



State of New Jersey
DEPARTMENT OF HEALTH
PO BOX 360
TRENTON, N.J. 08625-0360

PHILIP D. MURPHY
Governor

www.nj.gov/health

SHEILA Y. OLIVER
Lt. Governor

JUDITH M. PERSICILLI, RN, BSN, MA
Commissioner

October 8, 2021

VIA ELECTRONIC & FIRST-CLASS MAIL

Mr. Donald J. Pelligrino
Chief Executive Officer/Member
Pilgrim River, LLC
7 McNab Court
Bridgewater, New Jersey 08807

Re: Avalon at Hillsborough
Addition of Assisted Living
Resident Beds
CN ER# 20040801;03
Total Project Cost: \$6,000,000
Expiration Date: October 8, 2026

Dear Mr. Pelligrino:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need (ERCN) application for Avalon at Hillsborough Assisted Living Residence, operated by Pilgrim River, LLC, received on April 29, 2021, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the expansion of the existing 97-bed assisted living (AL) residence located at 393 Amwell Road, Hillsborough, in Somerset County. The proposed addition to the current Avalon at Hillsborough AL facility, would result in 25 new AL beds, increasing the number of licensed AL beds at this site from 97 to 122. The target population will include persons with memory impairments. This application is being approved at the total project cost noted above.

Regarding this application, the Department has identified services are subject to expedited review, by determining if the services chosen would have a minimal impact on the health care system as a whole. Services that have a minimal impact do not require a statistical bed need methodology evaluation. The services proposed in this application are subject to expedited review pursuant to N.J.A.C. 8:33-5.1(a)(4) and, therefore, an evaluation utilizing a statistical bed need methodology is not required.

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 Pilgrim River, 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, Pilgrim River, 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 conditions:

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.S.A. 26:2H-12.16 and N.J.A.C. 8:33H-1.7(f), an existing assisted living residence that adds additional assisted living beds shall be required, as a condition of licensure approval, to maintain ten percent of the additional licensed beds for Medicaid-eligible persons through Medicaid conversion of persons who enter the assisted living residence as private-paying persons and subsequently become eligible for Medicaid, or through direct admission of Medicaid-eligible persons. An assisted living residence shall achieve this ten percent utilization within three years of licensure to operate these beds and shall maintain this level of Medicaid utilization thereafter.

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 the additional beds at 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 assisted living residents. If you have any questions concerning this Certificate of Need approval, please do not hesitate to contact Marianne Koriakos, Quality Assurance Specialist, Division of Certificate of Need and Licensing at marianne.koriakos@doh.nj.gov

Sincerely,



Marcela Ospina Maziarz, MPA
Deputy Commissioner
Health Systems

cc: Fred Jacobs, DOH, (Electronic mail)
Michael Kennedy, DOH (Electronic mail)
Kiisha Johnson, DOH (Electronic mail)
Antonella Ventura, DOH (Electronic mail)
Marianne Koriakos, DOH (Electronic mail)
Intake Unit, DOH (Electronic mail)
Licensing File