



State of New Jersey
DEPARTMENT OF HEALTH AND SENIOR SERVICES
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CHRIS CHRISTIE
Governor

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KIM GUADAGNO
Lt. Governor

MARY E. O'DOWD, M.P.H.
Commissioner

May 1, 2012

VIA UNITED PARCEL SERVICE

Alireza Maghazehe, PhD, CHE
President and Chief Executive Officer
Capital Health System—Fuld
750 Brunswick Avenue
Trenton, NJ 08638

Re: CN# FR 110405-11-01

Frank J. Vozos, MD
Executive Director
Monmouth Medical Center
300 Second Avenue
Long Branch, NJ 07740

Re: CN# FR 110404-13-01
Project Cost: \$433,830
Expiration Date: May 1, 2014

Dear Dr. Maghazehe and Dr. Vozos:

I am approving Monmouth Medical Center's (Monmouth) certificate of need (CN) application for six adult closed acute inpatient psychiatric services, also referred to as short-term care facility (STCF) beds in Middlesex County. Monmouth's application is being approved at the total project cost noted above. I am not approving Capital Health System-Fuld's (Capital) CN application for the six STCF beds in Middlesex County.

The Department of Health and Senior Services (Department) has the central responsibility for hospital and health care services including, but not limited to, STCF beds pursuant to the Health Care Facilities Planning Act (Act), N.J.S.A. 26:2H-1 et seq. The Department issued a certificate of need call (Call) inviting applications for the establishment or addition of STCF beds as set forth in the February 22, 2011 edition of the New Jersey Register (See, 43 N.J.R. 452(a)). The Department developed this Call collaboratively with the Department of Human Services' Division of Mental Health and Addiction Services (DMHAS), which developed the STCF bed need methodology considering the most recent utilization of existing STCF beds in general acute care hospitals and the geographic origin of direct admissions to State psychiatric hospitals from designated screening centers. This Call aims to facilitate short stay involuntary admissions in general acute care hospitals, thereby reducing the number of direct admissions to State psychiatric hospitals.

services; and documentation that it will meet appropriate licensing and construction standards. In addition, both applicants demonstrated a track record of substantial compliance with the Department's licensing standards.

Below are my findings and decisions on the individual applications. Conditions, where applied, indicate the action that must be implemented for licensure of the beds awarded by CN.

Capital Health System-Fuld proposed to convert five existing non-STCF beds and one Hunterdon County STCF bed to six Middlesex County STCF beds. Upon implementation of the project, Capital's bed complement would consist of 21 STCF beds (15 Mercer County and six Middlesex County) and seven non-STCF beds. The applicant's total inpatient psychiatric bed complement of 28 would not change, and there are no project costs related to this project.

Alternatively, Capital further requested that due to staffing ratio requirements, it would request approval for either 18 or 21 total STCF beds. If its proposal for all six Middlesex STCF beds and the elimination of the one Hunterdon STCF bed were not approved, Capital would also consider the following allocation. If the six Middlesex STCF beds would be split up, the applicant requests three Middlesex STCF beds and to eliminate the one Hunterdon STCF bed; if the Hunterdon STCF bed cannot be eliminated, then the applicant requests either two or five of the Middlesex STCF beds.

At its February 2, 2012 meeting, the SHPB recommended denial of Capital's application for six Middlesex County STCF beds and denial of the closure of one Hunterdon County STCF bed as Capital requested. The SHPB based its recommendation on the concern that there would be a loss of non-STCF bed capacity as well as the potential loss of the Hunterdon County STCF bed within the STCF system of care with the Capital application. In addition, Capital's alternative proposal of apportioning the beds in this Call would not be the most cost effective or the most efficient allocation of services in comparison to awarding all the beds to one provider. The SHPB also considered that DMHAS did not endorse Capital's allocation of six STCF beds for Middlesex County. Therefore, in consideration of the SHPB's recommendations, which are consistent with the endorsements of DMHAS, I am denying approval to Capital Health System-Fuld for six Middlesex County STCF beds and denial of the closure of one Hunterdon County STCF bed.

Monmouth Medical Center, a member of the Barnabas Behavioral Health Network, proposed to add six Middlesex County STCF beds that are temporarily licensed at Kimball, also a Barnabas Behavioral Health Network member. The proposed project would involve renovation of existing space on the Behavioral Health unit at Monmouth. Currently, the applicant has 19 STCF beds and 25 non-STCF beds. Upon implementation of the project, the applicant's bed complement would be 25 STCF beds and 25 non-STCF beds. The temporarily licensed Middlesex STCF beds at Kimball would return to their previous non-STCF bed status. The project would create six new beds with no elimination of beds in the inpatient psychiatric service system.

At its February 2, 2012 meeting, the SHPB recommended Monmouth's approval of six Middlesex County STCF beds as requested. The SHPB based its recommendation on Monmouth's ability to address the identified need for six STCF beds in Middlesex County and its ability to document compliance with the statutory requirements contained in the Health Care Facilities Planning Act, as amended, at N.J.S.A. 26:2H-1 et seq. The SHPB also considered that Monmouth is an existing provider of STCF bed services in Monmouth County and Barnabas Behavioral Health Network already has the system in place to operate the Middlesex County beds, having been given temporary licensure at Kimball on February 8, 2011. The SHPB also took into consideration that there will be an increase in non-STCF beds with this application, versus a decrease in non-STCF beds and that there will be no other county STCF beds impacted with this application as there are with the competing Capital application. The SHPB also considered that Monmouth is in a contiguous county to Middlesex County and that the proposed transfer of STCF beds from Kimball in Ocean County will more efficiently serve patients and families. Finally, the SHPB took into consideration that DMHAS endorses Monmouth's application.

Therefore, in consideration of the SHPB's recommendations and for the reasons cited above, which are consistent with the endorsements of DMHAS, I am approving Monmouth for six Middlesex County STCF beds with the following conditions:

1. Monmouth must provide attestation that it will work with Kimball to ensure that the relocation occurs seamlessly and that Kimball will continue operating the six Middlesex STCF beds until Monmouth receives CN approval, permanent designation, and is licensed to operate the beds.
2. The applicant shall maintain psychiatric outpatient clinic services sufficient to serve its inpatient population, in accordance with N.J.A.C. 8:43G-2.12(a) and 5.21(a). In the alternate, the applicant may maintain formal written agreements with third party providers to perform this service on its behalf.

Prior to licensure, the applicant shall notify the Department in writing whether the applicant has chosen the alternative outpatient clinic services path as described above. Documentation shall identify the alternative provider and what the alternative clinic hours are, as well as attestation that the outpatient clinic serves all regardless of ability to pay or payment source.

Failure to satisfy the aforementioned conditions of approval may result in sanctions, including license suspension, monetary penalties and other sanctions in accordance with N.J.S.A. 26:2H-1 et seq. and all applicable requirements. Acceptance of these conditions will be presumed unless written objections are submitted to the Department within 30 days of receipt of this letter. Upon receipt of such objections, this approval will be deemed suspended and the project shall be reexamined in light of the objections.

Please be advised that the Monmouth 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 project scope, as defined at N.J.A.C. 8:33-3.9. However, a change in cost of an approved CN is exempt from CN review, subject to the following:

1. The applicant shall file a signed certification as to the final total cost expended for the project at the time of application for licensure for the beds/service with the Office of Certificate of Need and Healthcare Facility Licensure.
2. Where the 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 Office of Certificate of Need and Healthcare Facility Licensure. 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 the beds/services until the additional fee is remitted in full.

Prior to implementing the STCF beds approved herein, Monmouth shall submit a license application to the Office of Certificate of Need and Healthcare Facility Licensure at 171 Jersey Street, Building 5, First Floor, P.O. Box 358, Trenton, New Jersey 08625. The Department will issue a revised license that will indicate the facility's total number of STCF beds as a result of this decision and the effective date of licensure. Prior to licensure approval, Monmouth must obtain STCF designation from the DMHAS for the CN approved STCF beds. For information about the requirements for licensure of STCF bed services, representatives from Monmouth should contact the Office of Certificate of Need and Healthcare Facility Licensure at (609) 292-7228.

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. In addition, any alteration, renovation, or new construction of the physical plant requires the submission of plans to the Department of Community Affairs, Division of Codes and Standards, Healthcare Facilities Plan Review, for review and approval prior to the initiation of work. Upon receipt of a notice filed above, the Department shall deem suspended the challenging facility's CN approval and reevaluate the award in light of the specific objections raised by the applicant.

Pursuant to N.J.S.A. 26:2H-9, Capital Health System-Fuld is entitled to a hearing at the Office of Administrative Law to contest its denial. A request for a hearing must be made in writing **within 30 days of receipt of this notice**, addressed Mr. Devon L. Graf, Office of Legal and Regulatory Compliance, P.O. Box 360, Room 805, Trenton, New Jersey 08625. Failure to do so waives the opportunity for such a hearing.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mary E. O'Dowd". The signature is fluid and cursive, with the first name "Mary" being the most prominent.

Mary E. O'Dowd, M.P.H.
Commissioner

c: State Health Planning Board
Mr. Calabria