

**CERTIFICATE OF NEED**  
**Department Staff Project Summary, Analysis & Recommendations**  
**Transfer of Ownership**

Name of Facility: St. Clare's Hospital Dover CN# FR 130704-14-01

Name of Applicant: Prime Healthcare Services - St. Clare's LLC Acquisition Cost: \$33,240,000

Location: Morris Equity Contribution: 100% Cash

Service Area: Morris County

**Applicant's Project Description:**

This application is for the transfer of ownership of St. Clare's Hospital Dover (St. Clare's Dover), a New Jersey non-profit corporation, to Prime Healthcare Services - Saint. Clare's LLC (Prime St. Clare's), a Delaware Limited Liability Company. Prime Healthcare Services, Inc. (PHSI) is the sole member of Prime St. Clare's. PHSI has its own Board of Directors, of which Dr. Prem Reddy is the Chairman. Prime Healthcare Holdings, Inc. (PHHI) is the sole shareholder of PHSI. Dr. Prem Reddy is the sole director of PHHI. The sole shareholder of PHHI is the KASP Trust whose sole grantor is Dr. Prem Reddy. It should also be noted that Dr. Reddy is the sole director of Prime Healthcare Management, Inc. (PHMI), which is solely owned by Dr. Prem Reddy's Family Trust.

PHSI, by and through its subsidiaries, currently owns and/or operates 27 acute care hospitals in California, Kansas, Nevada, Michigan, Pennsylvania, Rhode Island, and Texas. PHSI is also affiliated with the Prime Care Service Foundation, a 501(c)(3) public charity, which owns and operates four acute care hospitals in California and one in Texas. The applicant has stated that upon the transfer of ownership, Prime St. Clare's would continue to function as a general acute care hospital at the same licensed bed complement and service levels previously provided at St. Clare's Hospital.

PHSI is in the process of establishing itself in New Jersey. The certificate of need application for the transfer of ownership of St. Mary's Hospital to PHSI was approved by the Department of Health (Department) on June 13, 2014 with conditions. On July 23, 2014, an order was issued by the Superior Court of New Jersey, Chancery Division, Passaic County, with conditions approving the sale of substantially all the assets of St. Mary's to Prime St. Mary's in accordance with the applicable criteria of the Community Healthcare Assets Protection Act, N.J.S.A. 26:2H-7.10 et seq. The final step for this applicant taking ownership of St. Mary's Hospital is Department of Health licensure.

Upon execution of the transfer of ownership, the overall acute care bed capacity would remain at 60 beds. Categorically, the bed composition would continue to reflect 50

Medical/Surgical beds, and 10 Adult ICU/CCU beds. The hospital's service complement would include the existing 7 Mixed Inpatient Operating rooms (ORs), 1 Cystoscopy room, 1 Transportable Lithotripter, 2 Fixed CT units, 1 Positron Emission Tomography scanner, 2 Hyperbaric chambers, and a Sleep Center. In addition, the hospital is committed to continuing its designation as a Primary Stroke Center.

Along with St. Clare's Dover, St. Clare's Hospital/Denville Campus (St. Clare's Denville) and St. Clare's Hospital-Boonton (licensed as a special hospital), there are several licensed healthcare facilities that will be included in the transfer of ownership of St. Clare's Health System. These facilities are listed below:

- Franciscan Oaks Health Center, licensed for 84 long term care beds;
- Franciscan Oaks Continuing Retirement, licensed for 34 assisted living beds;
- The Dwelling Place at Saint Clare's, licensed for 21 ventilator care beds and 4 ventilator care beds with hemodialysis;
- Visiting Nurse Association of Saint Clare's, Inc., licensed as a home health agency serving Sussex and Warren Counties;
- MRI of West Morris, licensed for 1 closed MRI unit; and
- Magnetic Imaging of Morris, P.A., licensed for 1 closed MRI unit and 1 open MRI unit.

PHSI believes that the proposed transfer would not only ensure the hospital's survival and facilitate its revitalization, but also strengthen the long term financial viability of St. Clare's Dover as a general acute care hospital. PHSI has committed to maintaining Prime St. Clare's as a general acute care hospital for at least five years. This infusion of capital and resources will enable Prime St. Clare's to continue providing the traditional services offered at St. Clare's Dover to area residents and indigent patients without any disruption in the delivery of their health care services.

#### **Applicant's Justification of Need:**

After discussions with Atlantic Health System terminated, Saint Clare's Health System, which includes the Dover Hospital and Denville Hospital, as well as Boonton and Sussex campuses, redirected its efforts to find a capital partner that would allow the entire system to continue operating its core services and preserve the current levels of health care for its established service area. In 2013, PHSI expressed interest in acquiring ownership of the hospital system and was approved by the St. Clare's Health System Board. PHSI's platform to rescue Saint Clare's Dover addresses its operational weaknesses and builds higher quality services in a more structured and stable institutional environment. It also incorporates into its philosophy and delivery of care the Catholic principles upon which Saint Clare's Dover was founded. Without the approval of this Certificate of Need (CN) application for a transfer of ownership, the traditional services now offered at Saint Clare's Health System could be drastically reduced or St. Clare's Dover could close unexpectedly.

The applicant believes that there are many benefits to having the proposed transfer of ownership approved. First and foremost would be the benefit to the patient community since the transfer of ownership would occur without any disruption to the delivery of health care services. The applicant views this transfer as an opportunity to enhance the functional and operational efficiencies at St. Clare's Dover.

PHSI is confident that its planned improvement initiatives will change the future outlook and culture of the hospital increasing both staffing and patient satisfaction. The applicant plans to demonstrate how the application of its national health care business strategy tailored for St. Clare's Dover will stabilize its market share and produce more positive patient outcomes.

PHSI is financially sound with revenues of more than \$1.6 billion in 2012 and shareholders' equity of more than \$250 million. PHSI's hospitals generate positive income and it regularly has more than \$100 million cash reserves. PHSI has already agreed to make a substantial investment in new state of the art equipment and information technology on an as needed basis. Before any funding is committed to specific projects, the Board of Managers will assess the needs of Prime St. Clare's for capital improvements by reviewing the recommendations of the Local Governing Board and consulting with Prime personnel. This would ensure that the allocated capital is directed into areas identified as having the greatest need. In the application, Prime cited the allocation of corporate monies to establish an integrated information technology system as one example of future functional and operational efficiencies among its acquired (St. Mary's) and pending hospital acquisitions (St. Clare's Hospital Dover, St. Clare's Denville, and St. Michael's Hospital) in New Jersey. This integrated system would allow these hospitals and their physicians to share both medical and patient information, and is expected to be completed within 18 to 24 months. PHSI is also committed to addressing St. Clare's Dover's long-term debt and controlling expenses to strengthen the financial integrity of the hospital.

The applicant plans to institute various measures focused on providing higher quality care at lower costs. The applicant's plan includes dedicating its efforts to physician alignment for new business models, the possible development of an Accountable Care Organization as a means of cost saving accomplished by reducing duplication of medical testing, streamlining technology and information delivery, and coordinating more efficient care delivery. The implementation of these measures is done to improve the accountability and transparency of the hospital. The applicant's objective is to restore the reliability of St. Clare's as the cornerstone of the community healthcare system and renew patient confidence in their services.

Prime St. Clare's plans to implement several initiatives to stabilize and/or grow admissions at the hospital and address the future health care needs of the community. First, Prime St. Clare's plans to commence negotiations with health insurers on new

contracts to increase better access to patients at the Prime St. Clare's Dover location. Second, Prime St. Clare's plans to fill service gaps to actively recruit new physicians and encourage those physicians who previously utilized the hospital to once again return to provide care. Part of Prime St. Clare's plan is to work in conjunction with community leaders and their own medical staff as well as surrounding hospitals to identify health care needs for more specialized services and recruit appropriate medical staff to fill any service gaps. Third, Prime St. Clare's plans to increase the operational efficiency of the Emergency Department by decreasing "wall time" (the time paramedics and EMT's are required to wait in the Emergency Department) to increase overall community access. Fourth, Prime St. Clare's plans to implement a community outreach program to provide more accessible primary care to change the community culture of using the Emergency Department as a primary care provider thereby allowing the Emergency Department to function as intended for the delivery of emergency care.

PHSI is committed to maintaining all the existing charity care policies currently in place at St. Clare's Dover for the uninsured and underinsured patients. The applicant's projections for charity care do show a slight decline in volume, which is attributed to an increase in Medicaid volume based on the impact of the Affordable Care Act exchanges. Under the new ownership, Prime St. Clare's will ensure access and availability of health care services to the medically indigent, Medicare and Medicaid recipients and members of medically underserved groups in the hospital's existing service areas. PHSI hospitals during the past five years have provided more than \$650 million in charity care. The proposed transfer of ownership ensures a seamless transition of services for the uninsured and underinsured, avoiding service and delivery gaps and incongruous care.

PHSI is convinced that its years of health care experience and institutional knowledge as well as capital resources would greatly benefit the community. Its proven experience in rebuilding and recovery of hospitals in financial distress in other states would strengthen the overall operation of St. Clare's Dover so that it can attain its full potential as a premier health care provider. The applicant is confident that these efforts will reverse the historical outmigration trend and improve future patient volume. The applicant believes this transfer of ownership will be another successful endeavor producing a cost efficient and high quality care model hospital.

#### **Applicant's Statement of Compliance with Statutory & Regulatory Requirements:**

The applicant has stated the following to demonstrate its proposed compliance with the statutory criteria contained in the Health Care Facilities Planning Act, as amended, at N.J.S.A. 26:2H-1 et seq. and N.J.A.C. 8:33-1.1 et seq. as follows:

- 1. The availability of facilities or services which may serve as alternatives or substitutes:**

According to the Applicant:

The applicant acknowledges St. Clare's Hospital Denville as the only hospital within a ten-mile radius of St. Clare's Dover at 7.20 miles. There are five other hospitals within a 26 mile radius of St. Clare's Dover, which are listed in order of their proximity to St. Clare's Dover as follows: Morristown Memorial Hospital (12.45 miles), Hackettstown Regional Medical Center (16.50 miles), Overlook Hospital (19.46 miles), Newton Memorial Hospital (21.28 miles), and Chilton Hospital (25.69 miles). St. Clare's Dover is located in the Western area of Morris County, which has a population density of 1,069 residents per square mile.

PHSI is committed to maintaining the current level of care and services for the area. This would preserve the same alignment of service accessibility and availability for their patients. The continuation of these services at St. Clare's Dover is the least disruptive of all the plausible options for the community.

St. Clare's Dover has played and will continue under the new ownership to play a prominent role in providing health care to the uninsured and underinsured in the community. Prime St. Clare's will continue to function as a community leader in the delivery of care for these population segments.

Emergency Departments have become the first resort for medical care in cities across the State. According to the Health Care Financing Systems "Summary of Inpatient Utilization (B-2)" data, the number of patient ED visits at St. Clare's Dover in 2012 and 2013 was 27,896 and 25,194 respectively. The closure of the full scale emergency room at St. Clare's Dover would have a devastating effect on the surrounding hospitals. Redirecting patients to surrounding hospitals could possibly result in overcrowding of Emergency Departments compromising care for these patients.

**2. The need for special equipment and services in the area:**

According to the Applicant:

The applicant intends to continue to operate St. Clare's Dover as a general acute care hospital, providing a diversified set of comprehensive inpatient and outpatient services. There will be no downsizing or reducing of services at St. Clare's Dover. Prime St. Clare's would only make future adjustments in the provision of their general or specialized services based on health need assessments of the region which demonstrate identified gaps in service or the expansion of existing service gaps and to eliminate duplicated services.

**3. The adequacy of financial resources and sources of present and future revenues:**

According to the Applicant:

PHSI is financially sound with revenues of more than \$1.6 billion in 2012 and shareholders' equity of more than \$250 million. PHSI's hospitals generate positive income and it regularly has more than \$100 million cash reserves. PHSI has written confirmation of a \$225,000,000 revolving facility loan to be used for working capital and for general corporate purposes and a \$219,000,000 term loan facility (of which \$51,000,000 has been drawn as of June 19, 2014, with \$168,000,000 remaining) to be used for permitted acquisitions and related capital expenditures and permitted working capital expenditures subject to conditions and terms set forth in the loan agreement.

PHSI intends to purchase St. Clare's Dover with available funds. A real estate investment trust (REIT) will not be utilized in the purchase of the hospital and any financing entity utilized will have no ownership rights in the future in the operating rights, plant, property and equipment. However, PHSI may consider entering into a sale lease-back financing arrangement with a REIT.

**4. The availability of sufficient manpower in the several professional disciplines:**

According to the Applicant:

The current number of employees at St. Clare's Dover is approximately 320. Prime St. Clare's will retain substantially all of the 320 employees. PHSI does not anticipate any changes in the current contracts with professional staff subsequent to this transfer of ownership. Prime St. Clare's plans to implement a number of measures to enhance the hospital's ability to recruit and sustain the appropriate complement of physicians, clinical staff, and support personnel to ensure the long-term viability of St. Clare's Dover. This includes upgrading medical equipment and information technology, maintaining an open medical staff and honoring the medical staff privileges of all physicians on staff as of the closing, as well as incorporating medical staff members on the hospital's governing board.

**5. 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:**

According to the Applicant:

The applicant does not foresee any negative consequences resulting from this transfer of ownership since Prime St. Clare's is committed to providing the same inpatient and outpatient services currently offered at the existing St. Clare's Dover. The continuation of these same services would not have any effect on the delivery of health care services in the region or statewide. Prime St. Clare's would also continue to serve the same payer mix, thereby maintaining all of the established bridges to access and care. The applicant is convinced non-approval of the CN transfer of ownership would adversely affect the medically indigent and underinsured since the hospital is a major provider of emergent and urgent care health care services for these populations. The discontinuance of this role would force the remaining hospitals in the county to absorb an unfavorable payer mix and threaten their financial stability. In essence, it would place the residents of western Morris County in St. Clare's Dover primary service area, which includes Oak Ridge, Dover, Mine Hill, Flanders Hopatcong, Kenvil, Lake Hopatcong, Landing, Ledgewood, Mount Arlington, Netcong, Rockaway, Randolph, Stanhope, Succasunna and Wharton at greater risk when health care emergencies arise and immediate care is essential. Any unplanned reduction or closure of services would produce serious consequences in accessing healthcare services for community residents.

**Public Hearing:**

A public hearing was held on July 22, 2014, at the Hilton Garden Inn Rockaway, in Rockaway, New Jersey, from 6:00 pm until 8:30 pm. There were over 100 individuals in attendance and 52 of them spoke. A number of speakers described how the Board fulfilled its fiduciary responsibilities in approving the hospital's acquisition by PHSI. All but one of the speakers spoke in support of the application. That speaker did not oppose, but questioned whether Prime would be maintaining the BLS and ALS ambulance service that St. Clare's Dover currently provides in five communities. Among the speakers in support of the transfer were State Senator Tony Bucco, John Bonanni, Morris County Administrator, who spoke on behalf of the Freeholder Board, and Robert Rizzo, Mayor of Boonton. The 51 who spoke in support of the transaction all had some connection (employment, physician, board member, volunteer) to St. Clare's Dover or PHSI.

In response to Completeness Question #14, dated June 23, 2014, the applicant stated that it expects additional letters of support from elected as well as public officials and community leaders. The following letters of support were received in June 2014 from James P. Dodd, Mayor of the Town of Dover; Robert Rizzo, Mayor of the Town of Boonton; Thomas Andes, Mayor of the Town of Denville; Michael Dachisen, Mayor of the Town of Rockaway Township; John Bonanni, Administrator of the County of Morris;

Paul Boudreau, President of the Morris County Chamber of Commerce; Thomas Dean, Manager, Norman Dean Home for Services, Inc.; Xiomara Guevara, Executive Director, Morris County Organization for Hispanic Affairs; Sister Johnice Thone, St. Francis Residential Community; Susan Banks, Owner, Faith and Begorra; Eva Turbiner, President and CEO, Zufall Health Community Health Centers; and Dr. Murray Las, President Medical Staff of St. Clare's Health System. The applicant has provided each of them with information on this acquisition and updates, as well as the opportunity to ask questions or express concerns.

### **Track Record:**

The Department analyzed PHSI's track record in various states in accordance with factors set forth at N.J.A.C. 8:33-4.10. Hospital regulators in California, Nevada, Pennsylvania, Rhode Island and Texas provided track record information for each PHSI-owned hospital in these states. Department staff identified no track record violations sufficiently serious to warrant denial of the application.

### **Department Staff Analysis:**

Department staff has concluded that the applicant has adequately documented proposed compliance with the applicable CN rules (N.J.A.C. 8:33-1.1 et seq.) and general statutory standards at N.J.S.A. 26:2H-1 et seq. For the purposes of this review, this application is considered a transfer of ownership of a licensed facility currently offering healthcare services and not a reduction, elimination, or relocation of health care services.

As background, on February 1, 2000, Saint Clare's Health Services submitted a certificate of need application for the discontinuance of general hospital services at Saint Clare's Hospital, Dover (Dover) and realignment of health care services between Saint Clare's Hospital, Denville (Denville) campus and the Dover campus. The Department approved this certificate of need on December 29, 2000 allowing the hospital to discontinue the operation of its 271 medical/surgical beds and 20 ICU/CCU beds as well as its other service complements. Dover remained closed until June 6, 2004, when approval was given under Condition number nine of the 2000 Certificate of Need approval letter, permitting Saint Clare's Health Services to reactivate its general hospital beds and services at the Dover campus within two years of the cessation of the general hospital care services. At that time, Dover was approved for 50 Medical/Surgical beds, and 10 Adult ICU/CCU beds, which reflects its current operating bed capacity.

Staff has reviewed media reports of accusations, investigations and/or legal proceedings involving PHSI, its subsidiaries and its healthcare facilities in the state of

California and other states. There is an ongoing investigation by the U.S. Department of Justice of PHSI's Medicare billings. The Department is also aware of a settlement payment made by PHSI involving alleged violations of federal patient confidentiality laws. PHSI took corrective action to ensure patient protections going forward.

Several legal advocacy, government "watchdog" and organized labor organizations maintain that PHSI's record in California and other states is suspect in a number of areas and should be taken into consideration by the Department and the SHPB during its review. The Department acknowledges these concerns, which are addressed in some of the recommended conditions found later in this summary. The Department also consulted with the Office of the Attorney General as to its investigation of PHSI under the Community Health Care Assets Protection Act. The Department is unaware of any finding that a Prime entity or any of its principals are guilty of any criminal action related to the operation of hospitals in any state.<sup>1</sup>

Department staff reviewed the applicant's CN application and determined that the applicant's rationale to transfer the ownership of St. Clare's Dover is a realistic assessment of the St. Clare's Dover service area and the healthcare services environment for western Morris County. PHSI has committed to operating Prime St. Clare's Dover at the same licensed bed capacity and scope of services currently available at St. Clare's Dover for at least five years. The proposed transfer appears to be a feasible option for ensuring that Prime St. Clare's Dover continues to provide health care services to the community. Overall operating costs and reduced patient volume at St. Clare's Dover account for their decision to transfer ownership to PHSI. For St. Clare's Dover to continue to function as a small scale community hospital of the St. Clare's Health System without the implementation of long range strategies to boost medical and economic outcomes for the hospital, it is inevitable that significant financial

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<sup>1</sup> Allegations of wrongdoing by PHSI gave rise to requests for appointment of a monitor. Staff supports requiring facilities to use consultants for particular purposes but the use of a general monitor is not recommended. In past instances where the Department has appointed an independent health care monitor, the cost of the monitor substantially outweighed the benefits derived from the monitor. A general monitor is typically not as effective as state oversight. The Department is able to oversee compliance and monitor care through the following mechanisms: ongoing evaluation of compliance with Certificate of Need (CN) Conditions; regulatory enforcement such as plans of correction, on-site revisits and civil monetary penalties, as necessary; on-site monitoring visits, which are unannounced; review of facility reporting, including financial performance; complaint investigations; and consultation with Centers for Medicare and Medicaid Services, as necessary. In addition, the Department has authority to place an appointee on the board of a financially stressed hospital to have direct input into fiscal and management decisions. The Department also may place conditions on CNs that are tailored to for-profit purchases.

pressure would be exerted on the limited resources of the entire hospital system increasing its operating losses, possibly leading to either a significant unplanned reduction of community health services or hospital closure. The objective of this transfer of ownership is to reshape the healthcare delivery system at the existing St. Clare's Dover, and provide more efficient and effective services, without causing any disruption in the continuity of care for its patients.

In reviewing the availability of facilities or services which may serve as alternatives or substitutes, Department staff notes that St. Clare's Denville is the only hospital within a ten-mile radius of St. Clare's Dover. The other five general hospitals are within a 26 mile radius of St. Clare's Dover, which are listed in order of their proximity to St. Clare's Dover as follows: Morristown Memorial Hospital, Hackettstown Regional Medical Center, Overlook Hospital, Newton Memorial Hospital and Chilton Hospital. Please refer to Table 1.

**Table 1**  
**Distance from SAINT CLARE'S HOSPITAL - DOVER - 11402**  
**400 WEST BLACKWELL STREET**  
**DOVER, NJ 07801 to Area Hospitals**

<b>Provider/Location</b>	<b>Distance from St. Clare's Dover (miles)</b>	<b>Travel times from St. Clare's Dover</b>
Saint Clare's Hospital 11406 25 Pocono Road Denville, NJ 07834	7.20 mi	15 min
Morristown Memorial Hospital - 11403 100 Madison Ave Morristown, NJ 07962	12.45 mi	21 min
Hackettstown Regional Medical Center - 12101 651 Willow Grove St Hackettstown, NJ 07840	16.50 mi	26 min
Overlook Hospital - 12005 99 Beauvoir Ave Summit, NJ 07902	19.46 mi	31 min
Newton Memorial Hospital -11902 175 High St Newton, NJ 07860	21.28 mi	33 min
Chilton Hospital - 11401 97 West Parkway Pompton Plains, NJ 07444	25.69 mi	33 min

Source: Map Quest

After reviewing the data pertaining to licensed and maintained beds (see appendices), Department Staff believes that the decision to transfer the ownership of St. Clare's Dover is in the best interest of the hospital's patient base. This transfer, the only option

presented to the Department, would be the least disruptive to the area's health care delivery system of all the possible options, at this time. Staff does not believe this transfer would significantly affect any of the existing providers or create access problems, since the new ownership is committed to serving the same population as its predecessor and working towards increasing the utilization of existing resources. On balance, the stability to the community by this provider outweighs the alternative of an unplanned reduction of services or significant disruption resulting from closure. Department staff is satisfied that the health status of the patients in Morris County would not be compromised based on the completion of this transfer with CN conditions.

The need for special equipment and services in the area will not be impacted as the applicant is to maintain the facility as an acute care general hospital at the same licensed bed complement and service levels. Department staff accepts the applicant's statement to maintain inpatient and outpatient services and acknowledgement that the applicant's business plan does not establish any new inpatient services, although low utilization in terms of maintained bed occupancy is noted.

#### **Adequacy of financial resources and sources of present and future revenues**

According to unaudited financial statements for the period ending 3/31/14 provided by the applicant, PHSI reported an excess of revenues over expenses of \$59,057,491, which translates to a profit margin of 11.1%. Unrestricted cash as of 3/31/14 was \$246,675,111, which translates to about 47 days cash on hand. In addition to cash on hand, PHSI has access to a \$225 million revolving line of credit for working capital purposes and approximately \$168 million remaining from a long-term loan for acquisitions and capital expenditures. For the same period, St. Clare's reported a profit margin of negative 11.5% and days cash on hand of 2 days.

At the present time, Prime St. Clare's has no ownership rights to negotiate, extend or terminate any insurance contracts between St. Clare's Hospital Dover and insurance companies. The Department notes that in response to Completeness Question 6 (June 23, 2014) the applicant will assume all active insurance contracts at the time the transfer of ownership is completed. However, Prime St. Clare's reserves the right to evaluate the contracts and send its notices to renegotiate as necessary. The applicant has expressed its commitment to negotiate in good faith to obtain reasonable terms and rates.

The applicant believes that cost savings would be achieved for this hospital with the implementation of their business model via the application of a higher level of coordinated care and technology including upgrading outdated equipment in order to more effectively manage the delivery and quality of their health care services.

### **Staff Recommendations:**

Based on this documentation of proposed compliance with regulatory and statutory criteria, Department staff recommends approving the transfer of ownership of St. Clare's Dover to Prime St. Clare's for the following reasons and with the conditions noted below.

#### **Reasons:**

1. The Board of Trustees at St. Clare's Dover exercised its fiduciary duty in researching, reviewing and discussing applications to transfer ownership of St. Clare's Dover. Department Staff note the recommendation of the Board is that the proposed transaction best meets the needs of the community.
2. Financial conditions at St. Clare's Dover under the present ownership would place the continued operation of St. Clare's Dover at risk and could eventually lead to unplanned closure, significant reduction of services or bankruptcy. The applicant is focusing its efforts on rebuilding the healthcare delivery system at St. Clare's Dover by enhancing their medical and non-medical supportive technology, as well as creating a more structured physician and patient environment for better care. This transfer has the potential of promoting the sharing of services and administrative efficiencies in the near future as the Commissioner of Health approved the certificate of need application for the transfer of ownership for Saint Mary's Hospital, which was unanimously recommended to the Commissioner for approval by the State Health Planning Board with conditions at its February 21, 2014 meeting. Prime also has filed a CN application proposing the acquisition of St. Michael's Medical Center in Essex County, which is under review. The applicant is aware and accepts that there may be risks associated with the potential acquisition of multiple hospitals by the Prime system in the event the pending criminal investigation were to result in criminal indictments against one or more of Prime's principals.
3. Since 2008, the overall annual occupancy rate and Average Daily Census (ADC) for the maintained medical/surgical, and ICU/CCU beds at St. Clare's Dover have been gradually declining. Without additional funding to strengthen their delivery system, it is doubtful that the present ownership would be able to continue providing services at their present levels. The applicant's business model and marketing strategies for St. Clare's Dover could either stabilize or stimulate an increase in patient volume. The applicant plans to implement the same principles used successfully at its other acquired hospitals to return St. Clare's Dover to financial stability, such as effective medical management, application of operational efficiencies and prudent capital investments.
4. St. Clare's Dover has operated in the region traditionally serving the same primary and secondary service areas and no data exists to suggest that this

transfer of ownership would change St. Clare's Dover's relationship with the other Morris County/regional hospitals or adversely impact the healthcare status of the community.

5. The applicant has complied with the Department's general transfer of ownership criteria: there is a willing buyer and seller; the buyer has presented a financially feasible project; and the buyer does not have any identifiable track record violations sufficiently serious to warrant denial of the application.
6. The application and its attachments shall be incorporated and accepted as commitments and conditions of licensure by PHSI, PHHI, PHMI and Prime St. Clare's.
7. The applicant agrees to provide the same historic levels of care that St. Clare's Dover has provided in the past to uninsured and underinsured patients.

**Conditions:**

Based on this documentation of proposed compliance with regulatory and statutory criteria, Department staff recommends approving this transfer of ownership, with the following conditions:

1. The applicant shall file a licensing application with the Department's Division of Certificate of Need and Licensing (the Division) to execute the transfer of the ownership of St. Clare's Dover to Prime St. Clare's, as well as all other licensed health care facilities described in the application and described as included in the entire transaction between the applicant and Saint Clare's Health Care System.
2. The applicant shall notify the Division, in writing, of specifically who is responsible for the safekeeping and accessibility of all St. Clare's Dover's patients' medical records (both active and stored) in accordance with N.J.S.A. 8:26-8.5 et seq. and N.J.A.C. 8:43G-15.2.
3. The applicant, Prime St. Clare's, agrees to retain substantially all of the current 320 employees at St. Clare's Dover. Prime St. Clare's shall document to the Division six months after licensure the number of these employees retained and provide the rationale for any workforce reductions.
4. For at least five years, Prime St. Clare's shall operate St. Clare's Dover as a general hospital, in compliance with all regulatory requirements. This condition shall be imposed as a contractual condition of any subsequent sale or transfer, subject to appropriate regulatory or legal review, by Prime St. Clare's within the five-year period.

5. For at least five years, Prime St. Clare's shall continue all clinical services and community health programs currently offered at St. Clare's Dover. Any changes in this commitment involving either a reduction, relocation out of St. Clare's Dover current service area, or elimination of clinical services or community health programs offered by St. Clare's Dover's former ownership shall require prior written approval from the Department and shall be subject to all applicable statutory and regulatory requirements.
6. Prime St. Clare's shall continue to operate its licensed ambulance services, including Basic Life Support/Mobility Assistance Vehicles (BLS/MAV), Mobile Intensive Care Unit (MICU) and Specialty Care Transportation Unit (SCTU), for at least five years from the date of licensure.
7. Prime St. Clare's shall continue compliance with N.J.A.C. 8:43G-5.21(a), which requires that "[a]ll hospitals . . . provide on a regular and continuing basis, out-patient and preventive services, including clinical services for medically indigent patients, for those services provided on an in-patient basis." Within 30 days of the issuance of the license and every six months thereafter for a period of five years, documentation of compliance with this condition shall be submitted to the Division. Such documentation of clinical services shall include but not be limited to a list of all physician specialties, the number of physicians within each specialty and the number of those physicians within each specialty that accept Medicaid reimbursement.
8. Prime St. Clare's shall comply with federal EMTALA requirements, and provide care for all patients who present themselves at St. Clare's Dover without regard to their ability to pay or payment source in accordance with N.J.S.A. 26:2H-18.64 and N.J.A.C. 8:43G-5.2(c).
9. Prime St. Clare's shall provide care in accordance with N.J.S.A. 26:2H-18.64 and N.J.A.C. 8:43G-5.2(c), which shall not be limited to, nor substantially less than, the amount of charity care provided historically by St. Clare's Dover.
10. Within 60 days of licensing, Prime St. Clare's shall establish an effective Local Governing Board for the hospital responsible for (a) representing the acute care hospital in the community and taking into account the views of the community in its deliberations; (b) participating in Prime St. Clare's community outreach programs; (c) supervising the Hospital's charity care policies and practices; (d) monitoring financial indicators and benchmarks; (e) monitoring quality of care indicators and benchmarks; and (f) developing a Community Health Needs Assessment and approving its implementation, as discussed in Condition 13. The Local Governing Board shall adopt bylaws and maintain minutes of monthly meetings. Within six months of licensing, Prime St. Clare's shall submit to the

Department a current working description of the Local Governing Board's authorities, policies governing Board composition, roles and responsibilities, governance authority, and shall clearly define those in comparison to its working relationship with the national PHSI Board. On an annual basis, Prime St. Clare's shall provide the Department with the Board's roster as well as advise the Department of any significant changes to these working relationships made during each year that the hospital is in operation. The Local Governing Board shall maintain suitable representation of the residing population of Prime St. Clare's service area who are neither themselves employees of, nor related to employees or owners of, any parent, subsidiary corporation or corporate affiliate. A member of the Advisory Board established pursuant to Condition 28 shall be an ex-officio member of the Local Governing Board.

11. Within 30 days of licensing, PHSI shall provide the Department with an organizational chart of the hospital and each service that shows lines of authority, responsibility, and communication between PHSI and hospital management and the Local Governing Board. PHSI, as licensee operating Prime St. Clare's, shall be responsible for compliance.
12. Every six months for the next five years, starting on the date a license is issued to Prime St. Clare's, Prime St. Clare's shall report the progress on the implementation and measured outcomes of the following initiatives noted in the application to improve the operational efficiency and quality of care at Prime St. Clare's:
  - a. Institute a physician recruitment effort, primary care and specialty, to support Prime St. Clare's;
  - b. Institute a measure to decrease "wall time" (time paramedics and EMT's are required to wait in the Emergency Department);
  - c. Institute a community outreach program to meet the primary care needs of the community reducing unnecessary Emergency Department visits; and
  - d. Institute a Clinical Systems Improvement initiative capable of improving health outcomes and increasing productivity.
13. Within three months of licensure approval, Prime St. Clare's shall develop and participate in a Community Advisory Group (CAG) to provide ongoing community input to the hospital's CEO and the hospital's Board on ways that Prime St. Clare's can meet the needs of the residents in its service area. This would include participating in the development and updating of the Community Health Needs Assessment (CHNA).

- a. Subject to the provisions below, Prime St. Clare's shall determine the membership, structure, governance, rules, goals, timeframes, and the role of the CAG in accordance with the primary objectives set forth above, and shall provide a written report setting forth same to the hospital's Local Governing Board, with a copy to the Department and subject to the Department's approval, within 60 days from the date of formation of the CAG.
  - b. Prime St. Clare's shall minimally seek participation from each town in its service area by offering a seat on the CAG to each town's mayor or his/her designee. Membership on the CAG shall include patient advocates, local public health officials, clinical practitioners whose mission is to ensure that New Jersey residents are provided fully-integrated and comprehensive health services, labor union officials and community advocates. Prime St. Clare's shall designate co-chairs of the CAG, one of whom shall be a member of the hospital's Local Governing Board and one of whom shall be a community member who is neither an employee of, nor related to employees or owners of, any parent, subsidiary corporation or corporate affiliate.
  - c. A CAG representative shall be given a seat, ex-officio with voting privileges, on the hospital's Local Governing Board.
  - d. The co-chairs of the CAG shall jointly submit to the hospital's Local Governing Board, with a copy to the Department, a semi-annual report of the progress toward the goals of the CAG.
  - e. The co-chairs of the CAG shall jointly transmit to the hospital's Local Governing Board, with a copy to the Department, quarterly and any special reports relative to the implementation of these conditions.
  - f. Each member of the CAG shall be required to publicly disclose any and all conflicts of interest to the CAG members and the hospital's Local Governing Board.
  - g. Prime St. Clare's may petition the Department to disband the CAG not earlier than three years from the date of licensure and on a showing that all of the above conditions have been satisfied for at least one year.
14. Prime St. Clare's shall submit annual reports to the Department for the initial five years following the transfer of ownership, or upon request, detailing:
- a. The investments it has made during the previous year at the hospital. Such reports shall also include a detailed annual accounting of any long-

or short-term debt or other liabilities incurred on the hospital's behalf and reflected on the Prime St. Clare's balance sheet;

- b. The transfer of funds from the hospital to any parent, subsidiary corporation, or corporate affiliate and indicating the amount of funds transferred to document that assets and profits reasonably necessary to accomplish the healthcare purposes remain with the hospital. Transfer of funds shall include, but not be limited to, assessments for corporate services, transfers of cash and investment balances to centrally controlled accounts, management fees, capital assessments, and/or special one-time assessments for any purpose;
  - c. All financial data and measures required pursuant to N.J.A.C. 8:31B and from the financial indicators monthly reporting; and,
  - d. A list of completed capital projects itemized to reflect both the project and its expenditure.
15. Within 15 business days of approval of this application, Prime St. Clare's shall provide a report to the Division detailing the communication plan to St. Clare's Dover staff, the community, including but not limited to elected officials, clinical practitioners, and EMS providers, concerning the approval of the transfer of the license and the availability of fully-integrated and comprehensive health services. This shall include reference to the outreach plan referenced in Condition 17 below.
16. Prime St. Clare's shall hold an annual public meeting in New Jersey pursuant to N.J.S.A. 26:2H-12.50 and develop mechanisms for the meeting that address the following:
- a. An opportunity for members of the local community to present their concerns to Prime St. Clare's regarding local health care needs and hospital operations, and a procedure on how those concerns will be addressed by the hospital; and
  - b. A method for Prime St. Clare's to publicly respond to the concerns expressed by community members at the annual public meeting. Prime St. Clare's shall develop these methods within 90 days of approval of this application and share them with the Division.
17. An outreach plan shall be established to ensure that all residents of the hospital service area, especially the medically indigent, have access to the available services at the location. A self-evaluation of this effort shall be conducted on an annual basis for five years after licensure to measure its effectiveness. The

evaluation shall be submitted to the Department within 20 business days after each year of licensure concludes and presented to the public at the hospital's annual public meeting.

18. After the transfer is implemented:

- a. Prime St. Clare's shall use its commercially reasonable best efforts to negotiate in good faith for in-network HMO and commercial insurance contracts, with commercially reasonable rates based on the rates that HMOs and commercial insurance companies pay to similarly situated in-network hospitals in the northern New Jersey region.
- b. Prime St. Clare's shall convene periodic meetings with the Department and the Department of Banking and Insurance (DOBI) to review and evaluate all issues arising in contract negotiations within the first year of licensure and provide written documentation to the Department on a monthly basis during that first year which shall include, but not be limited to, a description of the number and subject of telephone calls, correspondence and meetings with existing HMO and commercial insurance carriers, as well as follow-up telephone calls, correspondence and meetings. At a minimum, Prime St. Clare's shall have monthly contact with the existing HMO and commercial insurers. If the existing HMO and commercial insurers fail to respond to requests for negotiations, then Prime St. Clare's shall notify the Department and DOBI to request assistance.
- c. Within 10 days of licensure, Prime St. Clare's shall post on the hospital's website the status of all insurance contracts related to patient care between the hospital and insurance plans, including all insurance plans with which St. Clare's Dover contracted at the time of submission of this CN application, July 2013. Prime St. Clare's shall also provide notices to patients concerning pricing and charges related to coverage during termination of plans.
- d. Within the first year of licensure, Prime St. Clare's shall notify the Department of the status of notices to terminate any HMO or commercial insurance contract that will expand out-of-network service coverage. Prime St. Clare's shall meet with representatives from the Department and DOBI to discuss the intent to terminate such contract, willingness to enter into mediation, and shall document how it will provide notice to patients and providers, as well as the impact such action is reasonably expected to have on access to health care.

- e. For at least five years after licensure, Prime St. Clare's shall report annually to the Department on the hospital's payer mix and the number and percent of total hospital admissions that came through the emergency department.
19. In accordance with the provisions of N.J.S.A. 26:2H-18.59h, Prime St. Clare's shall "offer to its employees who were affected by the transfer, health insurance coverage at substantially equivalent levels, terms and conditions to those that were offered to the employees prior to the transfer." This condition does not prohibit good faith contract negotiations in the future.
20. Prime St. Clare's shall adopt a transitions-of-care program to prevent unnecessary hospital admissions and re-admissions. A yearly self-evaluation to measure the effectiveness of the program shall be completed by the applicant and filed with the Division for the first five years after licensure.
21. Prime St. Clare's shall maintain compliance with the United States Department of Health and Human Services Standards for Culturally and Linguistically Appropriate Services in Health and Healthcare. Compliance shall be documented and filed with the Division with annual licensing renewal.
22. For at least five years, Prime St. Clare's shall not enter into any contract or other service or purchasing arrangements, or provide any corporate allocation, or equivalent charge to affiliated organizations within PHSI, PHHI and PHMI except for contracts or arrangements or allocation to provide services or products that are reasonably necessary to accomplish the healthcare purposes of the hospital and for compensation that is consistent with fair market value for the services actually rendered, or the products actually provided.
23. Prime St. Clare's shall institute or preserve the hospital's "hard-stop" initiative for the use of elective Caesarian Sections before 39 weeks and all elective deliveries under 39 weeks. "Hard stop" as defined by the March of Dimes means that a Labor and Delivery Unit that receives a request to schedule or admit a patient for delivery by either labor induction or C-section before 39 weeks without documented medical necessity would be denied based on the medical risks associated with such early deliveries.
24. If at any time in the future, Prime St. Clare's offers inpatient obstetric and pediatric beds/services, it shall participate as a member in good standing in the regional Maternal and Child Health Consortium that serves the hospital's primary service area.
25. Prime St. Clare's shall submit any proposed plan including documented compliance with law and regulations as it relates to out-of-network cost sharing

with patients to DOBI prior to implementation. Prime St. Clare's shall not implement any out-of-network cost sharing plans if DOBI objects thereto.

26. Prime St. Clare's shall annually document to the Division its work with the Federally Qualified Health Centers (FQHCs) within its service area to strengthen the primary care network by directing and encouraging patients seen in all of its ambulatory clinics, physician-owned practices, the emergency department and upon admission or discharge, to utilize the primary care services provided at the FQHCs for initial and follow-up care as appropriate.
27. Prime St. Clare's shall comply with requirements of the New Jersey Department of Labor and Workforce Development's (DOLWD) Division of Wage and Hour Compliance that address conditions of employment and the method and manner of payment of wages.
28. Prime St. Clare's shall agree to take steps to ensure transparency, provide quality care to patients, and provide assurances to the Department of its continued financial viability. St. Clare's Dover shall designate an Advisory Board, which shall be comprised of at least three individuals but no more than five. Three individuals shall be selected by St. Clare's Dover and two individuals may be selected by the Commissioner of Health. The Advisory Board shall (a) review and supervise Prime St. Clare's compliance with the Capital Commitments, (b) review and supervise Prime St. Clare's compliance with the charity care policies, (c) supervise the Prime St. Clare's compliance with the ethical and religious directives, (d) supervise Prime St. Clare's compliance with maintenance of all pastoral services, and (e) Prime St. Clare's compliance with State and Federal laws, statutes, regulations, administrative rules, and directives and the impact on community health care access and quality, and all conditions in any approval letter, and report such findings to the Department.

The Advisory Board shall: (i) be independent of any Prime entity, having no current or previous familial or personal relationship to any Prime entity, its principals, board members and/or managers, or be owned by any Prime entity in whole or in part and (ii) shall be acceptable to the Department. A member of the Advisory Board shall serve as an ex-officio, non-voting member of the Local Governing Board referenced above in Condition 10.

The Advisory Board shall also monitor the following, and these findings shall be reported semi-annually, in writing, to both the hospital and the Department:

- Levels of uncompensated care for the medically indigent;
- Emergency department admissions;
- Provision of clinic services;
- Compliance with standard practices related to coding of diagnoses;

- Rationale for termination of insurance contracts;
- Insurance participation and policies related to out-of-network;
- Compliance with Department licensing requirements related to staffing ratios and overtime, and DOLWD Wage and Hour requirements;
- Compliance with all other CN conditions within the required timeframes required by each condition.

The Advisory Board shall be active for a minimum period of at least two years and shall provide all reports, findings, projections, and operational or strategic plans to the Department and Prime St. Clare's Board for assessment. In the event Prime St. Clare's does not fulfill the commitments set forth in this approval, the failure may be considered a licensing violation subject to maximum penalty and/or license revocation.

29. Prime St. Clare's shall identify a single point of contact to report to the Division concerning the status of all of the conditions referenced within the timeframes noted in the conditions.
30. All the above conditions shall also apply to any successor organization to Prime St. Clare's who acquires St. Clare's Dover within five years from the date of CN approval.

### Appendix A - Licensed Beds

2008						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	50	0	0	10	60
	OccRt	82.83%	0%	0%	44.78%	76.48%
	ADC	41.41	0	0	4.48	45.89
St Clare's - Denville 11406	Beds	202	23	20	19	264
	OccRt	58.94%	60.91%	20.52%	36.93%	54.61%
	ADC	119.05	14.01	4.10	7.01	144.18
Morristown Memorial Hospital - 11403	Beds	385	53	33	38	509
	OccRt	81.59%	69.37%	70.92%	64.93%	78.38%
	ADC	314.11	36.77	23.40	24.68	398.95
Hackettstown Regional Medical Center - 12101	Beds	93	10	0	8	111
	OccRt	49.40%	63.77%	0%	60.18%	51.47%
	ADC	45.94	6.38	0	4.81	57.13
Overlook Hospital - 12005	Beds	362	41	22	40	465
	OccRt	58.53%	53.99%	29.04%	77.55%	58.37%
	ADC	211.88	22.13	6.39	31.02	271.42
Newton Memorial Hospital -11902	Beds	90	17	13	10	130
	OccRt	76.20%	30.15%	21.25%	69.97%	64.20%
	ADC	68.58	5.13	2.76	7.00	83.46
Chilton Hospital - 11401	Beds	184	24	16	12	236
	OccRt	63.29%	32.37%	20.70%	85.91%	58.41%
	ADC	116.46	7.77	3.31	10.31	137.85

### Appendix A - Licensed Beds - continued

2009						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	50	0	0	10	60
	OccRt	80.23%	0%	0%	36.68%	72.97%
	ADC	40.12	0	0	3.67	43.78
St Clare's - Denville 11406	Beds	202	23	20	19	264
	OccRt	54.54%	58.59%	19.52%	37.66%	51.02%
	ADC	110.16	13.48	3.90	7.16	134.70
Morristown Memorial Hospital - 11403	Beds	385	53	33	44	515
	OccRt	82.27%	66.73	71.50%	66.13%	78.60%
	ADC	316.73	35.36	23.60	29.10	404.79
Hackettstown Regional Medical Center - 12101	Beds	93	10	0	8	111
	OccRt	48.34%	55.92%	0%	65.86%	50.29%
	ADC	44.96	5.59	0	5.27	55.82
Overlook Hospital - 12005	Beds	362	41	22	40	465
	OccRt	58.59%	54.54%	31.93%	79.01%	58.73%
	ADC	212.11	22.36	7.02	31.61	273.10
Newton Memorial Hospital -11902	Beds	90	17	13	10	130
	OccRt	79.74%	24.83%	13.91%	76.68%	65.74%
	ADC	71.76	4.22	1.81	7.67	85.46
Chilton Hospital - 11401	Beds	184	24	16	12	236
	OccRt	61.70%	31.10%	17.33%	81.37%	56.58%
	ADC	113.53	7.46	2.77	9.76	133.53

### Appendix A - Licensed Beds – continued

2010						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	50	0	0	10	60
	OccRt	76.88%	0%	0%	36.14%	70.09%
	ADC	38.44	0	0	3.61	42.05
St Clare's - Denville 11406	Beds	202	23	20	19	264
	OccRt	48.04%	55.00%	14.86%	33.15%	45.06%
	ADC	97.05	12.65	2.97	6.30	118.97
Morristown Memorial Hospital - 11403	Beds	385	53	33	59	530
	OccRt	81.51%	66.12%	65.30%	53.10%	75.80%
	ADC	313.82	35.04	21.55	31.33	401.74
Hackettstown Regional Medical Center - 12101	Beds	93	10	0	8	111
	OccRt	48.57%	51.12%	0%	61.23%	49.71%
	ADC	45.17	5.11	0	4.90	55.18
Overlook Hospital - 12005	Beds	362	41	22	40	465
	OccRt	57.46%	51.67%	34.38%	72.51%	56.68%
	ADC	208.00	21.18	5.36	29.00	263.55
Newton Memorial Hospital -11902	Beds	90	17	13	10	130
	OccRt	78.46%	19.76%	13.05%	67.70%	63.42%
	ADC	70.62	3.36	1.70	6.77	82.44
Chilton Hospital - 11401	Beds	184	24	16	12	236
	OccRt	59.78%	31.39%	9.93%	85.98%	54.84%
	ADC	109.99	7.53	1.59	10.32	129.43

### Appendix A - Licensed Beds – continued

2011						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	50	0	0	10	60
	OccRt	82.22%	0%	0%	36.85%	74.66%
	ADC	41.11	0	0	3.68	44.79
St Clare's - Denville 11406	Beds	202	23	20	19	264
	OccRt	43.82%	47.37%	14.48%	34.23%	41.22%
	ADC	88.52	10.90	2.90	6.50	108.81
Morristown Memorial Hospital - 11403	Beds	385	53	33	59	530
	OccRt	82.88%	65.63%	68.48%	63.39%	78.09%
	ADC	319.10	34.79	22.60	37.40	413.89
Hackettstown Regional Medical Center - 12101	Beds	93	10	0	8	111
	OccRt	48.94%	35.92%	0%	63.66%	48.83%
	ADC	45.52	3.59	0	5.09	54.20
Overlook Hospital - 12005	Beds	392	41	22	40	465
	OccRt	60.58%	47.94%	29.50%	76.46%	59.36%
	ADC	219.29	19.66	6.49	30.58	276.02
Newton Memorial Hospital -11902	Beds	90	17	13	10	130
	OccRt	84.51%	25.46%	17.11%	69.04%	68.86%
	ADC	76.06	4.33	2.22	6.90	89.52
Chilton Hospital - 11401	Beds	199	24	16	12	251
	OccRt	55.66%	30.94%	15.62%	90.23%	52.40%
	ADC	110.77	7.42	2.50	10.83	131.52

### Appendix A - Licensed Beds – continued

2012						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	50	0	0	10	60
	OccRt	68.00%	0%	0%	41.64%	63.61%
	ADC	34.00	0	0	4.16	38.16
St Clare's - Denville 11406	Beds	202	23	20	19	264
	OccRt	39.15%	43.74%	13.20%	34.18%	37.22%
	ADC	79.07	10.06	2.64	6.49	98.27
Morristown Memorial Hospital - 11403	Beds	390	53	33	59	535
	OccRt	80.40%	65.82%	66.00%	61.28%	75.96%
	ADC	313.56	34.88	21.78	36.15	406.38
Hackettstown Regional Medical Center - 12101	Beds	93	10	0	8	111
	OccRt	44.55%	34.15%	0%	62.98%	44.94%
	ADC	41.43	3.42	0	5.04	49.89
Overlook Hospital - 12005	Beds	362	41	22	40	465
	OccRt	56.83%	47.25%	24.42%	73.42%	55.88%
	ADC	205.74	19.37	5.37	29.37	259.85
Newton Memorial Hospital -11902	Beds	97	17	6	10	130
	OccRt	70.30%	23.95%	34.11%	71.67%	62.68%
	ADC	68.19	4.07	2.05	7.17	81.48
Chilton Hospital - 11401	Beds	204	24	16	12	256
	OccRt	53.03%	29.25%	12.76%	89.57%	50.00%
	ADC	108.19	7.02	2.04	10.75	128.00

### Appendix A - Licensed Beds – continued

2013						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	50	0	0	10	60
	OccRt	60.27%	0%	0%	36.49%	56.31%
	ADC	30.13	0	0	3.65	33.78
St Clare's - Denville 11406	Beds	202	23	20	19	264
	OccRt	38.00%	39.66%	4.53%	36.25%	35.51%
	ADC	76.77	9.19	0.91	6.89	93.76
Morristown Memorial Hospital - 11403	Beds	402	53	33	59	547
	OccRt	80.35%	68.17%	64.25%	67.98%	76.86%
	ADC	323.00	36.13	21.20	40.11	420.44
Hackettstown Regional Medical Center - 12101	Beds	93	10	0	8	111
	OccRt	40.90%	34.36%	0%	55.24%	41.34%
	ADC	38.04	3.44	0	4.42	45.89
Overlook Hospital - 12005	Beds	362	41	22	40	465
	OccRt	58.29%	47.00%	24.01%	74.64%	57.08%
	ADC	211.00	19.27	5.28	29.85	265.41
Newton Memorial Hospital -11902	Beds	97	17	6	10	130
	OccRt	79.64%	20.50%	9.68%	72.30%	68.12%
	ADC	77.25	3.48	0.58	7.23	88.55
Chilton Hospital - 11401	Beds	204	24	16	12	256
	OccRt	54.80%	27.67%	12.69%	89.98%	51.27%
	ADC	111.79	6.64	2.03	10.80	131.25

Source:

Department's Health Care Financing Systems Summary of Inpatient Utilization (B-2)

## Appendix B – Maintained Beds

2008						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	49	0	0	5	54
	OccRt	84.52%	0%	0%	89.56%	84.98%
	ADC	41.41	0	0	4.48	45.89
St Clare's - Denville 11406	Beds	156	33	18	15	222
	OccRt	76.32%	42.45%	22.80%	46.78%	64.95%
	ADC	119.05	14.01	4.10	7.01	144.18
Morristown Memorial Hospital - 11403	Beds	390	44	34	30	498
	OccRt	80.54%	83.56%	68.84%	82.25%	80.11%
	ADC	314.11	36.77	23.40	24.68	398.95
Hackettstown Regional Medical Center - 12101	Beds	70	23	0	8	101
	OccRt	65.63%	27.73%	0%	60.18%	56.57%
	ADC	45.94	6.38	0	4.81	57.13
Overlook Hospital - 12005	Beds	273	34	22	39	368
	OccRt	77.61%	65.10%	29.04%	79.54%	73.76%
	ADC	211.88	22.13	6.39	31.02	271.42
Newton Memorial Hospital -11902	Beds	90	17	13	10	130
	OccRt	76.20%	30.15%	21.25%	69.97%	64.20%
	ADC	68.58	5.13	2.76	7.00	83.46
Chilton Hospital - 11401	Beds	184	24	16	12	236
	OccRt	63.29%	32.37%	20.70%	85.91%	58.41%
	ADC	116.46	7.77	3.31	10.31	137.85

### Appendix B – Maintained Beds - continued

2009						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	49	0	0	5	54
	OccRt	81.87%	0%	0%	73.37%	81.08%
	ADC	40.12	0	0	3.67	43.78
St Clare's - Denville 11406	Beds	156	33	20	12	221
	OccRt	70.62%	40.84%	19.52%	59.63%	60.95%
	ADC	110.16	13.48	3.90	7.16	134.70
Morristown Memorial Hospital - 11403	Beds	387	46	35	40	508
	OccRt	81.84%	76.88	67.41%	72.74%	79.68%
	ADC	316.73	35.36	23.60	29.10	404.79
Hackettstown Regional Medical Center - 12101	Beds	70	23	0	8	101
	OccRt	64.22%	24.31%	0%	65.86%	55.26%
	ADC	44.96	5.59	0	5.27	55.82
Overlook Hospital - 12005	Beds	291	34	22	39	386
	OccRt	72.89%	65.77%	31.93%	81.04%	70.75%
	ADC	212.11	22.36	7.02	31.61	273.10
Newton Memorial Hospital -11902	Beds	90	17	13	10	130
	OccRt	79.74%	24.83%	13.91%	76.68%	65.74%
	ADC	71.76	4.22	1.81	7.67	85.46
Chilton Hospital - 11401	Beds	189	24	16	12	241
	OccRt	60.07%	31.10%	17.33%	81.37%	55.41%
	ADC	113.53	7.46	2.77	9.76	133.53

### Appendix B – Maintained Beds - continued

2010						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	52	0	0	5	57
	OccRt	73.93%	0%	0%	72.27%	73.78%
	ADC	38.44	0	0	3.61	42.05
St Clare's - Denville 11406	Beds	156	33	20	12	221
	OccRt	32.21%	38.33%	14.86%	52.49%	53.83%
	ADC	97.05	12.65	2.97	6.30	118.97
Morristown Memorial Hospital - 11403	Beds	373	46	35	44	498
	OccRt	84.13%	76.18%	61.57%	71.21%	80.67%
	ADC	313.82	35.04	21.55	31.33	401.74
Hackettstown Regional Medical Center - 12101	Beds	70	23	0	8	101
	OccRt	64.53%	22.23%	0%	61.23%	54.63%
	ADC	45.17	5.11	0	4.90	55.18
Overlook Hospital - 12005	Beds	296	34	22	39	391
	OccRt	70.27%	62.30%	34.38%	74.37%	67.40%
	ADC	208.00	21.18	5.36	29.00	263.55
Newton Memorial Hospital -11902	Beds	90	17	13	10	130
	OccRt	78.46%	19.76%	13.05%	67.70%	63.42%
	ADC	70.62	3.36	1.70	6.77	82.44
Chilton Hospital - 11401	Beds	204	24	16	12	256
	OccRt	53.92%	31.39%	9.93%	85.98%	50.56%
	ADC	109.99	7.53	1.59	10.32	129.43

### Appendix B – Maintained Beds - continued

2011						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	54	0	0	5	59
	OccRt	76.13%	0%	0%	73.70%	75.92%
	ADC	41.11	0	0	3.68	44.79
St Clare's - Denville 11406	Beds	156	33	20	12	221
	OccRt	56.74%	33.02%	14.48%	54.20%	49.24%
	ADC	88.52	10.90	2.90	6.50	108.81
Morristown Memorial Hospital - 11403	Beds	367	46	35	48	496
	OccRt	86.95%	75.62%	64.57%	77.92%	82.45%
	ADC	319.10	34.79	22.60	37.40	413.89
Hackettstown Regional Medical Center - 12101	Beds	70	23	0	8	101
	OccRt	65.03%	15.62%	0%	63.66%	53.67%
	ADC	45.52	3.59	0	5.09	54.20
Overlook Hospital - 12005	Beds	314	34	22	34	404
	OccRt	69.84%	57.81%	29.50%	89.95%	68.32%
	ADC	219.29	19.66	6.49	30.58	276.02
Newton Memorial Hospital -11902	Beds	92	17	12	7	128
	OccRt	82.68%	25.46%	18.54%	98.63%	69.94%
	ADC	76.06	4.33	2.22	6.90	89.52
Chilton Hospital - 11401	Beds	204	24	16	12	256
	OccRt	54.30%	30.94%	15.62%	90.23%	51.38%
	ADC	110.77	7.42	2.50	10.83	131.52

### Appendix B – Maintained Beds - continued

2012						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	54	0	0	5	59
	OccRt	62.96%	0%	0%	83.28%	64.68%
	ADC	34.00	0	0	4.16	38.16
St Clare's - Denville 11406	Beds	153	33	20	12	218
	OccRt	51.68%	30.49%	13.20%	54.12%	45.08%
	ADC	79.07	10.06	2.64	6.49	98.27
Morristown Memorial Hospital - 11403	Beds	365	46	35	47	493
	OccRt	85.91%	75.83%	62.23%	76.92%	82.43%
	ADC	313.56	34.88	21.78	36.15	406.38
Hackettstown Regional Medical Center - 12101	Beds	72	23	0	8	103
	OccRt	57.54%	14.85%	0%	62.98%	48.43%
	ADC	41.43	3.42	0	5.04	49.89
Overlook Hospital - 12005	Beds	320	34	22	30	406
	OccRt	64.29%	56.98%	24.42%	97.90%	64.00%
	ADC	205.74	19.37	5.37	29.37	259.85
Newton Memorial Hospital -11902	Beds	97	17	8	10	132
	OccRt	70.30%	23.95%	25.58%	71.67%	61.73%
	ADC	68.19	4.07	2.05	7.17	81.48
Chilton Hospital - 11401	Beds	204	24	16	12	256
	OccRt	53.03%	29.25%	12.76%	89.57%	50.00%
	ADC	108.19	7.02	2.04	10.75	128.00

### Appendix B – Maintained Beds - continued

2013						
		Med/Surg	OB/GYN	PEDs	ICU/CCU	Combined
St Clare's - Dover 11402	Beds	50	0	0	8	58
	OccRt	60.27.24%	0%	0%	45.62%	58.25%
	ADC	30.13	0	0	3.65	33.78
St Clare's - Denville 11406	Beds	156	25	20	15	216
	OccRt	49.21%	36.77%	4.53%	45.92%	43.41%
	ADC	76.77	9.19	0.91	6.89	93.76
Morristown Memorial Hospital - 11403	Beds	365	46	35	47	493
	OccRt	88.49%	78.54%	60.58%	85.34%	85.28%
	ADC	323.00	36.13	21.20	40.11	420.44
Hackettstown Regional Medical Center - 12101	Beds	72	23	0	8	103
	OccRt	52.83%	14.94%	0%	55.24%	44.55%
	ADC	38.04	3.44	0	4.42	45.89
Overlook Hospital - 12005	Beds	320	34	22	30	406
	OccRt	65.94%	56.68%	24.01%	99.52%	65.37%
	ADC	211.00	19.27	5.28	29.85	265.41
Newton Memorial Hospital -11902	Beds	97	17	8	10	132
	OccRt	79.64%	20.50%	7.26%	72.30%	67.08%
	ADC	77.25	3.48	0.58	7.23	88.55
Chilton Hospital - 11401	Beds	204	24	16	12	256
	OccRt	54.80%	27.67%	12.69%	89.98%	51.27%
	ADC	111.79	6.64	2.03	10.80	131.25

Source:

Department's Health Care Financing Systems Summary of Inpatient Utilization Report (B-2)