

**CHAPTER 33F**  
**CERTIFICATE OF NEED: LONG TERM**  
**ACUTE CARE HOSPITALS**

**Authority**

N.J.S.A. 26:2H-1 et seq., specifically 26:2H-5

**Source and Effective Date**

R.2003 d.48, effective January 21, 2003.  
 See: 34 N.J.R. 487(a), 35 N.J.R. 410(a).

**Chapter Expiration Date**

Chapter 33F, Certificate of Need: Long Term Acute Care Hospitals, expires on January 21, 2008.

**Chapter Historical Note**

Chapter 36A, Certificate of Need; Regional End-Stage Renal Disease, was adopted as R. 1977 d.398, effective October 25, 1977. See: 9 N.J.R. 518(c). Amendments were adopted as R.1980 d.34, effective January 17, 1980. See: 11 N.J.R. 545(c), 12 N.J.R. 75(c).

Chapter 36A, Certification of Need for Regional End-Stage Renal Disease, was recodified March 20, 1980, Chapter 33F.

Pursuant to Executive Order 66(1978), Chapter 33F, Renal Disease Services, was readopted as R.1985 d.602, effective January 14, 1985. See: 16 N.J.R. 3124(a), 17 N.J.R. 284(a).

Pursuant to Executive Order 66(1978), Chapter 33F, Renal Disease Services was readopted as R.1989 d.602, effective November 16, 1989. See: 21 N.J.R. 2923(b), 21 N.J.R. 3973(a).

Chapter 33F, Certificate of Need: Long Term Acute Care Hospitals, was adopted as R.2003 d.48, effective January 21, 2003. See: Source and Effective Date.

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**SUBCHAPTER 1. GENERAL PROVISIONS**

**8:33F-1.1 Scope and purpose**

(a) The rules of this chapter specify the certificate of need requirements for all new long term acute care hospitals and for all licensed long term acute care hospitals proposing to alter their licensed bed complement.

(b) A long term acute care hospital may be licensed by the Department of Health and Senior Services to provide long term acute care services either as a separately licensed "hospital within a hospital" or as a freestanding inpatient health care facility. All long term acute care hospitals shall provide or arrange for the provision of professional departments, services, facilities or functions in accordance with the long term acute care licensure standards at N.J.A.C. 8:43G-38.2(d).

(c) Any providers seeking to alter their licensed complement of long term acute care beds or any other providers proposing to establish services that will meet the licensing requirements for long term acute care contained in N.J.A.C. 8:43G-38, shall obtain certificate of need approval in accordance with the rules contained in this chapter.

**8:33F-1.2 Definitions**

The following words and terms, when used in this chapter, shall have the following meanings unless the context clearly indicates otherwise:

"Applicant" means the applicant for a certificate of need to provide long term acute care services.

"Charity care" means hospital care paid for under the New Jersey Hospital Care Payment Assistance Program (Charity Care Assistance) which is free or reduced charge care that is provided to patients who receive inpatient or outpatient services at acute care hospitals throughout the State of New Jersey.

"Department" means the New Jersey Department of Health and Senior Services.

"Long term acute care hospital" means a category of special hospital that provides acute care through a broad spectrum of clinical care services for acutely ill/medically complex patients requiring, on average, a 25-day or greater length of stay. A long term acute care hospital may either be freestanding or a hospital within a hospital in accordance with the definitions identified at N.J.A.C. 8:43G-1.3(b)2i and ii.

"Medically indigent" means those individuals lacking third party insurance coverage whose income is less than or equal to 200 percent of the United States Department of Health and Human Services Income Poverty Guidelines, 42 U.S.C. § 9902(2).

"Special hospital" means any hospital which assures the provision of comprehensive specialized diagnosis, care, treatment and rehabilitation where applicable on an inpatient basis for one or more specific categories and for a hospital that provides long term acute care through a broad spectrum of clinical care services for acutely ill/medically complex patients requiring, on average, a 25-day or greater length of stay. Special hospitals do not include hospitals or hospital units providing comprehensive rehabilitation services and licensed in accordance with the provisions of N.J.A.C. 8:43H.

## SUBCHAPTER 2. REQUIREMENTS

**8:33F-2.1 Relationship between licensure and certificate of need requirements**

The provisions of N.J.A.C. 8:43G-38, Long Term Acute Care Hospitals General Requirements, are hereby incorporated by reference. Applicants receiving certificate of need approval for long term acute care beds shall comply with all applicable requirements of N.J.A.C. 8:43G-38.

**8:33F-2.2 Minimum size of facilities**

(a) To promote the efficient use of resources, the minimum size for a new, freestanding long term acute care hospital shall be 50 beds.

(b) To promote the efficient use of resources, the minimum size for a non-freestanding long term acute care hospital that is located within another licensed hospital shall be 25 beds.

Amended by R.2006 d.106, effective March 20, 2006.  
See: 37 N.J.R. 2282(a), 38 N.J.R. 1451(a).

In (a), decreased minimum number of beds from 60 beds to 50 beds.

**8:33F-2.3 Requirements for expansion and new construction**

(a) Certificate of need applications for new long term acute care hospitals or for bed additions to long term acute care hospitals shall be filed for expedited review with the Department in accordance with the provisions of N.J.A.C. 8:33, the Certificate of Need: Application and Review Process. The Department shall accept applications for long term acute care hospitals under the expedited review process from all qualified interested parties through March 20, 2009.

(b) The Department shall publish a long term acute care Statewide and hospital-specific bed need prior to accepting any expedited review certificate of need applications for the 36 month period as set forth in (a) above. The estimated bed need is calculated as follows:

1. New long term acute care beds shall be approved only where there is a documented bed need identified by the Department. Bed need shall be demonstrated by each applicant through presentation of written agreements with general hospitals that assign part or all of their LTAC bed need, as published by the Department.

2. Each applicant shall document, to the satisfaction of the Department, that all LTAC beds assigned to the applicant are unduplicated.

i. In the case of duplicative bed need agreements, if the duplicated agreement for assigned beds exceeds the assigning general hospital's LTAC bed need as computed in (b) above, and its assignment is required to document an applicant's compliance with the minimum 80 percent target bed occupancy, the application will not be accepted for processing.

3. The Statewide and hospital-specific need for long term acute care beds shall be calculated by the Department in the following manner:

i. Step 1: In order to calculate the Statewide average length of stay (ALOS), compute the length of stay (LOS) measured in days for each hospital discharge, excluding all neonatal cases with diagnosis related group (DRG) codes 600 through 640;

ii. Step 2: Select all potential discharges to LTAC as those cases defined with LOS greater than the Statewide average length of stay (ALOS) (published by the Department) plus 15 days for the following 26 diagnosis related group (DRG) codes, as defined at N.J.A.C. 8:31B-3.77, considered typical LTAC DRG codes: 12, 14, 76, 79, 87, 88, 89, 90, 107, 110, 127, 130, 174, 236, 238, 263, 271, 277, 316, 320, 416, 462, 468, 475, 483, 486;

iii. Step 3: For those potential discharges to LTAC, compute the number of potential LTAC days as the portion of the LOS (for the patients selected in Step 2 above) that is over and above the ALOS; and

iv. Step 4: Compute the bed need by dividing the number of potential LTAC days by 365 days then divide this figure by the average target hospital occupancy rate of 80 percent.

(c) In addition to the bed need calculated in (b) above, applicants applying for certificate of need approval to establish a long term acute care facility shall demonstrate the ability to attain and maintain a minimum target occupancy rate of 80 percent. In attaining and maintaining such a rate, consideration of the following factors will be given:

1. Each applicant shall provide written patient referral/transfer agreements from hospitals that agree to transfer patients eligible for LTAC. These agreements shall demonstrate the minimum target occupancy rate of 80 percent will be achieved based on the proposed bed complement of the applicant's long term acute care hospital.

2. Hospitals referring patients to the applicant shall be located within a one-hour travel time which shall be computed on an off-peak basis.

3. Patient choice shall not be limited by the terms of any patient referral/transfer agreement between a hospital and long term acute care facility.

(d) Certificate of need applications for long term acute care beds may be submitted to the Department through March 20, 2009. After this period, certificate of need applications shall only be accepted if at least 75 percent of the awarded certificate of need applicants for long term acute care beds have been implemented by licensure approval of occupancy except in the case of the following: