



State of New Jersey
DEPARTMENT OF HEALTH
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Governor

www.nj.gov/health

SHEILA Y. OLIVER
Lt. Governor

JUDITH M. PERSICHILLI, RN, BSN, MA
Commissioner

August 12, 2020

VIA ELECTRONIC & FIRST-CLASS MAIL

Richard Pineles, Managing Member
Franklin LTACH, LLC
55 South Newman Street
Hackensack, New Jersey 07601

Re: CN# ER 2019-5123-12 E/T
Franklin Long Term Acute Care Hospital
(LTACH)
Total Project Cost: \$950,000
Expiration Date: December 31, 2020

Dear Mr. Pineles:

Please be advised that the Department of Health (Department) is approving Franklin Long Term Acute Care Hospital (LTACH), LLC's application, submitted on April 30, 2019, pursuant to N.J.A.C. 8:33-5.1(a)6, for an extension of time for CN# ER 030901-18-43, which expired on June 30, 2019. As you are aware, the original certificate of need (CN) was granted on December 17, 2003 for the establishment of a 60 bed LTACH, located at 3371 Highway 27, Franklin in Somerset County. On November 8, 2006, an approval was granted for an increase in the number of beds to 80 and extending the expiration date to November 8, 2008. This CN would have expired on May 8, 2010 but was extended by the Permit Extension Act of 2008 (Act), P.L. 2008, c. 78, as amended by P.L. 2009, c. 336, P.L. 2012, c. 48, and P.L. 2014, c. 84. The Act was signed on September 6, 2008, and provided that, for a certificate of need specific to development in existence during the period of January 1, 2007 through July 1, 2010, the running period of the approval is automatically suspended for the extension period through July 1, 2010. Amendments to the Act extended the expiration date of the Permit Extension Act through December 31, 2012 and December 31, 2015, respectively. Pursuant to the Act as amended, and including the time tolled under the Act, the expiration of CN# 030901-18-43 was extended through June 30, 2016. On June 1, 2016, Franklin LTACH, LLC, submitted an application for an extension of time which was granted on June 29, 2016 and extended through December 31, 2017. On December 1, 2017, Franklin LTACH, LLC, submitted another application for an extension of time which was granted on April 2, 2018 and extended through June 30, 2019. At that time, the Department cautioned that it would look carefully at a demonstration/documentation of need before granting any further extensions. In this

context, the Department has carefully reviewed your current application which requests, not only an extension of time, but a change of scope as well. In accordance with your request, your certificate of need is now extended for one additional 18-month time period from your last expiration date of June 30, 2019, as noted above, subject to the conditions noted below. It is expected that this project will be fully implemented by the time this 18-month period has elapsed.

The decision to approve Franklin LTACH's extension application is based on a review of the documents you submitted and the change in scope you outlined. While the original proposal was for a free-standing LTACH, you have now entered into an agreement with Hackensack Meridian Health, whereby you propose to establish a hospital-within-a-hospital to be located at Hackensack Meridian Raritan Bay Medical Center-Perth Amboy (Raritan Bay).

In response to your current submission, demonstrating an on-going need for these beds and your representation that your first phase of implementation can be made (for the first 30 beds) very soon after this approval, the Department is granting this extension of time and change in scope.

The Department, **as a condition of approval of this extension of time**, is requiring that you implement the first phase (of 30 beds) as soon as the available medical-surgical floor at Raritan Bay can be converted with minor renovations, as outlined in your submission.

The total project cost, originally fixed at \$1,000,000, has now been revised to \$950,000, to be financed through available cash and equity. Please be advised that this approval is limited to the proposal as presented and reviewed. An additional review by the Department of Health (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 certificate of need is exempt from certificate of need 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 license 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 the beds/services until the additional fee is remitted in full.

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. 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 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.

The Department, in approving this application, has relied solely on the facts and information presented to us. 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. We have not undertaken an independent investigation of such information. If material facts have not been disclosed or have been misrepresented, the Department may take appropriate administrative regulatory action to rescind the approval or refer the matter to the Office of the Attorney General.

We look forward to working with you and helping you to provide a high quality of care to your residents. If you have any questions concerning this certificate of need or regarding the licensure of these 80 long term acute care beds, please do not hesitate to email Jean DeVitto, Executive Director, Certificate of Need and Healthcare Facility Licensure Program, at jean.devitto@doh.nj.gov.

Sincerely,



Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

cc: Jean M. DeVitto (By Electronic Mail)
Anna Sousa (By Electronic Mail)
Felicia L. Harris (By Electronic Mail)
Susan Jackson (By Electronic Mail)
Antonella Ventura (By Electronic Mail)
Robert J. Fogg, Archer Attorneys at Law (By Electronic Mail)
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