



State of New Jersey  
DEPARTMENT OF HEALTH  
PO BOX 360  
TRENTON, N.J. 08625-0360  
[www.nj.gov/health](http://www.nj.gov/health)

PHILIP D. MURPHY  
*Governor*

TAHESHA L. WAY  
*Lt. Governor*

JEFFREY A. BROWN  
*Acting Commissioner*

June 4, 2025

**VIA U.S. FIRST CLASS & ELECTRONIC MAIL**

Edward J. Condit  
Chief Executive Officer  
St. Mary's General Hospital  
350 Boulevard  
Passaic, New Jersey 07055

Re: St. Mary's General Hospital  
CN# ER 2024-02350-16;01  
Convert Open Adult Psychiatric Beds to Closed  
Adult Psychiatric Beds  
Total Project Cost: \$7,500  
Expiration Date: June 4, 2030

Dear Mr. Condit:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (ERCN) application by Prime Healthcare Services – St. Mary's Passaic, LLC (Applicant), submitted on March 1, 2024, for the conversion of nine open adult acute care psychiatric beds to nine closed adult acute care psychiatric beds at St. Mary's General Hospital, located at 350 Boulevard, Passaic, N.J. The original Certificate of Need approval (#FR 17-0502-16-01) establishing an acute care psychiatric unit of 24 open beds at St. Mary's Hospital was approved on November 7, 2017. The open beds were licensed on April 13, 2020. The beds were awarded through the full-review certificate of need process following a call published as a Public Notice in the New Jersey Register at 49 N.J.R. 343(c). In that call, applicants were allowed to request either open or closed beds. Therefore, the Applicant could have requested these closed beds at that time. Consequently, this application for the conversion of nine open adult acute care psychiatric beds to nine closed adult acute care psychiatric beds is appropriate for consideration through the ERCN process, as it will have a minimal impact on the healthcare system as a whole, as contemplated by N.J.A.C. 8:33-5.1(b)2.

This project involves a change in bed status at St. Mary's Hospital from 24 open adult psychiatric beds to 15 open adult psychiatric beds and 9 closed adult psychiatric beds, for a zero net change in the licensed total of 24 beds. The application states that the proposed conversion of open beds to closed beds will not require construction or other renovation costs; therefore, this

application is being approved at the projected project cost noted above, which represents the ERCN application fee.

The Department has considered the applicable regulations for the services subject to expedited review (i.e., N.J.A.C. 8:33-3.9 and 8:33-5.3). The Applicant has provided an appropriate project description, including information on the project cost and the lack of any renovations needed to convert the open psychiatric beds to closed beds. Operating costs and revenues were provided, which reflected that by the second year of operating nine closed beds, total expected revenue would be \$4,016,871 and total expected expenses would be \$2,566,509, resulting in a net income of \$1,450,362 by the second year of operation. In terms of services affected, the proposed conversion of nine open beds to nine closed beds would not have a negative impact on the provision of psychiatric bed services in the area. No specialized equipment is involved, as this is an existing psychiatric unit operating in an acute care general hospital. The source of project funds (which only involves the ERCN application fee) is from the hospital's operating budget. Utilization statistics for the nine closed beds project a 75% occupancy rate after one year of operation and an 83% occupancy rate after two years.

The proposed conversion of these beds is justified by the need to improve access to care for patients with both psychiatric and medical conditions. This will be achieved by reducing wait times and providing dedicated beds within the same hospital for patients who are unable to voluntarily consent to psychiatric care. Additional justification is provided in a support letter from the Executive Director of the Passaic County Department of Human Services, who asserts that reclassifying nine beds from open to closed would decrease patient stays in the hospital's Emergency Department and enable stabilization services to begin quickly. The Applicant assures that all area residents, particularly the medically underserved, will have access to services as required by N.J.A.C. 8:33-5.3(a)(2). The Applicant has also provided a project narrative and floor plans that meet appropriate construction standards required by N.J.A.C. 8:33-5.3(a)(3)(i) and has demonstrated a track record of substantial compliance with licensing standards as required by N.J.A.C. 8:33-5.3(a)(3)(ii).

Furthermore, in addition to the justification summarized above, approval for conversion of these psychiatric beds is consistent with the Department's rationale for the 2017 decision to award these beds, which considers the Applicant to be in the best position to identify the number of open and closed beds that will meet the healthcare needs of psychiatric patients in its service area.

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 the 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 to us. 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 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 document 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 changes in beds or services may not commence until a license application and amended license have been approved by the Certificate of Need and Healthcare Facility Licensure Program. A survey by Department staff may also be required prior to approving the changes and commencing services.

The Department looks forward to working with St. Mary's General Hospital to provide high quality of care to your patients. If you have any questions concerning this Certificate of Need approval, please do not hesitate to contact Michael J. Kennedy, J.D., Executive Director, Division of Certificate of Need and Licensing at [Michael.Kennedy@doh.nj.gov](mailto:Michael.Kennedy@doh.nj.gov).

Sincerely,



Stefanie Mozgai  
Deputy Commissioner  
Health Systems  
New Jersey Department of Health

c: M. Kennedy, DOH (Electronic mail)  
K. Morris, DOH (Electronic mail)  
L. Alexopoulos, DOH (Electronic mail)  
J. Kasko, DOH (Electronic mail)  
F. Gigliotti, DOH (Electronic mail)  
C. McIvor, Prime Healthcare (Electronic mail)  
M. Garcia, St. Mary's (Electronic mail)