



State of New Jersey
DEPARTMENT OF HEALTH
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Commissioner

May 26, 2022

VIA ELECTRONIC & FIRST-CLASS MAIL

Raymond DioGuardi, COO/CFO
Kaplan Development Group, LLC
10 Jericho Quadrangle, Suite 142
Jericho, New York 11753

Re: Evermay at Branchville, LLC
Addition of Assisted Living
Residence Beds
CN ER# 2020-3183-19
Total Project Cost: \$ 8,207,980
Expiration Date: May 26, 2027

Dear Mr. DioGuardi:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application for Evermay at Branchville, LLC, received on February 6, 2020, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the expansion of an existing 60-bed assisted living (AL) residence located at Three Phillips Road in Branchville, Sussex County. The proposed newly constructed addition to the current AL facility, which will result in 24 new AL beds, will increase the current bed complement of 60 AL beds for a new total of 84 AL beds at this site. This 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 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.

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, 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 does not apply as this application is for an assisted living residence which does not require any special equipment or services. The facility will realize economies of scale from the operation of joint central services as it shares common ownership with other Kaplan facilities in New Jersey. 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 assisted living residence, 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 Evermay at Branchville, 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, Evermay at Branchville, 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.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 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.

Evermay at Branchville, LLC

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The Department looks forward to working with the applicant to provide high quality of care to the AL residents. If you have any questions concerning this Certificate of Need approval, please do not hesitate to contact Luisa Alexopoulos, Program Manager, Division of Certificate of Need and Licensing at Luisa.Alexopoulos@doh.nj.gov.

Sincerely,

Robin C. Ford

Robin C. Ford, MS
Deputy Commissioner
Health Systems

cc: Michael Kennedy, DOH (Electronic mail)
Luisa Alexopoulos, DOH (Electronic mail)
Kara Morris, DOH (Electronic mail)
Ellen Kenny, DOH (Electronic mail)
Kiisha Johnson, DOH (Electronic mail)
Certificate of Need and Licensing- Intake Unit (Electronic mail)
CN Tracker #17385