



State of New Jersey
DEPARTMENT OF HEALTH

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July 18, 2019

VIA ELECTRONIC & FIRST-CLASS MAIL

Mr. William Colgan
Sycamore Rehabilitation and
Assisted Living at Totowa, LLC
2 Broad Street, Suite 400
Bloomfield, New Jersey 07003

Re: Sycamore Rehabilitation at Totowa
Relocation of Long Term Care Facility
CN ER# 181101-16-02
Total Project Cost: \$ 8,656,489
Expiration Date: July 18, 2024

Dear Mr. Colgan:

Please be advised that the Department of Health (Department) is approving the application of Sycamore Rehabilitation and Assisted Living at Totowa, LLC, a wholly-owned subsidiary of Community Healthcare and Rehabilitation, LLC, submitted on November 1, 2018, for the relocation of a long term care (LTC) facility and LTC beds acquired by Sycamore Rehabilitation and Assisted Living at Totowa, LLC. This newly-constructed 126 bed LTC facility will be named Sycamore Rehabilitation at Totowa and will be located at 169 Minnisink Road in Totowa, Passaic County. This application is being approved at the total project cost as noted above.

The Department acknowledged the ownership of 30 LTC beds by Sycamore Rehabilitation at Totowa, LLC (now named Sycamore Rehabilitation and Assisted Living at Totowa, LLC) from Windsor Healthcare LLC in correspondence dated July 31, 2018. The 30 LTC beds were formerly licensed at Llanfair House Care and Rehabilitation Center (10 beds - Passaic County); Stratford Manor Care and Rehabilitation (10 beds - Essex

County); and Canterbury at Cedar Grove (10 beds - Essex County). Community Healthcare and Rehabilitation, LLC acquired ownership of 107 LTC beds from Burriss Post Acute Network/Wayne, LLC as confirmed in the Department's correspondence dated March 6, 2017. Specifically, these LTC beds were from Valley Rest Nursing Home (32 beds - Passaic County); Seniors Healthcare Inc. (10 beds from a holding company); and Daughters of Miriam Center (65 beds - Passaic County). The rights to the LTC license originated from the former Valley Rest Nursing Home located in Totowa, Passaic County. After a recent transfer of ownership approved by the Department in correspondence dated June 12, 2019, Sycamore Rehabilitation and Assisted Living at Totowa, LLC is now the owner of the rights to a license and 137 LTC beds. Sycamore Rehabilitation and Assisted Living at Totowa, LLC, the applicant and licensed operator, confirmed that 126 LTC beds would be implemented at this proposed facility. The source of these LTC beds, Passaic and Essex Counties, as contiguous counties, are in the same planning region.

N.J.S.A. 26:2H-8 provides for the issuance of a certificate of need 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 care services in the region or statewide, and will contribute to the orderly development of adequate and effective health care services. In making such determinations, the Department 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 to the aforementioned specifics of this application, the Department notes that in identifying those services that are subject to expedited review, services have been chosen that would have a minimal impact on the health care system as a whole and, therefore, for which a statistical bed need methodology would not be necessary. The services in this application are subject to expedited review pursuant to N.J.A.C. 8:33-5.1(a)(11) and N.J.A.C. 8:33-5.1(a)(12) for the relocation of beds and a facility within the same planning region, therefore, a need assessment is not required. The Department believes that the criterion regarding the availability of facilities or services which may serve as alternatives or substitutes is not applicable since the services in this application will have a minimal impact on the health care system as a whole. The need for sufficient special equipment and services in the area does not apply as this application is for general LTC beds. No economies of scale or service improvements from the operation of joint central services have been identified. The Department believes that this project can be economically accomplished and maintained, as the applicant projects a positive net income by the end of the first year of operation. It is also noted that while professional staff will be required to accommodate the establishment of this LTC facility, the

Department is confident that there is sufficient professional staff available in the area to meet those staffing needs.

The Department has taken into consideration the applicable regulations for the services subject to expedited review (i.e., N.J.A.C. 8:33-5.3 and 8:33H-1.16), and finds that Sycamore Rehabilitation and Assisted Living at Totowa, LLC, the proposed licensed operator, has provided an appropriate project description. The project description 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. 8:33-5.3(a)(1)); assurance that all residents of the area, particularly the medically underserved, will have access to services (N.J.A.C. 8:33-5.3(a)(2)); and documentation that it will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)). In addition, Sycamore Rehabilitation and Assisted Living at Totowa, LLC has demonstrated a track record of substantial compliance with the Department's licensing standards (N.J.A.C. 8:33-5.3(a)(3)(ii)).

Pursuant to the criteria set forth in N.J.A.C. 8:33-5.3(a)(2), Department staff have determined that there will not be an adverse impact on the ability of either the general population currently being served or the medically underserved in accessing residential LTC services in Essex County as a result of the relocation of 20 LTC beds to Passaic County as part of the overall component of beds for the proposed facility. Most of the proposed facility's beds were originally from Passaic County with the remaining from Essex County, a contiguous county in the same planning region. According to Department figures, there are currently 5,048 licensed LTC beds in Essex County. The reduction of 20 long-term care beds from Essex County will decrease its supply by less than 1%. The relocation of these 126 LTC beds to Passaic County, which currently has 2,781 licensed LTC beds, will increase its supply by 4.5%.

According to New Jersey Department of Labor and Workforce Development projections, Essex County currently has 109,600 persons aged 65 and over, which is estimated to increase 7%, to 117,280 persons over the next three years. Passaic County currently has 75,900 persons aged 65 and over, which is estimated to increase 8%, to 81,780 persons over the next three years. Thus, given the small reduction of beds in Essex County, and the relocation of beds to Passaic County, the Department is satisfied that there will be no adverse effect on access to LTC beds for residents of Essex County, and that the additional 126 LTC beds at Sycamore Rehabilitation at Totowa will benefit the population of Passaic County.

Please be advised that 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 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 Department's 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% 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.

Furthermore, pursuant to N.J.A.C. 8:33H-1.15(a), this approval to relocate LTC beds to Sycamore Rehabilitation at Totowa will be subject to the utilization requirements for Medicaid-eligible residents and former psychiatric patients, or a higher standard if one was imposed on a previous certificate of need approval for any of the beds being relocated to this new facility.

The Department, in approving this application, has relied solely on the facts and information presented. The Department offers no opinion as to whether the proposed ownership or business organization is in compliance with the Codey Act, Board of Medical Examiners' administrative rules, the federal anti-referral (Stark) and federal anti-kickback laws. The Department has not undertaken an independent investigation of such information. If material facts have not been disclosed or have been misrepresented as part of this application, the Department may take appropriate 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 letter 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 of any municipality 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.

Sycamore Rehabilitation at Totowa
Relocation of Long Term Care Facility
CN ER# 181101-16-02
Page 5

Please be advised that services may not commence until a license has been issued by the Certificate of Need and Healthcare Facility Licensure Program to operate this facility. A survey by Department staff will be required prior to commencing services.

The Department looks forward to working with the applicant to provide high quality of care to the LTC residents. If you have any questions concerning this Certificate of Need approval, please do not hesitate to contact Jean M. DeVitto, Executive Director, Division of Certificate of Need and Licensing at (609) 292-8773.

Sincerely,



Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

cc: David Kostinas, David G. Kostinas & Associates (Electronic mail)
Felicia Harris, DOH (electronic copy)
Cynthia Dunn, DOH (electronic copy)
Ellen Kenny, DOH (electronic copy)
Susan Jackson, DOH (electronic copy)