



**State of New Jersey**  
**DEPARTMENT OF HEALTH**  
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[www.nj.gov/health](http://www.nj.gov/health)

PHILIP D. MURPHY  
*Governor*

SHEILA Y. OLIVER  
*Lt. Governor*

JUDITH M. PERSICILLI, RN, BSN, MA  
*Commissioner*

June 25, 2020

**VIA ELECTRONIC AND FIRST-CLASS MAIL**

Marguerite Pedley, Ph.D  
Vice President, Inpatient Services  
Penn Medicine Princeton House Behavioral Health  
905 Herrontown Road  
Princeton, NJ 08540

Re: CN# ER 17 0527-11-01  
Penn Medicine-Princeton Medical  
Center-Princeton House Behavioral  
Health  
Total Project Cost: 18.8 Million  
Expiration Date: November 17, 2021

Dear Dr. Pedley:

The New Jersey Department of Health (Department) is approving Penn Medicine-Princeton Medical Center-Princeton House Behavioral Health (Princeton House) application submitted on June 3, 2019, pursuant to N.J.A.C. 8:33-51(a)6, for a two-year extension of time for the above referenced certificate of need (CN), with an expiration date of November 17, 2017. The original CN granted on November 17, 2017, was for the establishment for an additional 23 open and 6 closed adult acute care psychiatric beds to its existing 30 open adult acute care psychiatric beds at Princeton House Behavioral Health, located at 905 Herrontown Road, Princeton in Mercer County. The CN was originally approved on November 17, 2017. Please be advised, your CN is now extended for a two-year period, with a new expiration date as noted above. However, if after this period the applicant requires any additional extension, then a new CN application must be submitted.

The decision to approve Princeton House's CN extension of time application is based on a review of its application and documents it submitted in support of its request for a two-year extension of time to construct and implement the CN project. In its application, Princeton House represent that the project planning is underway with the design/development and construction of the project. However, the project was delayed due to Princeton Healthcare System becoming a part of Penn Medicine through a sole member substitution agreement. This, in turn, caused the Princeton House introduction

new metrics for the internal rate of return related to capital building projects. As a result, planning work was suspended while the project was reconfigured, and all applicable internal approvals were secured, both from the board of Princeton House and Penn Medicine. The reconfiguration of the project resulted in the project site being changed from the front of the campus to the rear. This will result in substantially less site work, at a total cost of \$18.8 million, (the same cost allocated in the CN original approval in 2017), and the project is now in line with Princeton House expectations for capital expenditures. Princeton House anticipates that the project will be completed sometime in mid-to-late 2021 barring any unforeseen delays with approvals.

Based upon its review, the Department is approving Princeton House's CN extension application. 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 in N.J.A.C. 8:33-3.9. However, in accordance with N.J.A.C. 8:33-3.9(a) 1-3, a change of cost of an approved CN is exempt from CN review but 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 cost project cost exceeds the CN approved total project cost is greater than \$1,000,000, the applicant shall remit the additional CN application fee due 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 CN approved total project cost.
3. The Department will not issue a license for the beds/services until the additional fee is remitted in full.

This approval is not intended to preempt in any way any municipal 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. Please be advised that services may not commence until such time as a license has been issued by the Certificate of Need and Healthcare Facility Licensure Program.

Any approval granted by this Department relates to CN and/or licensing only and does not imply acceptance by a reimbursing entity. Issues involving reimbursement are solely between the facility and third-party payer. The Department is neither a party to such matters nor an arbiter of disputes between parties.

In approving this application, the Department has relied solely on the facts and information presented by Princeton House to us. The Department offers no opinion as to whether the Proposed ownership or business organizations is in compliance with the Codey Act, Board of Medical Examiners administrative rules, the federal antifederal (Stark) and federal anti-kickbacks laws. The Department has not undertaken an independent investigation of such information. If material facts have not been disclosed or have been misrepresented, the Department may take the appropriate administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General.

The Department looks forward to working with you and helping you provide the highest quality of care to your patients. If you have any questions concerning this facility, please do not hesitate to telephone Ms. Jean DeVitto. Executive Director, Division of Certificate of Need and Licensing at [jean.devitto@doh.nj.gov](mailto:jean.devitto@doh.nj.gov).

Sincerely,



Marcela Ospina Maziarz, MPA  
Deputy Commissioner  
Health Systems

cc: Jean M. DeVitto, DOH (Electronic Mail)  
Felicia Harris, DOH (Electronic Mail)  
Elaine Granato, DOH (Electronic Mail)  
Susan Jackson, DOH (Electronic Mail)