



State of New Jersey
DEPARTMENT OF HEALTH AND SENIOR SERVICES
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JON S. CORZINE
Governor

www.nj.gov/health

HEATHER HOWARD, J.D.
Commissioner

July 15, 2009

VIA UNITED PARCEL SERVICE

Thomas A. Biga
Executive Director
Clara Maass Medical Center
One Clara Maass Drive
Belleville, NJ 07109

Re: Adult Closed Psychiatric Beds
CN# FR 081006-07-01
Project Cost: \$0
Expiration Date: July 15, 2014

Dear Mr. Biga:

I am pleased to inform you that I am approving Clara Maass Medical Center's (Clara Maass) Certificate of Need (CN) application for 15 adult closed acute care inpatient psychiatric beds (closed beds) in Passaic County. The Department of Health and Senior Services (Department) developed this Certificate of Need (CN) call (Call) collaboratively with the Department of Human Services' Division of Mental Health Services (Division). The Passaic County need was identified based on the closure of 15 closed beds that were previously licensed at St. Mary's Hospital in Passaic. In accordance with N.J.S.A. 30:4-27.1 et seq., it is the public policy of the State to encourage the development of short-term care facilities, screening centers, and related services to provide access to local psychiatric care across all geographic areas.

The Department has the central responsibility for hospital and health care services including, but not limited to closed beds, pursuant to the Health Care Facilities Planning Act (Act), N.J.S.A. 26:2H-1 et seq. 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. On September 15, 2008, the Department invited CN applications from New Jersey hospitals in Passaic County and in counties contiguous to Passaic County, in accordance with the definition of a planning region as set forth at N.J.A.C. 8:33-1.3. By the Call's closing date on October 1, 2008, the Department

had received applications from Clara Maass Medical Center (Clara Maass), East Orange General Hospital, and Bergen Regional Medical Center for closed beds. During the review process, the Department received letters dated December 5, 2008, and January 13, 2009, from East Orange General Hospital and from Bergen Regional Medical Center, respectively, that informed the Department of the withdrawal of their applications. Therefore, Clara Maass remains the only applicant for the bed need identified in the Call.

The standards I am compelled to use in evaluating this application are set forth in N.J.S.A. 26:2H-1 et seq. and in regulations N.J.A.C. 8:43G-1.1 et seq. I must be satisfied that the project submitted by Clara Maass is consistent with those requirements. Therefore, for the reasons that follow, I am approving with a condition the application submitted by Clara Maass for 15 closed beds. I note for the record that my decision to approve the Clara Maass application is consistent with the recommendation of the State Health Planning Board (Board).

With respect to the statutory CN review criteria, N.J.S.A. 26:2H-8 provides 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. The statute also requires that I consider the following factors when making such determinations: availability of facilities or services which may serve as alternatives or substitutes; the need for special equipment and services in the area; possible economies and improvement in services to be anticipated from the operation of joint central services; adequacy of financial resources and sources of present and future revenues; availability of sufficient workforce in the several professional disciplines; and, such other factors as may be established by regulations.

With respect to whether the actions proposed in the application are necessary to provide required health care in the area to be served, I have accepted the Passaic County bed need contained in the Call as a reliable determination of whether this psychiatric service is necessary, in accordance with N.J.S.A. 26:2H-8. As noted above, the role and function of closed beds is one component of overall development of a recovery oriented system of mental health care to provide appropriate access to a range of community-based acute care and on-going mental health treatment and supports.

As to the specifics of this application, N.J.S.A. 26:2H-8(a) requires that I consider the availability of services, which may serve as alternatives or substitutes. The existing number of closed beds in Passaic County is insufficient to meet the need of the population served subsequent to the closure of 15 closed beds that were previously licensed at St. Mary's Hospital in Passaic. Only hospitals may provide closed bed services. With the exception of State psychiatric hospitals, there are no other local alternatives for those individuals who meet the standard for commitment in New Jersey. Individuals requiring this level of care must be hospitalized. Also, I find that the requirement at N.J.S.A. 26:2H-8(b) to consider the need for special services or equipment within the area would be met. Specifically, I find that closed inpatient psychiatric treatment is a special service and since Clara Maass provides psychiatric services, there is no need for additional special equipment or services. I have contemplated whether the action proposed would have an adverse economic or financial impact on the delivery of health services in the region, in accordance with N.J.S.A. 26:2H-8(c). I am of the opinion that these closed beds in Passaic County would alleviate rather than create additional economic burdens in light of the Division's subsidy for closed bed providers. Additionally, this action should provide efficient and cost-effective closed bed service delivery without negatively impacting other providers.

N.J.S.A. 26:2H-8(d) requires consideration of the adequacy of financial resources and sources of present and future revenues. The Department's financial analyses of the application revealed that Clara Maass Medical Center is financially sound and possesses the resources to undertake and sustain its proposal. With respect to N.J.S.A. 26:2H-8(e), regarding the availability of sufficient staff necessary to accommodate the proposed bed increases, I am confident that there is sufficient professional staff available in the area to meet the additional staffing requirements for the additional beds.

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 regulations for the services subject to full review (i.e., N.J.A.C. 8:33-1.1 et seq.) Specifically, Clara Maass states that it provides care to all patients regardless of their ability to pay. N.J.A.C. 8:33-4.10(a) requires accessibility of services to low income persons, racial and ethnic minorities, women, disabled persons, the elderly, and persons with HIV infection and other persons who are unable to obtain care. Clara Maass is committed to providing services to these

patients; it has made and would continue to make accessible the needed health care services for this patient population. Specifically, Clara Maass accepts all patients regardless of their ability to pay, provides a longstanding commitment to providing services to medically underserved populations and complies with all State and Federal laws that preclude any health care provider from discriminating against low income persons, minorities, and disabled individuals.

I find that Cara Maass has provided an appropriate project description, which includes information as to the total project cost, operating costs and revenues, services affected, equipment involved, source of funds, utilization statistics, and justification for the proposed project (N.J.A.C. 8:33-4.10(b)); 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)); and demonstrated a track record of substantial compliance with the Department's licensing standards (N.J.A.C. 8:33-4.10(d)). Furthermore, I also find that Clara Maass has satisfied all applicable planning and licensing regulations pertaining to the Hospital Licensing Standards, as set forth at N.J.A.C. 8:43-G-1.1 et seq.

In reaching my decision, I have considered the review criteria articulated in the Call; the Act; the CN administrative rules, N.J.A.C. 8:33-1.1 et seq.; the Hospital Licensing Standards, as set forth at N.J.A.C. 8:43G-1.1 et seq.; Department staff recommendations, which include the Division's recommendations; and population/demographic data for Passaic and contiguous counties. Additionally, I reviewed the information reported by Clara Maass Medical Center staff and the transcript of the May 7, 2009 Board meeting, which included the Board's recommendation.

I have reviewed this Call for the allocation of 15 closed beds in the context outlined at the Board meeting. I find it reasonable to incorporate into my decision-making the activities of the Department, the Department of Human Services' Division of Mental Health Services, and the principal public health policy issues affecting the State. I further find that the Department's Notice and the Call itself are within statutory authority. The findings are consistent with my review of the record and my understanding of the public interest in the availability and accessibility of closed bed services in Passaic County.

The Board, in accordance with N.J.S.A. 26:2H-5.8(b) and 26:2H-5.9(b), reviewed the application at the aforementioned public meeting and, in concurrence with Department staff, unanimously recommended approval of the

Clara Maass application. Therefore, for the reasons cited above, I am granting approval to Clara Maass Medical Center for 15 closed psychiatric beds to serve Passaic County, at no additional project cost, with the following condition:

Prior to licensure of the 15 adult closed acute inpatient psychiatric beds and, in accordance with N.J.A.C. 8:43G-5.21(a), the applicant shall provide written assurance to the Department that it will maintain psychiatric outpatient clinic hours that are convenient and accessible to those in need of such services so long as Clara Maass Medical Center maintains psychiatric beds.

Please be advised that this 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 scope, as defined at N.J.A.C. 8:33-3.9. However, effective August 5, 2002, a change in cost of an approved CN is exempt from CN review, but subject to the following:

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

The preceding condition of approval must be satisfied prior to licensure or may result in sanctions, including license suspension and monetary penalties, in accordance with N.J.S.A. 26:2H-1 et seq. and all applicable administrative rules. This condition shall be presumed to have been accepted by Clara Maass Medical Center, unless the facility's representative submits written objections to the condition within 30 calendar days of receipt of this letter. All objections are to be addressed to:

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John Calabria, Director
Department of Health and Senior Services
Office of Certificate of Need and
Healthcare Facility Licensure
P.O. Box 358
Trenton, New Jersey 08625-0358

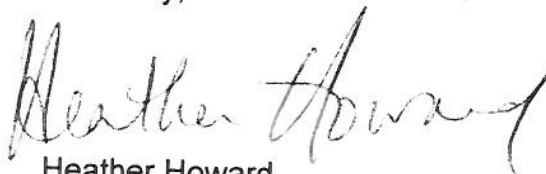
Prior to implementing the closed beds approved herein, the provider shall submit a license application to the Office of Certificate of Need and Healthcare Facility Licensure at the above address. The Department will issue a revised license that will indicate the facility's total number of closed beds as a result of this decision and the effective date of licensure.

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. Finally, please be advised that 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, Health Care Plan Review, for review and approval prior to the initiation of any work.

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. Issues involving reimbursement are solely between the facility and the third party payer. The Department is neither a party to such matters nor an arbiter of disputes between the parties.

For questions, please contact John A. Calabria, Director, Office of Certificate of Need and Healthcare Facility Licensure, at (609) 292-8773.

Sincerely,



Heather Howard
Commissioner

c: State Health Planning Board
Mr. Calabria