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August 26, 2014

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

VIA UNITED PARCEL SERVICE

Scott R. Wolfe
President and Chief Executive Officer
Saint Luke's Warren Hospital
185 Rosenberry Street
Phillipsburg, New Jersey 08865

Re: Closure of 16 Bed Voluntary Inpatient Behavioral
Health Unit
CN# FR 130803-21-01
Project Cost: \$0
Expiration Date: August 26, 2019

Dear Mr. Wolfe:

Pursuant to N.J.A.C. 8:33-3.2, I am approving your certificate of need (CN) application as submitted on August 1, 2013 for the closure of the 16 bed voluntary inpatient behavioral health unit (BHU) at Saint Luke's Warren Hospital (St. Luke's Warren) in Phillipsburg, New Jersey. There are no project costs associated with this application.

As set forth in the CN application, St. Luke's Warren states it can successfully mitigate the community impact of the closure of its voluntary inpatient BHU, through referral to other inpatient BHUs based in New Jersey, continued outpatient and emergency services and support at St. Luke's Warren, and enhanced coordination with other community-based services. St. Luke's Warren states it is not closing or reducing in scope any of its other behavioral health services and will focus on its outpatient and emergency department (ED) services. St. Luke's Warren agrees to continue to provide and strengthen crisis screening services and collaborate with other providers in strengthening an already existing care continuum in Warren County. St. Luke's Warren will continue to provide psychiatric specialists to address behavioral health issues for its general medical/surgical inpatients.

The standards that I am compelled to use in evaluating this application are set forth in statute (N.J.S.A. 26:2H-1 et seq.) and by administrative rule (N.J.A.C. 8:33). I must be satisfied that the application submitted by St. Luke's Warren is consistent with

those requirements. Therefore, for the reasons that follow, I am approving, with conditions, the application submitted for the closure of the 16 bed voluntary inpatient BHU at St. Luke's Warren. I note for the record that my decision to approve this CN application is consistent with the recommendation of the State Health Planning Board (SHPB), which unanimously recommended approval of CN# FR 130803-21-01 at its May 1, 2014 meeting. In issuing this decision, I reviewed the CN application for the BHU closure of St. Luke's Warren, completeness questions and responses, public hearing transcripts, written comments, exhibits, petitions, Department of Health (Department) staff recommendations, the New Jersey Department of Human Services, Division of Mental Health and Addiction Services (DMHAS) recommendations and SHPB recommendations. The referenced materials are incorporated and made a part of this final decision.

N.J.S.A. 26:2H-8, as well as N.J.A.C. 8:33-4.9(a), provide for the issuance of a CN 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, I 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 part of the review process, the SHPB is also required to hold at least one public hearing in the service area of the health care facility within 30 days of the application being declared complete by the Department. The SHPB held a public hearing at Phillipsburg Middle School on Wednesday, March 12, 2014. Approximately 45 people attended the meeting. Twenty-four attendees spoke at the meeting, including several St. Luke's Warren executives and staff. Community members spoke out against the closure, fearing that the New Jersey hospitals available to their families are too far to drive in inclement weather. Community members also stated that Pennsylvania laws require the conversion of voluntary admissions to involuntary admissions, which it is alleged causes concerns. At the SHPB meeting, St. Luke's Warren committed to making every effort to transfer voluntary patients from St. Luke's Warren to other inpatient behavioral health units within New Jersey. In addition, in the event a patient from St. Luke's Warren is voluntarily transferred to a hospital within the St. Luke's Network in Pennsylvania, and becomes involuntarily committed while in that network, DMHAS committed at the meeting to working with St. Luke's Warren through the interstate compact process to ensure the safe return of the patient to New Jersey with appropriate services and support. Conditions 4 and 7 of this approval letter memorialize these commitments. The Warren County Department of Human Services, Mental

Health Board (Mental Health Board) maintained that a 6-bed unit would be optimal for the County, but St. Luke's Warren's position is that it is not clinically or economically feasible to maintain a 6-bed BHU.

The Department received correspondence from the Mental Health Board on March 14, 2014 expressing concerns related to the March 12, 2014 public hearing. Specifically, the Mental Health Board cited lack of handicap and public transportation accessibility and time conflicts with the Warren County Board of Chosen Freeholders meeting, and requested that a second public hearing be held. To address the concerns raised by the Mental Health Board, the SHPB conducted a second public hearing, which was held on April 10, 2014 at the Warren County Community College. Approximately 15 people spoke at the second hearing with equal amounts opposed and in favor of the proposed closure. The Warren County Prosecutor, the Phillipsburg Chief of Police and the Greenwich Chief of Police all spoke in opposition. The issues raised in opposition at that hearing included law enforcement's need for available mental health resources in the community due to the closure of Hagedorn Psychiatric Hospital. I have included a number of conditions regarding access in this approval letter to address these concerns. In addition, there were comments expressing concern that other Warren County mental health organizations are going to lose funding. DMHAS responded to this concern at the SHPB meeting by stating that it had already had conversations with County officials regarding both short and long term changes that will help mitigate the loss of beds. In addition, at the meeting, DMHAS pledged to commit additional financial resources to support expansion of outpatient behavioral health services in Warren County. In that regard, I note that, on August 25, 2014, DMHAS issued a Request for Proposals for the Development of Outpatient Services in Warren County, which proposes to issue one award at an amount up to \$400,000 to provide wellness services encompassing the provision of behavioral healthcare. Other commenters expressed concern that patients' support systems (i.e., family and friends) will be unable to travel to more distant hospitals and that case management continuity of care, including transportation upon discharge, will be more challenging if the unit closed.

The Department, in consultation with DMHAS, and the SHPB reviewed the concerns expressed at both public hearings and adequately addressed these issues in the analysis and recommendations approved by the SHPB.

As to the specifics of this application, N.J.S.A. 26:2H-8(a) requires that I consider the availability of facilities or services which may serve as alternatives or substitutes. I am cognizant that there will be no voluntary behavioral health beds in Warren County with the closure of St. Luke's Warren's BHU. Based on data provided by Department staff in its recommendations to the SHPB, I find that the applicant has demonstrated that there is sufficient capacity at other behavioral health providers within 35 miles of the hospital to provide inpatient resources to Warren County residents. Additionally, as a condition of closure, St. Luke's Warren is required to secure agreements and assist with discharge planning back to Warren County including transportation for voluntary behavioral health patients at discharge. The applicant has

also agreed to continue to provide outpatient behavioral health services and to expand its behavioral health ED services, which may alleviate the need for certain inpatient voluntary behavioral health admissions. Condition 8 of this approval letter requires St. Luke's Warren to appoint a Behavioral Health Director to coordinate these services.

I also find that the requirement at N.J.S.A. 26:2H-8(b) to consider the need for special equipment and services in the area would be met in this case following the closure of the BHU. To address concerns of law enforcement regarding security issues, St. Luke's Warren has agreed to the redesign of its Emergency Department (ED) to develop four secure beds to make a dedicated behavioral health area in the ED with a separate entrance.

With respect to N.J.S.A. 26:2H-8(c) regarding the possible economies and improvement in services to be anticipated from the operation of joint central services, I find that there is no anticipated operation of joint central services.

N.J.S.A. 26:2H-8(d) requires me to examine the adequacy of financial resources and sources of present and future revenues. St. Luke's Warren's financial analysis states that low occupancy rates have created a financial strain on the institution. Due to increasing trends toward outpatient care and long term care facilities' management of patients, the applicant does not expect its BHU census and, therefore, the financial viability of the unit to improve. I find that the closure of the BHU will not require additional financial resources; however, the applicant's renovations to its ED to develop a dedicated behavioral health area with four secure behavioral health beds will require additional resources. According to audited financial statements for the fiscal year ending June 30, 2013, St. Luke's University Health Network, of which St. Luke's Warren is a member, is in good financial standing. I find that the applicant has adequate financial resources and sources to implement this application.

With respect to N.J.S.A. 26:2H-8(e) regarding the availability of sufficient manpower in the several professional disciplines, I am satisfied that there will be sufficient qualified personnel since St. Luke's Warren has agreed to appoint a Behavioral Health Director and to expand behavioral health services staff coverage in the ED to treat individuals in psychiatric crisis while they await final disposition. I am also satisfied that there are 24 hour/7 days a week crisis screening services available in St. Luke's Warren ED through the designated psychiatric emergency screening service in Warren County.

N.J.S.A. 26:2H-8(f) requires consideration of such other factors as may be established by regulation. Therefore, I have taken into consideration the applicable administrative rules governing the services subject to full review (i.e., N.J.A.C. 8:33-1.1 et seq.). St. Luke's Warren is in compliance with the access requirements set forth in N.J.A.C. 8:33-1.1 et seq. and N.J.A.C. 8:33-4.10(a). St. Luke's Warren will assure access to voluntary behavioral health services for Warren County residents through agreements with other New Jersey behavioral health providers, expanded emergency

room access, outpatient services, increased crisis screening services, as well as other initiatives detailed in the conditions placed on this CN approval.

In addition, N.J.A.C. 8:33-4.9(a) requires a demonstration by the applicant that this BHU closure shall not have an adverse impact on the population being served in regards to access and quality of care. I am confident that the conditions placed on this application, which are in response to concerns raised at the SHPB public hearings, will provide sufficient access to appropriate care including inpatient voluntary behavioral health services at hospitals in New Jersey counties contiguous to Warren County through memoranda of agreement (in order to counter concerns about transferring patients to hospitals within the St. Luke's Network in Pennsylvania), outpatient behavioral health programs at St. Luke's Warren and a new dedicated behavioral health area with four secure behavioral health beds in the ED with sufficient staffing.

Moreover, I find that St. Luke's Warren has provided an appropriate project description, which includes information as to the financial impact, services affected, equipment involved, source of funds, utilization statistics, and justification for the proposed project (N.J.A.C. 8:33-4.10(b)), as well as assurance that all residents of the area, particularly the medically underserved, will have access to services (N.J.A.C. 8:33-4.10(a)).

In accordance with factors set forth at N.J.A.C. 8:33-4.10(d), the Department reviewed St. Luke's Warren's track record and has not identified any track record violations to warrant denial of this application.

Due to the complexities of the behavioral health service delivery system, I rely heavily on the expert comments and recommendations of DMHAS, as the State agency charged with the primary statutory authority for behavioral health services Statewide. DMHAS reviewed the application and the applicant's additional responses based on the public hearings. DMHAS also reviewed the occupancy data on the B2 forms and determined that the occupancy rates, as represented by St. Luke's Warren in the application, have been consistently low over the past few years. DMHAS stated that it is very much aware that there will be no other voluntary behavioral health beds in Warren County if St. Luke's Warren's application is approved and must, therefore, ensure that there are formal mechanisms in place to facilitate access to services that can serve to mitigate hospitalizations and, in the event hospitalization is appropriate and necessary, to facilitate inpatient treatment for all Warren County residents. To that end, DMHAS has pledged to commit additional resources to support expansion of ambulatory behavioral health services in Warren County through a competitive bidding process. DMHAS is in favor of approval of St. Luke's Warren's CN application only if St. Luke's Warren commits to a number of conditions. All of DMHAS's conditions are included in the conditions contained in this approval letter (see conditions 3, 4, 7, 11 and 12).

As noted, I have reviewed all comments, including correspondence to me and/or the SHPB, as well as the transcripts of the two public hearings and the SHPB May 1, 2014 meeting. I agree with the SHPB's new condition pertaining to the Community Advisory Committee (CAC) (see condition 13) and the SHPB's revised condition regarding the disposition of St. Luke's Warren patients who may become involuntarily committed at a St. Luke's Network hospital in Pennsylvania (see condition 7). I also agree with the SHPB on all other recommended conditions and have left them intact.

Based on the foregoing, I am approving the application for the closure of the 16 bed voluntary inpatient BHU at St. Luke's Warren Hospital. My decision to allow this closure is based on the fact that the application meets statutory (N.J.S.A. 26:2H-1 et seq.) and regulatory (N.J.A.C. 8:33-3.2) criteria requirements for termination/discontinuance of a CN regulated service. I also consider that DMHAS is in favor of approval of St. Luke's Warren Hospital's CN application, provided St. Luke's Warren commits to a number of conditions. I also find that St. Luke's Warren has engaged the mental health community in the area, including other providers, to enhance its coordination with other community based services and to focus on its outpatient and emergency department services and crisis screening services. I also concur with the SHPB, DMHAS and Department staff that a reduced bed unit would not be clinically or economically feasible. Finally, I acknowledge that St. Luke's Warren Hospital has had a long standing commitment to the residents in its service area and believe that this approval will enable the hospital to maintain its commitment to the community into the foreseeable future. For the reasons set forth in this letter and noting the approval of the SHPB, I am approving St. Luke's Warren Hospital's application for the closure of its 16 bed voluntary inpatient BHU subject to the following conditions, which I note were accepted by a representative of the applicant while addressing the SHPB at its May 1, 2014 meeting:

1. St. Luke's Warren shall submit a detailed communication plan to the Department for review and approval. The purpose of the communication plan is to inform all residents in Warren County, as well as local governments, emergency service providers and alternative area service providers, of the closure of the inpatient BHU and available alternative providers and outpatient services. The plan shall include a mechanism for responding to questions from the public regarding implementation of the closure and transportation/access concerns. Written communication shall be developed and published in at least two newspapers of general circulation in St. Luke's Warren's service area within 60 days of CN approval and prior to the closure of the service.
2. St. Luke's Warren shall redesign its ED to develop four secure beds, making a dedicated behavioral health area in the ED with a separate entrance. The applicant will need to submit architectural plans for this project to the Department of Health within 60 days from CN approval and prior to the closure of the service.

- a. St. Luke's Warren shall submit a staffing plan for the dedicated behavioral health area in the ED within 60 days from CN approval and prior to the closure of the inpatient BHU. At a minimum, this plan shall include staff credentials, titles and full-time equivalents covering the area.
3. St. Luke's Warren shall expand behavioral health emergency services staff coverage in the ED to treat individuals in psychiatric crisis while they await final disposition. Staff coverage shall be provided by personnel with appropriate credentials (e.g., psychiatrist, advanced practice nurse, or social worker) and maintained during the hours from 8 a.m. to 10 p.m., seven days a week. Any change to these hours shall be requested at least 90 days prior to implementation, and require written approval from the Department.
4. St. Luke's Warren shall provide documentation in the form of a Memorandum of Agreement (MOA) with local hospital(s) in New Jersey counties contiguous to Warren County, which articulate such hospitals' willingness to provide inpatient behavioral health treatment of indigent (i.e., uninsured or underinsured without an ability to pay) individuals who are presently at St. Luke's Warren. Should an MOA become void, St. Luke's Warren shall attest that the St. Luke's Network is required to serve the inpatient behavioral health indigent population until another MOA is established with another hospital in Warren County or a contiguous New Jersey county. Within 60 days of CN approval and before closure, St. Luke's Warren shall provide the Department and DMHAS with copies of all attestations and MOAs, and shall also provide documentation evidencing its efforts to enter into MOAs with any hospital that has refused to enter into an MOA. St. Luke's Warren shall also provide the Department and DMHAS with any future MOAs that may be developed to satisfy this condition.
5. St. Luke's Warren shall work with other inpatient behavioral health units to provide voluntary beds to Warren County patients. St. Luke's Warren shall secure agreements and assist with discharge planning back to Warren County including transportation for patients at discharge. St. Luke's Warren shall provide copies of those agreements to the Department within 60 days of CN approval.
6. St. Luke's Warren shall provide free transportation services to and from the admitting behavioral health facility to those patients who have no other financial access to transportation. Any change to this condition shall be requested at least 90 days prior to implementation, and require written approval from the Department.
7. In the event that a patient from St. Luke's Warren is voluntarily transferred to a hospital within the St. Luke's Network in Pennsylvania, St. Luke's Network staff shall work to ensure that the patient is safely transferred back to New Jersey with appropriate services and supports. Should such a patient become involuntarily committed while in the St. Luke's Network in Pennsylvania, St. Luke's Network

staff shall work with DMHAS, through the interstate compact process, to ensure the safe return of the patient with appropriate services and support.

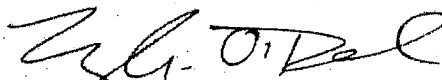
8. St. Luke's Warren shall appoint a Behavioral Health Director to serve as liaison to the community, oversee outpatient and emergency services, and develop support groups and liaise with other hospitals to ensure voluntary bed access. Any change to the Behavioral Health Director position's duties and responsibilities shall be requested at least 90 days prior to implementation and require written approval from the Department.
9. St. Luke's Warren shall strengthen its crisis screening services in conjunction with the designated behavioral health emergency screening service in Warren County, which currently is the Family Guidance Center of Warren County. St. Luke's Warren shall provide copies of the revised agreement with the Family Guidance Center, and any successor behavioral health emergency screening service that may be designated in Warren County, to the Department and DMHAS within 60 days of CN approval.
10. St. Luke's Warren shall continue to provide behavioral health specialists to address behavioral health issues for its general medical/surgical inpatients.
11. St. Luke's Warren shall continue to provide outpatient behavioral health services to Warren County residents at the St. Luke's Warren Campus.
12. St. Luke's Warren shall participate in System's Review Committee (SRC) meetings which are convened on a monthly basis by the designated behavioral health emergency screening service in Warren County in accordance with N.J.A.C. 10:30, subchapter 5, which may be found on the DMHAS website at http://www.state.nj.us/humanservices/dmhs/info/notices/regulations/Reg_Screening_exp_July_21_2017.pdf. The Department requires that St. Luke's Warren provide attestation within 60 days of CN approval and prior to the closure of the service that it will actively participate in SRC meetings on a monthly basis. Participation shall include providing data, including utilization of New Jersey residents in St. Luke's Network inpatient beds in Pennsylvania and referrals to higher level of care for individuals on St. Luke's Network inpatient unit who are assessed to require commitment.
13. St. Luke's Warren shall participate in the Community Action Committee (CAC) to be established by the Warren County Mental Health Board, the purpose of which shall be to help monitor the transition of St. Luke's Warren BHU closure. The Department and DMHAS require that St. Luke's Warren provide attestation within 60 days of CN approval that it will actively participate in CAC meetings. Any change to this condition shall be requested at least 90 days prior to implementation, and require written approval from the Department.

14. Patient medical records related to St. Luke's Warren's closed BHU service shall be maintained by St. Luke's Warren in accordance with N.J.S.A. 26:8-5 et seq. and N.J.A.C. 8:43G-15.1, following completion of the aforementioned closure.
15. St. Luke's Warren shall report to the Department's Office of Certificate of Need and Healthcare Facility Licensure (CNHFL) concerning the status of all of the conditions referenced within the time frames noted in the conditions.
16. The applicant shall file a licensing application with CNHFL to execute the closure of the 16 bed voluntary inpatient BHU at St. Luke's Warren Hospital.

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 other 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 re-examined in light of the objections. All the above conditions shall also apply to any successor organization to St. Luke's Network which may acquire St. Luke's Warren within five years from the date of CN approval.

We look forward to working with you and helping you to provide a high quality of care to the patients of St. Luke's Warren Hospital. If you have any questions concerning this Certificate of Need, please do not hesitate to contact John Calabria, CNHCFL Director, at (609) 292-8773.

Sincerely,



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

c: John Calabria, DOH