



State of New Jersey
DEPARTMENT OF HEALTH
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www.nj.gov/health

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

CHRISTOPHER R. RINN
Acting Commissioner

November 20, 2017

VIA ELECTRONIC & FIRST-CLASS MAIL

Michael Mimoso, MHSA, FACHE
Community Medical Center
99 Route 37 West
Toms River, NJ 08755

Re: CN# ER 030512-15-01 E/T
Change from Community Perinatal
Center-Intermediate to Community
Perinatal Center-Intensive, Addition of
Eight (8) Level III (Intensive) Bassinets
Total Project Cost: \$4,006,237
Expiration Date: November 30, 2019

Dear Mr. Mimoso:

Please be advised that I am approving Community Medical Center's (Applicant or Community) application, submitted pursuant to N.J.A.C. 8:33-5.1(a)(6), for an extension of time for CN# ER 030512-15-01 to upgrade its Maternal and Child Health designation from Community Perinatal Center (CPC)-Intermediate to CPC-Intensive, and to add eight (8) intensive bassinets to the existing licensed compliment of five (5) intermediate bassinets (the Application). Letters in support of Community's request for an extension of time were submitted with the facility's Application.

This CN was originally approved on October 5, 2004. Since that time, several extensions of time were approved in accordance to the Permit Extension Act of 2008, P.L. 2008, c.78, amended by P.L. 2008, c. 336, amended by P.L. 2012, c.48, amended by P.L. 2014, c.84, for an expiration date of June 30, 2016. A request for an extension of time, submitted in June 2016, was granted to November 30, 2017.

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Community states in its Application that the project was delayed due to the lack of sufficient newborn volume needed to operate a neonatal intensive care unit (NICU) in an economically feasible and clinically responsible manner, coupled by the operating losses incurred during the 2008 economic downturn, which continued to limit capital investment and operational expansions. Since that time, several factors are now in place, which make the project more feasible. For example, Community gained significant newborn market share from 2013 to 2015, due to the closure of Monmouth Medical Center (MMC) - Southern Campus' (formerly Kimball Medical Center) obstetric and pediatric services, with more than a 60% increase in newborn admissions. In addition, the Application states that a vastly improved financial position, driven in part by the successful merger of Barnabas Health, Inc. with Robert Wood Johnson (RWJ) Health Care Corp., facilitated the ability for Community to partner on project development with RWJ University Hospital's and MMC's Regional Perinatal Centers, and has brought renewed vision and regional planning to the Ocean and Monmouth County areas.

The original project cost was \$1,147,000 to relocate the intermediate level nursing unit and renovate the space to accommodate the requested eight (8) intensive bassinets. The project cost was changed by Community in 2016 to \$ 6,237,726; however, the Applicant later revised the project cost estimate to be \$2,370,826. The Applicant states that the original site for the proposed intensive bassinets has been relocated because changes to the Facilities Guidelines Institute (FGI) guidelines that occurred since the original CN application, including but not limited to increased space and support requirements for Level II and III bassinets, made the original project unfeasible and would require the request for multiple waivers in order to meet licensure compliance with physical plant requirements. The extension of time Application requests changes to the project to meet the FGI guidelines and involve the refurbishment of inpatient space and the installing of a new dedicated elevator between the NICU and the obstetrical suite, which has increased the project cost to \$4,006,237. This project cost will be funded by available cash.

This CN is being approved at the above-referenced project cost. This CN is now extended for an additional 24-month time period. However, should you require an additional extension of time beyond this 24-month time period, you will be required to submit a new demonstration/documentation of need.

My decision to approve Community's Application is based on your representation that the project planning is underway and the design/development and construction of the new NICU will be forthcoming.

Please be advised that this approval is limited to the proposal as presented and reviewed. The Application and related correspondence 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 Department's 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.

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 facility's ownership or business organization are in compliance with the Codey Act, Board of Medical Examiners administrative rules, or federal anti-referral (Stark) and anti-kickback laws. We have not undertaken an independent investigation of such information. If material facts with respect to this Application 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 New Jersey Attorney General.

Any approval granted by this Department relates to certificate of need and/or licensing requirements 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 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 determinations 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 this facility with the additional beds. A survey by Department staff may be required prior to commencing services; if such a determination is made, you will need to contact a representative from the Department's Division of Health Facility Survey and Field Operations to discuss this matter at (609) 292-9900.

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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 extension of time or the future licensure of these additional intensive bassinets and change in designation to CPC-Intensive, please do not hesitate to telephone Mr. John A. Calabria, Director, Certificate of Need and Healthcare Facility Licensure Program at (609) 292-8773.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alison Gibson".

Alison Gibson, RN, MA, MPA
Deputy Commissioner
Health Systems

cc: John A. Calabria (By Electronic Mail)
Tamara Cunningham (By Electronic Mail)