



State of New Jersey  
DEPARTMENT OF HEALTH  
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Lt. Governor

JUDITH M. PERSICILLI, RN, BSN, MA  
Commissioner

May 26, 2022

**VIA ELECTRONIC & FIRST-CLASS MAIL**

Brian N. Rath, Esq.  
Buchanan Ingersoll & Rooney PC  
700 Alexander Park, Suite 300  
Princeton, New Jersey 08540

Re: West Orange Township Assisted Living  
CN# ER 2021-08260-0701  
Establish a 100-bed Assisted Living  
Residence  
Total Project Cost: \$ 26,000,000  
Expiration Date: May 26, 2027

Dear Mr. Rath:

Please be advised that the Department of Health (Department) is approving the Expedited Review Certificate of Need application by CSH West Orange Lessee, LLC (CSH) for West Orange Township Assisted Living (West Orange AL), submitted on August 5, 2021, pursuant to N.J.A.C. 8:33-5.1(a)(4), for the establishment of a new 100-bed assisted living residence to be located at 609 Eagle Rock Avenue in West Orange Township, Essex County. This application is being approved at the total project cost as noted above.

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). The Department finds that CSH, the proposed licensed operator, has provided an appropriate project description. The project description includes information as to the total project cost of \$26,000,000 for the construction of this new Assisted Living Residence. The operating costs and revenues were provided, which reflected that by the second year of operation, the total revenue would be \$7,707,341 and \$5,299,123 for expenses, which

projected a profit of \$2,408,218 by the second year. In terms of services affected, the Applicant stated that there are two other similar communities in the area with high occupancy rates demonstrating the growing demand for senior housing in the county, whereby West Orange AL would further assist to enhance access to Assisted Living services. There is no specialized equipment involved as this is an Assisted Living Residence providing supportive services to a largely independent population. The source of funds was listed as bank loans and investor equity; and as this facility will be operated by a for-profit entity, it shall include financial investor groups. Utilization statistics project a 93% resident occupancy by the third year of operation.

The justification for the proposed project (N.J.A.C. 8:33-5.3(a)(1)) referenced the Applicant's experience in the establishment and operation of Assisted Living Residences in New Jersey, as well as the current and future demand for senior housing in the market area, including the need for the provision of services for the memory impaired. The Applicant assured that all residents, particularly the medically underserved, will have access to services in that West Orange AL would be operated in compliance with the regulatory requirement for admission of Medicaid residents and would extend services to the memory impaired (N.J.A.C. 8:33-5.3(a)(2)). In addition, the Applicant stated that the facility's design will accommodate those with disabilities and its location would be accessible to public transportation. Documentation that the Applicant will meet appropriate licensing and construction standards (N.J.A.C. 8:33-5.3(a)(3)(i)) is evidenced by submission and review of architectural plans, which confirmed physical plant compliance with Assisted Living regulations in the Department's December 13, 2021 letter for this project. In addition, CSH 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)) as there were no significant regulatory compliance events reported in either New Jersey or out-of-state facilities that are owned, managed or operated by the Applicant.

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.

Furthermore, pursuant to N.J.S.A. 26:2H-12.16 and N.J.A.C. 8:36-5.1(h), a new facility that is licensed to operate as an assisted living residence or comprehensive personal care home shall have a Medicaid occupancy level of 10 percent within three years of licensure. The 10 percent Medicaid occupancy level shall be met through conversion of residents who enter the facility as private paying persons and subsequently become eligible for Medicaid, or through direct admission of Medicaid-eligible persons. The 10 percent Medicaid occupancy level shall be continuously maintained by a facility once the three-year licensure period has elapsed. The Department will monitor that this condition threshold is met and maintained during the duration of licensure.

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 New Jersey 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 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 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 assisted living residents. If you have any questions concerning this Certificate of Need approval, please do not hesitate to contact Michael J. Kennedy, Executive Director, Division of Certificate of Need and Licensing at [michael.kennedy@doh.nj.gov](mailto:michael.kennedy@doh.nj.gov).

Sincerely,

*Robin C. Ford*

Robin C. Ford, MS  
Deputy Commissioner  
Health Systems

cc: Stefanie J. Mozgai, DOH (Electronic mail)  
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