

CERTIFICATE OF NEED
Department Staff Project Summary, Analysis & Recommendations
Closure of Columbus Hospital

Name of Facility: Columbus Hospital CN# FR 080125-07-01
Name of Applicant: Cathedral Health Service Total Project Cost: 0
Location: Newark Equity Contribution: 0
Service Area: Essex

Project Description (by applicant):

Cathedral Health Service ((Cathedral) proposes to close Columbus Hospital (Columbus), a 210 bed licensed general acute care hospital whose bed composition consists of 159 medical/surgical, 20 obstetrics/gynecology, 16 pediatrics, 15 adult ICU/CCU beds. Columbus is licensed for 6 intermediate bassinets and is designated as a Community Perinatal Center-Intermediate. The hospital's licensed service complement consists of 6 inpatient operating rooms, 1 cystoscopy room, acute hemodialysis service, 1 transportable lithotripter, 2 computerized axial tomography (CT) and 1 magnetic resonance imaging (MRI) units. This CN application is in addition to and separate from two CN applications of affiliate facilities, Saint James Hospital (Saint James) and Saint Michael's Medical Center (Saint Michael's). All three facilities, which are currently owned by Cathedral, are in the process of an asset purchase agreement with CHE; Saint James is seeking to close and cease acute care operations and Saint Michael's is requesting a transfer ownership from Cathedral to Catholic Health East (CHE). Both of these latter applications were recommended for approval with conditions by the State Health Planning Board and the Commissioner accepted these recommendations and approved these applications.

CHE is proposing after the closure of Columbus to operate a variety of health services at the Columbus site, which includes primary care center for adults and children, an obstetric (OB) /prenatal clinic, an ambulatory surgical center, a PACE program, and the operation of a 24-hour satellite emergency department at their present site. In addition, the applicant also is seeking approval to transfer its six Level 2 intermediate infant bassinets to the license of Saint Michael's.

The applicant indicates that this action to close the hospital is necessary due to Columbus' significant debt load, its chronically poor financial condition and its poor prospects for the future. The applicant indicates that sufficient acute care services are available at neighboring hospitals to ensure that the existing level of care is maintained. The applicant states that as a small hospital with a chronically poor financial performance and limited access to capital, the facility cannot survive as a viable acute care hospital in an area that is also served by larger, financially stronger institutions delivering the same services. Due to severe financial difficulties, the applicant states that Columbus cannot continue operating, and that acute care services at the hospital must be phased out with the end of the hospital's operations occurring at the earliest possible time, but no later than June 1, 2008.

Justification of Need by the Applicant:

The project proposed by the applicant is to close Columbus as an acute care hospital. The applicant states that as a small hospital with a chronically poor financial performance and limited access to capital, the facility cannot survive as a viable acute care hospital in an area that is also served by six other nearby hospitals, which are also heavily utilized by residents of the North Ward, deliver the same services and have a significant excess capacity. The applicant indicates that five of these hospitals, Clara Maass Medical Center (Clara Maass), University Hospital of Medicine and Dentistry of New Jersey (UMDNJ), East Orange General Hospital (East Orange), its affiliate- Saint Michael's and Mountainside Hospital (Mountainside) are located within four miles of the hospital and are under 20 driving minutes away; Newark Beth Israel Medical Center (Newark Beth) as the sixth hospital is located 5.3 miles and 30 driving minutes distance away. (Please refer to Appendix 1). In addition, six Federally Qualified Health Centers (FQHC), four school-based clinics, and the City's own public clinic are located within 7.4 miles of the hospital (Please refer to Appendix 2). The applicant indicates that duplication and an overlapping service area of multiple hospitals and outpatient clinics ensures that ready access to hospital care and outpatient services will continue for those served by Columbus if CN approval is obtained for the facility to close.

According to the applicant, there are a number of issues that have impacted their decision to close Columbus, as indicated below:

- Columbus is not viable. The applicant states that Columbus has been financially fragile for more than a decade; Columbus' losses since 1999 are nearly \$68 million. The facility's debt load is significant and efforts to address Columbus' poor financial performance have failed. Accordingly, Columbus is unable to access the capital it needs to be competitive and efforts to identify new owners committed to Columbus's continued operation as an acute care hospital have failed.

- Columbus is not essential. Columbus operates in one of New Jersey's most over-bedded counties and the service area is served by many nearby hospitals, each with underutilized bed capacity and many FQHC sites and clinics operate in the Columbus service area. The applicant states that every service offered at Columbus is duplicated at many nearby hospitals with surplus capacity or at the nearby FQHC or clinic sites. The applicant indicates that the cessation of acute care services at Columbus would not have a significant impact on health care access.
- Occupancy at Columbus. Based on a review of the occupancy levels of six hospitals that compete in Columbus' primary service area, the nearby hospitals can easily accommodate the inpatient volume that will be displaced due to the cessation of acute care services at Columbus. With about 8000 annual admissions and an average daily census (ADC) of over 100 patients, occupancy for Columbus's 210 licensed beds stood at 55 % at the end of year 2006; however, three of Columbus' four larger neighboring hospitals- Clara Maass, Saint Michael's and Newark Beth – recorded occupancy levels of less than 60 % or lower for the year 2006.

Cathedral has concluded that it can no longer sustain such levels of loss and indicates that the decision to close acute care beds at Columbus and address health care needs of the service area in other ways acknowledges the realities affecting hospitals across the state. The applicant states that the continuation of non-acute services is financially possible only with the CN approval to transfer ownership of Saint Michael's to CHE. The applicant indicates that the planned changes at Columbus acknowledge a number of factors, including:

1. Saint Michael's and Columbus serve the same area,
2. Competition for the same patients in the same area by Saint Michael's and Columbus serves the interests of neither facility or their patients,
3. Enlarged capacity and enhanced utilization at Saint Michael's are important for Saint Michael's stability and success as an essential, safety net hospital for residents of the Ironbound and Greater Newark.

With the cessation of acute care services at both Columbus and Saint James and with the strong new sponsorship for Saint Michael's, the rationalization of hospital resources in Newark will be complete, with Newark Beth serving the southern portion of the city, UMDNJ, in its public role, serving the center and Saint Michael's serving the central, northern and eastern sections of the City of Newark.

Applicant's Statement of Compliance with Statutory and Regulatory Requirements:

The applicant has stated the following to demonstrate its 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:

Access to inpatient acute care for the population currently served by Columbus will be adequate after closure. The applicant's assumption is based on the location of the six full service hospitals very near to Columbus. The neighboring hospitals are Clara Maass, which is 1.3 miles and just six minutes distance away, UMDNJ, which is an additional mile and minutes distance away, East Orange and Saint Michael's, both of which are 2.5 miles and six to seven minutes distance away, Mountainside and Newark Beth, which are under 5.5 miles and 6 minutes distance away from Columbus. In addition, there are six FQHCs, four school-based clinics, and the City's own public clinic located within 7.4 miles of the Columbus facility. The applicant attests that the area is over-bedded and well served and that there is an oversupply of acute care beds in Essex County as evidenced by the aforementioned hospitals, which have occupancy rates between 42% and 81%.

2) the need for special equipment and services in the area:

According to the applicant:

The applicant does not foresee a lack of specialized services or equipment resulting from the closure of Columbus. According to the applicant, the closure of Columbus will reduce over-bedding and underutilization of neighboring Essex County's acute care hospitals. Additionally, the neighboring hospitals local to Columbus, as noted above, have ample resources and services to satisfy the needs of the community in this area. The applicant further states that there is a sufficient supply of local primary care clinics and FQHC facilities, located less than eight miles of Columbus, which provide comprehensive, community-based primary health care to the community's medically underserved population, that can provide access to health care for the facility's former patients.

The applicant further asserts that only 10% of the emergency department visits are by ambulance transport and about 80 % of all visits to the Columbus

emergency room are treated and released. The applicant indicates that since there are six hospitals based, full service emergency departments within five miles of Columbus, other providers are already meeting the majority of emergency care needs. This is evidenced by the fact that 22% of emergency department visits at Columbus result in hospital admissions.

3) the adequacy of financial resources and sources of present and future revenues:

According to the applicant:

The cessation of acute care at Columbus is expected to increase occupancy and financial stability at other area hospitals. In addition, the applicant indicates that the benefit of the closure of the acute care hospitals, Columbus and Saint James Hospital, will have on hospitals in the area, will contribute towards safeguarding and enhancing Saint Michael's role as an essential provider of care in Greater Newark.

4) the availability of sufficient manpower in the several professional disciplines:

According to the applicant:

There is sufficient manpower in all disciplines at Columbus to accomplish the closure of the hospital. The applicant states that nearly all of the 437 physicians active on the hospital's medical staff have privileges at Saint Michael's and one or more of the nearby hospitals and those physicians, if not already on staff at Saint Michael's or the other hospitals, were expedited in the credentialing process.

The applicant further asserts that there are approximately 830 Columbus employees who will be terminated due to the hospital closure. When the phase out of acute care services was announced, Cathedral initiated Employee Transition Assistance efforts and offered on-site assistance to Columbus employees, which included at least seven job fairs with over 13 organizations and facilities in attendance and two presentations conducted by the New Jersey Department of Labor.

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 transition of Columbus to non-acute services, together with the transition of Saint James and the transfer of ownership of Saint Michael's, represents a step toward rationalizing health care in the Newark area. Columbus' transition from acute care will have a positive rather than adverse economic and financial impact on health care in the area to the extent that it will contribute to the strengthening of Saint Michael's and other nearby facilities by increasing occupancy at those facilities.

Access to health care services will be accommodated by the oversupply of acute care beds in Essex County. The applicant states that given Columbus' low utilization for the year 2007, a 52.47% occupancy rate for medical/surgical beds or average daily census of 83 medical/surgical patients, there is an ample number of area facilities to serve as alternatives to Columbus for local residents. The applicant attests that in 2007, three area hospitals, including Clara Maass, UMDNJ and Saint Michael's, have excess capacity with medical/surgical occupancy rates of 43.1%, 80.7%, and 47.9 %, respectively.

The applicant acknowledges that there will be a loss of employment in the region after the closure of Columbus; however, they are working to assist staff members with employment placement to limit any adverse impact.

Public Hearing:

One public hearing on this application was held at Hilton Newark Penn Station Hotel, Garden State Ballroom, located at the Gateway Center on Raymond Boulevard in Newark, Essex County, on April 23, 2008. Twelve people attended this hearing. Five members of the public spoke during the hearing, all spoke of their concerns about the closure of Columbus, citing access issues to other services, concerns over emergency services and concerns over transportation and availability of services at other providers.

Department Staff Analysis:

Department staff concluded that the applicant has adequately documented compliance with the applicable certificate of need 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.

Department staff reviewed and concluded that the applicant's rationale to discontinue services at Columbus is a result of large operational losses, ongoing cash flow and

accounts payable issues. Staff recognizes that Columbus simply does not have sufficient resources to remain in operation.

Based on the most recent inpatient utilization data (B-2) for the hospitals in Essex County, Department staff found the number of licensed beds removed from service as a result of the closure of Columbus will have a limited impact on delivery of health care for the region's patient population. The staff's findings are derived from the fact that there are a sufficient number of unoccupied licensed beds in Essex County among Saint Michael's, UMDNJ, Newark Beth, Clara Maass, East Orange, Mountainside and Saint Barnabas Medical Center (Saint Barnabas) and the other surrounding hospitals, all of which are ten miles or less from the Columbus facility to absorb the displaced inpatient population from Columbus. Since a CN application for Saint James Hospital to close has been approved, data for this facility is not included.

When the Columbus' average daily census (ADC) was reviewed for each bed category (Medical/Surgical, Obstetrics and OB/GYN, Pediatrics and ICU/CCU) and compared to the total number of unoccupied licensed beds of each of the aforesaid categories provided in the seven neighboring acute care hospitals located in Essex County, the data reveals that the total number of unoccupied licensed beds for each category far exceeds the ADC for each individual bed category provided at Columbus. For example, in 2007, the Average Daily Census (ADC) for Columbus' Medical/Surgical and Obstetrics & OB/GYN bed categories were 83.4 and 7.1 patients, respectively. However, the total average number of unoccupied licensed beds for Medical/Surgical and Obstetrics & OB/GYN bed categories between the seven neighboring hospitals in Essex County was 873 and 46 beds, respectively. Therefore, the average excess of licensed beds among the hospitals for Medical/Surgical and Obstetrics & OB/GYN categories would be 789.6 and 38.9 beds, respectively, if all the ADC from Columbus were distributed among these hospitals.

In 2007 ADC for Columbus Pediatrics and ICU/CCU bed categories was 6.2 and 10.6 patients, respectively. However, the average total number of unoccupied licensed beds for Pediatrics and ICU/CCU bed categories among the seven neighboring hospitals in Essex County was 106.8 and 109.9 beds, respectively. Therefore, the average excess of licensed beds between the neighboring hospitals for Pediatrics and ICU/CCU categories was 100.6 and 99.3 beds, respectively, if all the ADC from Columbus were distributed among these hospitals.

Additionally, Columbus is licensed for 6 neonatal intermediate bassinets and is designated as a Community Perinatal Center (CPC) – Intermediate. There is a total of 77 Intensive and 97 Intermediate bassinets among four of the seven neighboring hospitals that are licensed to provide this service. Clara Maass is designated as a Community Perinatal Center – Intermediate whereas the other three facilities, UMDNJ,

Saint Barnabas and Newark Beth are designated as a Regional Perinatal Centers. Newark Beth is also designated as a Children's Hospital.

Based on the average number of unoccupied licensed beds for each bed category, staff believes that there is sufficient bed capacity in Essex County to enable the remaining health care delivery system to bridge any gaps in services. Staff also believes that inpatient care will be accessible for the residents of Newark and surrounding areas based on underutilization of hospital services in Essex County. Please refer to the Table for Essex County Hospitals.

Staff concludes that the applicant's decision to close Columbus is sound and in the best interest of the county's health care delivery system. The objectives of this closure are to maintain accessibility and availability of services at current levels and strengthen the financial viability of Saint Michael's Medical Center, a safety net hospital. Department staff does, however, believe that the implementation of a Satellite Emergency Department (SED) is necessary at the Columbus campus given the number of emergency room visits for the years 2005 through 2007, which were recorded as 23,176; 22,499 and 22,990, respectively. In addition, based on Columbus current licensure status to provide Obstetrics and OB/GYN services, staff believes that the continuation of outpatient services in regards to primary care (including pediatrics), obstetrics and OB/GYN services, should be maintained at the Columbus site if CN approval is obtained to close the facility. Furthermore, staff believes that in order to continue medical care at the same level without any loss of access, continuity or quality, a transportation or shuttle system to Saint Michael's and the other surrounding hospitals shall be implemented at the Columbus site and made available to the patient population within the area.

Staff Recommendations:

Approval of the closure of Columbus with conditions and denial of the retention of the licensure of six intermediate bassinets.

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

1. The applicant shall surrender its license for the existing location to the Department's Certificate of Need and Healthcare Facility Licensure Program within 10 days of the cessation of inpatient services at Columbus.
2. Within seven days from the date of CN approval, Columbus shall:
 - Notify, in writing, the Department's Certificate of Need and Healthcare Facility Licensure program of who, specifically, is responsible for the safekeeping and

accessibility of all components of the patients' medical records (both active and stored) from Columbus, in accordance with N.J.S.A. 8:26:8.5 et seq. and N.J.A.C. 8:43G-15.2.

- Provide a detailed description, in writing, of the established process to obtain a copy of a complete medical record, inclusive of electronic and hard copy components, and the projected timeframe from request to receipt of same.
 - Provide a detailed plan for public notification regarding the process to obtain a copy of a complete medical record. Public notification must occur immediately upon receipt of approval of the closure of Columbus by the Commissioner of Health.
3. A communication plan notifying the public of the closure of Columbus and alternative area service providers shall be developed and published in at least two newspapers of general circulation in the area upon receipt of approval of the closure by the Commissioner of Health. This notice shall also be submitted to the Department for review and placement in the facility's permanent record on file at the Department.
 4. This CN approval is subject to the adherence of all CN conditions as set forth in Saint Michael's CN approval for transfer of ownership, 12 and 15(a) through 15(d) inclusive.

Denial of the retention of ten intermediate care bassinets (6 from Columbus and 4 from Saint James):

1. St. James and Columbus Hospitals have a total of 1,775 live births in 2006 and 837 for the first half of 2007. Bassinets to care for infants who require intermediate care services must be immediately available.
2. One of the Regional Perinatal Centers in Newark has provided a written commitment to undertake both an immediate and a longer term expansion to meet the Ob/neonatal care needs of the service area should St. James and Columbus Hospital be approved for closure.
3. St. Michael's has not provided Ob/neonatal care services for over five years and it is in the public interest that such needs be immediately accommodated by a nearby provider with extensive expertise and experience in these services.

Appendix 1

**Drive Time from Columbus Hospital to Area
 Hospitals Located in Essex County*
 Within Six Driving Miles of Columbus Hospital**

Hospitals within 6 miles of Columbus Hospital	Distance in miles as per Mapquest	Estimated driving time 8:00AM	Estimated driving time 12:00 noon	Estimated driving time after 5:00PM	Estimated driving time after 7:00PM
Clara Maass Medical Center	1.3 miles	6 min.	12 min.	17 min.	7 min.
University Hospital-UMDNJ	2.3 miles	7 min.	12 min.	17 min.	9 min.
East Orange General Hospital	2.5 miles	7 min.	13 min.	25 min.	10 min.
Saint Michael's Medical Center	2.5 miles	6 min.	10 min.	15 min.	8 min.
Mountainside Hospital	3.2 miles	9 min.	12 min.	20 min.	10 min.
Newark Beth Israel Medical Center	5.3 miles	11 min.	16 min.	30 min.	13 min.

Source: Columbus Hospital CN Application

Appendix 2

FQHCs and Clinics in the Columbus Service Area

Facility	Address	Miles from Columbus	Services
East Orange Primary Care Center	444 Williams St. East Orange, NJ	1.96 miles	Adult and Family Medicine, Dental, Pediatrics, ENT, OB/GYN, Podiatry, Optometry, Nutritionist
Newark Community Health Center Corporate Office	741 Broadway Newark NJ	2.66 miles	Adult and Family Medicine, OB/GYN, Pediatric, Podiatry, Dental.
Newark Community Health Center Emergency Services for Families	982 Broad Street Newark, NJ	3.44 miles	Adult and Family Medicine. OB/GYN.
Newark Department of Health Clinics	110 Williams Street Newark, NJ	3.52 miles	Primary Care, Pediatrics, Dental, Podiatry, Public Health Lab, STD, HIV, Tuberculosis Care
Newark Community Health Center- James White Manor	516 Bergen Street Newark, NJ	3.65 miles	Adult and Family Medicine, Podiatry, Nutritionist`.
The Healthy Place at Quitman Street School	21 Quitman St. Newark, NJ	3.77 miles	Primary Care Services
Malcolm X Shabazz High School	80 Johnson Ave Newark, NJ	4.78 miles	Primary Care Services
George Washington Carver	333 Clinton Pl. Newark, NJ	5.49 miles	Primary Care Services
Dayton School	226 Dayton St. Newark, NJ	6.34 miles	Adult and Family Medicine, Pediatrics, OB/GYN, Dental, Podiatry, Nutritionist
Irvington Community Health Center	832 Chancellor Ave. Level G Newark, NJ	6.83 miles	Adult and Family Medicine, Pediatrics, OB/GYN, Dental, Podiatry, Registered Dietitian
Newark Community Health Center	101 Ludlow S. Newark, NJ	7.31 miles	Adult and Family Medicine, Pediatrics, OB/GYN, Dental, Podiatry, Nutritionist

Source: Columbus Hospital CN Application