

STATE: **NEW JERSEY, Certificate of Need and Facilities and Licensing**

WEBSITE: <http://www.state.nj.us/health/healthfacilities/certificate-need/>

Criteria	Description	Source
What facilities or equipment reviewed (i.e., urgent care, insurance companies)	<p>“Health Care facility”: means the facility or institution, whether public or private, engaged principally in providing services for health maintenance organizations, diagnosis or treatment of human disease, pain, injury, deformity or physical condition, including, but not limited to, a general hospital, special hospital, mental hospital, public health center, diagnostic center, treatment center, rehabilitation center, extended care facility, skilled nursing home, intermediate care facility, assisted living residence, comprehensive personal care facility, tuberculosis hospital, chronic disease hospital, maternity hospital, outpatient clinic, dispensary, home health care agency, residential health care facility and bioanalytical laboratories (except as specifically excluded hereunder) or central services facility serving one or more such institutions but excluding institutions that provide healing solely by prayer and excluding such bioanalytical laboratories as are independently owned and operated, and are not owned, operated, managed or controlled in whole or in part, directly or indirectly by any one or more health care facilities and the predominant source of business of which is not by contract with health care facilities within the State of New Jersey and which solicit or accept specimens and operate predominantly in interstate commerce.</p> <p>“Health care services” “means the preadmission, outpatient, inpatient, and post discharge care provided in or by a health care facility, and such other items or service as are necessary for such care, which are provided by or under the supervision of a physician for the purpose of health maintenance or diagnosis or treatment of human disease, pain, injury, disability, deformity, or physical condition, including, but not limited to, nursing service, home care nursing and other paramedical service, ambulance service, service provided by an intern, resident in training or physician whose compensation is provided through agreement with a health care facility, laboratory service, medical social service, drugs, biologicals, supplies, appliances, equipment, bed and board, but excluding services provided by a physician, nurse practitioner, clinical nurse specialist, certified nurse midwife or physician assistant, in his or her private practice, unless the service is the subject of a health planning regulation as defined in this section, adopted by the Department of Health or involves the acquisition of major moveable equipment as specified herein, and services provided by volunteer first aid, rescue and ambulance squads as defined in the New Jersey Highway Safety Act of 1971, P.L. 1971, c.351.</p>	N.J.A.C. 8:33-1.3
What actions reviewed	<p>Set out by Statute:</p> <ul style="list-style-type: none">• Initiation of any health care service as provided in C.26:2H-7c or that is the subject of health planning regulation adopted by DPH• Purchase of equipment with total cost exceeding \$2 million• Licensed health care facility spending more than \$2 million on construction of a new health care facility• Construction of a facility, where the type is of the subject of DPH planning regulation and the cost is more than \$2 million	NJS 26:2H-7

	<p>Set out in Regs:</p> <ul style="list-style-type: none"> • Termination/discontinuance of service or facility and/or reduction of licensed bed capacity (Voluntary closure of a facility or discontinuance of all of its services does not require a certificate of need, except that the closure of a general hospital requires a certificate of need and shall follow the full review process) • Transfer of ownership (as defined within regs) of: <ul style="list-style-type: none"> a) An entire general hospital b) A transfer that will result in a new Medicare provider number for the hospitals involved in the transfer • Changes in licensed beds and/or services, specifically the relocation, addition or conversion of beds • Construction/Building, including: <ul style="list-style-type: none"> a) establishment of a new health care facility (regardless of cost) b) replacements of general hospitals, c) The relocation of an entire licensed health care facility that is subject to the certificate of need requirement to a location within the same planning region <p><u>Phased out review of (but still regulated through licensing):</u> hospital based detox, residential health care facility services, capital improvements and renovations to health care facilities, addition of med/surg, adult intensive care and adult critical care beds in hospitals, replacement of existing major moveable equipment, inpatient operating rooms, hospital-based subacute care, ambulatory care and surgery facilities, transfer of ownership of long-term care facility, MRI, acute renal dialysis, lithotripters, PET, LinAcs and basic obstetric and pediatric services and birth centers.</p> <p><u>The program's focus is now:</u> to protect the role of such institutions as urban hospitals, whose importance to the Statewide health care system is indisputable, and to guard against the closing of important facilities and the transfer of services from facilities in a manner which is harmful to the public interest."</p>	<p>N.J.A.C. 8:33-1.2 N.J.A.C. 8:33-3</p>
Decisions	On average 20 to 40 applications per year; generally 0 denials as it is a "mature" process and they do not receive frivolous applications	Phone Interview
Hospitals, systems and population	<p>71 general hospitals, 16 specialty care and 14 comprehensive rehab hospitals; approximately 1/3 are part of health care system</p> <p>Population: 8,958,013</p>	National Directory, American Health Planning Association (2011)
What are the criteria considered & how defined (i.e., "clear public need")	<p>Considers whether the proposal:</p> <ol style="list-style-type: none"> 1. Is necessary in providing required health care in the service area 2. Can be economically accomplished and maintained 3. Will not have an adverse economic impact on the region or state 4. Will contribute to the orderly development of adequate and effective health care services <p>In making such a determination, analysis must take into consideration:</p> <ol style="list-style-type: none"> 1. availability of facilities or services which serve as alternatives or substitutes 2. need for special equipment and services in the area 3. possible economies and improvement in services to be anticipated from the operation of joint central services 4. adequacy of financial resources and sources of present/ future revenues 5. availability of sufficient manpower in professional disciplines 	NJS 26:2H-8

	<p>6. such other factors as may be established by the region For facilities established or operated by a recognized religious body: may consider religious or ethical convictions as a public need.</p> <p>Additionally, there are special review criteria based on type of service and type of application.</p>	
Application fee	<p>The application fee is a standard \$9,500.</p> <p>Establishment of a facility, change in capacity and acquisition of major equipment, with a total project cost of less than \$1,000,000 : \$7,500 Establishment of a facility, change in capacity and acquisition of major equipment, with a total project cost of more than \$1,000,000 or transfer of ownership: \$7,500 + 0.25% of total project costs Change in scope or extension of time on a CON: \$7,500 Change in cost for \$1,000,000 or more: \$7,500 + 0.25% of total project costs</p>	NJS 26:2H-10
Decision maker (i.e., review panel, Deputy/Commissioner)	<p>CONs issued by the Commissioner based upon criteria and standards promulgated by the Commissioner and approved by the Health Care Administration Board</p> <p>State Health Planning Board acts as an advisory panel to the Commissioner and holds public hearings for applications regarding transfers of ownerships and closures of health care facilities. The Board is composed of 13 voting and non-voting members, representatives of providers, consumers and other agencies, such as Health & Senior Services, Human Services, Children and Families, Health Care Administration Board, and the Public Health Council</p> <p>Administrative law judge</p>	<p>N.J.A.C. 8:33-1.2</p> <p>http://www.nj.gov/health/bc/shpb.shtml</p> <p>NJS 26:2H-5.8</p>
Scheduling/Timeline (i.e., batching? expedited, etc.)	<p>Waivers</p> <p>Expedited Review - process involves review of a CON application by the Department, but not by the State Health Planning Board; applies to: establishment or increase in bed capacity of a Statewide restricted admissions facility; change in scope of an unimplemented CON; establishment or bed increase of a comprehensive personal care home; establishment or increase in bed capacity of assisted living residences, and; extension of time to an unimplemented CON.</p> <p>Batching</p>	
Public Hearings	Public hearings for applications regarding transfers of ownerships and closures of health care facilities	
Planning	No	Phone Interview
Enforcement	<p>Penalties may be issued for initiating a covered action without first receiving required CON approval</p> <p>In the review of a transfer of ownership application, the prospective owner(s)/operator(s) shall be evaluated by the Department on the basis of character and competence and track record with regard to past and current compliance with state licensure, applicable Federal and certificate of need requirements</p> <p>May also review an applicant's compliance with conditions attached to previous Certificate of Need approvals</p>	N.J.A.C. 8:33-3.3
Data	Utilization data for hospitals; hospital services	Phone Interview
Rate Setting	No, in 1992 removed rate-setting provision due to the "evolution of market-based means of controlling costs, most notably the growth of managed care" and the provision of access to health insurance to all residents of the state.	NJS 26:2H-6.1

