



State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 358
TRENTON, N.J. 08625-0358
www.nj.gov/health

PHILIP D. MURPHY
Governor

SHEILA Y. OLIVER
Lt. Governor

JUDITH M. PERSICHILLI, RN, BSN, MA
Commissioner

June 15, 2020

VIA ELECTRONIC & FIRST-CLASS MAIL

Stacie S. Winkler
Senior VP & Chief Counsel, Hospital Division
Kindred Hospitals East, LLC
680 S. Fourth Street
Louisville, KY 40202

Re: Kindred Hospital New Jersey-Wayne
Long Term Acute Care Hospital
CN ER# 2020-1168-16
Total Project Cost: \$ 3,815,040
Expiration Date: June 15, 2025

Dear Ms. Winkler:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application for Kindred Hospitals East, LLC, d/b/a Kindred Hospital New Jersey-Wayne, received on December 1, 2019, pursuant to N.J.A.C. 8:33-3.4(a)(3) and N.J.A.C. 8:43G-38, for the relocation of a Long Term Acute Care Hospital (LTACH), licensed as a "Special Hospital". Kindred Hospital New Jersey-Wayne is currently located within St. Joseph's Wayne Medical Center, located at 224 Hamburg Turnpike, Wayne in Passaic County, and is proposing to move this LTACH to St. Mary's General Hospital, at 350 Boulevard, Passaic, also in Passaic County. This relocation would result in 25 licensed LTACH beds, a reduction of 13 beds from the previous license. The name of the facility will change subsequent to the relocation and submission of a licensing application. This Expedited Review Certificate of Need application is being approved at the total project cost as noted above.

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 healthcare 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 proposed in this application are subject to expedited review pursuant to N.J.A.C. 8:33-5.1(a) (11) and, therefore, a statistical bed need methodology 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 inasmuch as 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 can be met as this LTACH is located within an acute care hospital. The facility will realize economies of scale from the operation of joint central services as it shares common ownership with other Kindred facilities in New Jersey, and this LTACH will be located within an acute care hospital. 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 additional professional staff will be required to accommodate the implementation of this LTACH, 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 finds that Kindred Hospitals East, 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, Kindred Hospitals East, 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)).

Please be advised that this approval is limited to the application 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 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.

Pursuant to N.J.A.C. 8:33-5.3(a)(2), 8:33F-2.4(c), and 8:43G-5.2(b) and (c), all the LTACH patients in the area, particularly the medically underserved, will have access to services. The hospital will not deny admission to patients on the basis of their inability to pay for services.

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.

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 LTACH patients. 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 jean.devitto@doh.nj.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read 'MOM', with a long horizontal stroke extending to the right.

Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

cc: Robert Shapiro, Pinnacle Health Consultants, LLC (Electronic mail)
Jean M. DeVitto, DOH (Electronic mail)
Felicia Harris, DOH (Electronic mail)
Cynthia Dunn, DOH (Electronic mail)
Antonella Ventura, DOH (Electronic mail)
Susan Jackson, DOH (Electronic mail)