility Licensure Program at Michael.Kennedy@doh.nj.gov.

Sincerely,



Stefanie Mozgai
Assistant Commissioner
Certificate of Need & Licensing
New Jersey Department of Health

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