



RECEIVED
HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY
20 JAN 27 P2 29

ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 19-21A Date of Receipt:
To be assigned by Agency

APPLICANT PROFILE

Project Title: Establishment of Chronic Renal Dialysis Services at Kuakini Medical Center

Project Address: 347 North Kuakini Street, Honolulu, Hawaii 96817

Applicant Facility/Organization: Hawaii Dialysis Partners at Kuakini, LLC

Name of CEO or equivalent: Ken Leidner

Title: Chief Strategic Growth Officer, Satellite Healthcare

Address: 300 Santana Row, Suite 300, San Jose, CA 95128

Phone Number: (650) 404-3645 Fax Number: (650) 779-9172

Contact Person for this Application: Rudy Marilla

Title: President, Integrated Services, Inc.

Address: 818 Keeaumoku St. Honolulu, HI 96814

Phone Number: (808) 952-8645 Fax Number: (808) 533-1482

CERTIFICATION BY APPLICANT

I hereby attest that I reviewed the application and have knowledge of the content and the information contained herein. I declare that the project described and each statement amount and supporting documentation included is true and correct to the best of my knowledge and belief.

Signature

Date

Name (please type or print)

Title (please type or print)

RECEIVED

20 JAN 27 P2 29

1. TYPE OR ORGANIZATION: (Please check all applicable)

- Public _____
- Private X
- Non-profit _____
- For-profit X
- Individual _____
- Corporation _____
- Partnership _____
- Limited Liability Corporation (LLC) X
- Limited Liability Partnership (LLP) _____
- Other: _____

ST HLTH PLAN & DEV. AGENCY

2. PROJECT LOCATION INFORMATION:

A. Primary Service Area(s) of Project: (Please check all applicable)

- Statewide: _____
- O'ahu-wide: _____
- Honolulu: X
- Windward O'ahu: _____
- West O'ahu: _____
- Maui County: _____
- Kaua'i County: _____
- Hawai'i County: _____

3. DOCUMENTATION (Please attach the following to your application form):

A. Site Control documentation (e.g. lease/purchase agreement, DROA agreement, letter of intent)

See Attachment A: Letter of Intent to Lease Space at Kuakini Medical Center

B. A listing of all other permits or approvals from other government bodies (federal, state, county) that will be required before this proposal can be implemented (such as building permit, land use permit, etc.)

- a) Building Permit: City and County of Honolulu, Building Division.
- b) Certificate of Occupancy: City and County of Honolulu, Building Division.
- c) Fire Marshall Approval: City and County of Honolulu, Fire Department.
- d) Certification from the Centers for Medicare and Medicaid Services.

RECEIVED

C. Your governing body: list by names, titles and address/phone numbers

See Attachment B.

20 JAN 27 P2 29

D. If you have filed a Certification of Need Application this current calendar year, you may skip the four items listed below. All others, please provide the following:

- Articles of Incorporation Attachment C
- By-Laws Attachment D
- Partnership Agreements Attachment D
- Tax Key Number 1-7-017: 002

ST. LOUIS
& DEV. AGENCY

4. **TYPE OF PROJECT.** This section helps our reviewers understand what type of project you are proposing. Please place an "x" in the appropriate box.

	Used Medical Equipment (over \$400,000)	New/Upgraded Medical Equip. (over \$1 million)	Other Capital Project (over \$4 million)	Change in ownership	Change in service/ establish new service/facility	Change in Beds
Inpatient Facility						
Outpatient Facility			X		X	
Private Practice						

5. **TOTAL CAPITAL COST: \$6,154,000** _____

6. **BED CHANGES.** Please complete this chart only if your project deals with a change in your bed count and/or licensed types. Again, this chart is intended to help our reviewers understand at a glance what your project would like to accomplish. Under the heading "Type of Bed," please use only the categories listed in the certificate of need rules.

Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
TOTAL	N/A	N/A	N/A

RECEIVED

20 JAN 27 P 2 29

ST HLTH PLHQ
DIVISION OF HON

7. **CHANGE IN SERVICE.** If you are proposing a change in service, then please briefly list what services will be added/modified. Be sure to include the establishment of a new service or the addition of a new location of an existing service. Please consult Certificate of Need Rules Section 11-186-5 for the categories of services. If you are unable to determine which category best describes your project, please consult with agency staff.

Establishment of 24-station chronic renal dialysis location and services, pursuant to Hawaii Administrative Rules Chapter 11-186-5 (4)(A).

8. **PROJECT COSTS AND SOURCES OF FUNDS (For Capital Items Only)**

A. List All Project Costs:	AMOUNT:
1. Land Acquisition	_____
2. Construction Contract	<u>\$3,856,000</u>
3. Fixed Equipment	_____
4. Movable Equipment	<u>\$1,193,000</u>
5. Financing Costs	_____
6. Fair Market Value of assets acquired by lease, rent, donation, etc.	<u>\$1,105,000</u>
7. Other: _____	_____
TOTAL PROJECT COST:	<u>\$6,154,000</u>

RECEIVED

B. Source and Method of Estimation

Describe how the cost estimates in Item "A" were made, including information and methods used:

The above project costs are based on contractor and vendor estimates provided to the applicant.

ST HLTH PLNG & DEV. AGENCY

C. Source of Funds

AMOUNT:

1. Cash	<u>\$5,049,000</u>
2. State Appropriations	_____
3. Other Grants	_____
4. Fund Drive	_____
5. Debt	_____
6. Other: Fair Market Value of lease to be paid by annual rent	<u>\$1,105,000</u>
TOTAL SOURCE OF FUNDS:	<u>\$6,154,000</u>

9. IMPLEMENTATION SCHEDULE: Please present a projected time schedule for the completion of this project from start to finish. Include all of the following items that are applicable to your project:

- a) Date of site control for the proposed project: **December 2019**
- b) Dates by which other government approvals/permits will be applied for and received:
 - a. Building Permits Applied: **April 2020**
 - b. Building Permits Received: **August 2020**
 - c. Certificate of Occupancy: **May 2021**
 - d. CMS Certification: **November 2021**
- c) Dates by which financing is assured for the project: **N/A**
- d) Date construction will commence: **September 2020**
- e) Length of construction period: **6 months**
- f) Date of completion of the project: **March 2021**
- g) Date of commencement of operation: **June 2021**

Please remember that the Agency does monitor the implementation of Certificates approved. Non-implementation of a project as described in your application may result in a fine and/or withdrawal of the Certificate of Need.

10. EXECUTIVE SUMMARY: Please present a brief summary of your project. In addition, provide a description of how your project meets each of the Certificate of Need criteria listed

RECEIVED

below. If a new location is proposed, please attach an easy to read map that shows your project site.

70 JAN 27 10 22 29
STATE OF HAWAII
105V 0615

Hawaii Dialysis Partners at Kuakini, LLC ("Hawaii Dialysis"), a joint venture between The Queen's Medical Center ("QMC"), Kuakini Support Services, Inc. ("KSS"), ISI JV Holding, LLC. ("ISI"), and Satellite Healthcare, Inc. ("Satellite"), is submitting this certificate of need ("CON") application to provide much needed differentiated outpatient dialysis services to end-stage renal disease ("ESRD") patients on Oahu, including patients with specific higher acuity services or care support needs. Hawaii Dialysis seeks approval to establish a 24-station dialysis center and a home dialysis training program located at Kuakini Medical Center (347 North Kuakini Street, Honolulu, Hawaii 96817). QMC is an affiliate of the nonprofit The Queen's Health Systems. KSS is an affiliate of the nonprofit Kuakini Health System. ISI is an affiliate of the nonprofit Hawai'i Medical Services Association. Satellite is a not-for-profit and a national leader in quality patient-centered dialysis care for all communities and a provider of superior patient experience for ESRD therapies. Satellite is headquartered in San Jose, California, and will operate the dialysis center under this Application.

QMC and other local hospitals have patients in need of specialized dialysis services; however, complex co-occurring medical conditions such as having a tracheostomy, requiring a medical ventilator, or needing intravenous antibiotics, are barriers to patients waiting to receive dialysis services once they are ready for discharge from an acute care setting. The proposed project will allow for greater capacity to care for higher acuity dialysis patients with co-occurring conditions and medically complex needs.

a) Relationship to the State of Hawaii Health Services and Facilities Plan

The proposed project meets the goals, general principles, and priorities of the State of Hawaii's Health Services and Facilities (HSFP) plan by:

- Increasing access to necessary health care services through differentiated chronic renal dialysis services and ESRD care to meet the growing demand in the community.
- Promoting and supporting the long-term financial viability of the health care delivery system by creating cost-effective access to dialysis in outpatient settings and, as appropriate, in patients' homes.
- Ensuring that the proposed project will increase overall access to quality health care at a reasonable cost by making the capital investment and transitioning traditional inpatient services to safe and clinically proven outpatient modalities.
- Expanding capacity and ensuring access to the continuum of care by providing conventional dialysis services and specific dialysis services to ESRD patients with higher acuity needs.^{1,2}

¹State of Hawaii's Health Services and Facilities (HSFP), Chapter 1: Introduction, Goals of the HSFP; Page 15
<https://health.hawaii.gov/shpda/files/2013/07/shhsfp09.pdf>

² State of Hawaii's Health Services and Facilities (HSFP), Chapter 3: Statewide and Regional Priorities, Statewide Health Coordinating Council (SHCC) Priorities; Page 33
<https://health.hawaii.gov/shpda/files/2013/07/shhsfp09.pdf>

RECEIVED

20 JUN 27 02:25

REV. AGENCY

Satellite Healthcare, Inc., as a not-for-profit dialysis provider, has served renal dialysis patients for over 45 years, and was founded by a nephrologist who sought to make life better for those living with this chronic disease. Satellite Healthcare is committed to putting patients' needs first and has been helping patients navigate their dialysis therapy treatment options and delivering patient-centered care by providing treatment solutions that support a continuance of living a full life while fitting dialysis into patients' lives and obtaining education on enhancing overall wellness. Such education includes nutritional health knowledge and helping patients understand how their diet impacts their dialysis treatment, which is in alignment with the Honolulu Subarea Planning priority to support efforts to develop healthy lifestyles for all in the community.³

By leveraging Satellite's expertise in providing a wide range of dialysis treatment options and transitioning more patients to outpatient and home therapies, there will be a positive impact to the health system due to the anticipated reduction in patients requiring inpatient dialysis care. By reducing length of stay (LOS) in acute care facilities, the proposed project also supports the HSFP goal for controlling costs of health care services.⁴

Utilization of the new unit/service is projected to meet the HSFP minimum utilization by the third year of operation. A review of the projected demand as well as expected patient growth shows Hawaii Dialysis meeting the HSFP threshold by Year 3 of operations as detailed in the table below.

Table a-2: Hawaii Dialysis Forecasted Utilization

Total Number of Treatments		
Year 1 of Operation	Year 3	
6,942	19,835	
Total Number of In-Center Hemodialysis Treatments		
Stations 24	Year 1 of Operation	Year 3
	5,819	15,205
	Hemodialysis – Utilization per station	
	Year 1 of Operation	Year 3
	242	634
Home Dialysis Number of Treatments		
Year 1 of Operation	Year 3	
1,123	4,631	

Currently, the HSFP requires that for new units/services, the minimum annual utilization for each provider in the service area is 600 treatments per unit. According data collected by Satellite Healthcare (via 10/2019 CMS Cost Report data/Definitive Healthcare) (See Table a-1), annual utilization for each provider in the service area meeting the threshold requirements with the exception of one.

³ State of Hawaii's Health Services and Facilities (HSFP), Chapter 3: Statewide and Regional Priorities; Honolulu County, Honolulu (SAC) Priorities, Page 35 <https://health.hawaii.gov/shpda/files/2013/07/shhsfp09.pdf>

RECEIVED

Table a-1: Utilization for Oahu Dialysis Providers in Geographic Area

Dialysis Facility	Hemodialysis Chair Count	Annual Treatments	
		Total Treatments	Treatments per Station
Kaimuki Dialysis	24	20,311	846
DSI Kapahulu Dialysis	24	17,483	728
US Renal Care Beretania	17	2,826	166
DSI Honolulu Dialysis	54	33,817	626
DSI Aloha Dialysis	20	19,087	954
Sullivan Dialysis	74	54,110	731
TOTALS			

Although the US Renal Care Beretania treatment numbers are lower than the thresholds outline in the HSFP, analysis of the CMS data indicates that it is a fast growing center and will pass the threshold levels of 600 treatments per unit by the time the proposed project is completed.

The threshold utilizations in the HSFP are a guide and provide the basis for the agency to determine need. Although this project does not meet minimum annual utilization (600 treatments per unit) for each provider in the service area, the project does meet the HSFP projected utilization threshold of the new unit/service and meets the criteria for suboptimum utilization. The high occurrence of ESRD within the community and the finite number of kidneys available for transplant, has resulted in a critical need for additional dialysis treatment services. By establishing dialysis services for patients with higher acuity, the proposed project meets the criteria for *Addressing the documented needs of an actual population rather than basing care design on statistical generalizations*. The proposed project improves access to care for higher acuity patients by establishing a new dialysis center that will have the capacity to treat these patients. Since the proposed project is focused on optimizing efficiencies throughout the spectrum of dialysis services from inpatient to outpatient settings, and to home; the proposed project also meets the suboptimum utilization criteria by:

- Incorporating current and best clinical practices;
- Allowing for the cost-effective transition and capital investment in moving traditional inpatient services to outpatient modalities.
- Encouraging innovation in improving health care services that contribute to enhancing a community's health status⁵

b) Need and Accessibility

Improving the health of Hawaii means making sure people with chronic illnesses have the right care, in the right place, at the right time. People with end-stage renal disease, or ESRD, are one of the communities most in need of more options to receive care. These patients need dialysis treatment several times a week for their entire lives.

⁴ State of Hawaii's Health Services and Facilities (HSFP), Chapter 1: Introduction, Goals of the HSFP; Page 15 <https://health.hawaii.gov/shpda/files/2013/07/shhsfp09.pdf>

⁵ State of Hawaii's Health Services and Facilities (HSFP), Chapter 2: Thresholds and Suboptimization Clause; Page 31-32; <https://health.hawaii.gov/shpda/files/2013/07/shhsfp09.pdf>

RECEIVED

The number of outpatient dialysis patients is continuing to grow in the state of Hawaii and the increase in new ESRD patients has left existing dialysis centers at or near capacity. The number of newly diagnosed ESRD patients in the state jumped by 30 percent from 2012 to 2015. The most recent publicly available information (2017)⁶ estimates 3,482 ESRD patients total statewide, following a 5 percent per year average increase from 2013. While there has been growth in the number of outpatient dialysis facilities over that time, the supply of dialysis stations is not keeping up with demand especially as it relates to projections over the next five years.

Compounding the challenge is the stark need for dialysis centers for higher acuity ESRD patients with complex illnesses who are bed bound, require a tracheostomy, a medical ventilator, or intravenous antibiotics. These patients can only receive the dialysis care they need in a hospital such as The Queen's Medical Center Punchbowl (QMC Punchbowl) due to the lack of access to dialysis services in Hawaii that are able to accommodate their complex needs. While Queen's and other hospitals deliver quality care to these higher acuity dialysis patients, these patients must remain in the facility to receive dialysis.

QMC Punchbowl estimates that in 2018 they provided care for 120 patients could have otherwise been discharged from an acute care setting to a more appropriate level of care such, as a Skilled Nursing Facility (SNF), if they had access to dialysis services that were able to accommodate their high acuity needs. The average length of stay for these patients was 55 days in the hospital, with no stays under 30 days, as detailed in the table below.

TABLE b-1: QMC Punchbowl average inpatient length of stay for patients unable to receive outpatient dialysis - 2018

Length of Stay Range	Number of Patients	Total Inpatient Days	Average Inpatient Days
31 – 60 Days	91	3,826	42
61 – 90 Days	16	1,235	77
> 90 Days	13	1,590	122
TOTAL	120	6,651	55

Although QMC Punchbowl is likely the largest current provider of inpatient dialysis, other hospitals on Oahu have similar challenges discharging patients who require dialysis, particularly high acuity patients. This situation is extremely challenging for patients and their families and burdens the health care system with unneeded costs.

The proposed project addresses this gap in the continuum of care by providing a new dialysis center on Oahu that can treat higher acuity patients. Hawaii Dialysis will improve the lives of patients and strength our system of care by providing dialysis care to higher acuity ESRD patients, allowing them to transition out of the hospital to outpatient care, in addition to providing traditional

⁶ Network 17 data. Network 17 is a CMS contractor overseeing CMS's ESRD program.
<https://www.hsaq.com/esrdnetwork17>

RECEIVED

20 JUN 27 P2:30

HEALTH SERVICES & DEY AGENCY

outpatient hemodialysis and home dialysis training. This model allows patients to work with a single outpatient dialysis provider as their medical needs change over time, all while reducing costs to the health care system by decreasing inpatient length of stay. The new facility has been designed to optimize care for these patients with hospital bed options in addition to standard dialysis chairs and an increased number of private dialysis rooms. Patients with complex conditions often move up and down the continuum of care. By offering a range of dialysis services for patients from bed-bound higher acuity to standard chair dialysis to home dialysis training, Hawaii Dialysis will be able to accommodate patients' needs as they move through the continuum of care.

An emphasis on service to the community was the priority when Kuakini Medical Center was chosen as Hawaii Dialysis's location. Kuakini Medical Center provides access to both acute care services and an emergency department on-site. It is also close to three skilled nursing facilities and is centrally located. The new facility will be located on the ground floor of the Hale Pulama Mau building and will have its own dedicated entry allowing for easy accessibility and transport for patients, especially those who are bed bound.

While Hawaii Dialysis expects to provide outpatient dialysis services at the Kuakini Medical Center for all higher acuity dialysis patients in the state, traditional outpatient dialysis services will be geared towards the immediate neighborhoods of the metropolitan Honolulu population including the communities of Kalihi, Kalihi Kai, Liliha, Puunui, Nuuanu, Pauoa, Punchbowl, Alewa Heights, Chinatown and Palama Settlement⁷. Currently, there are six outpatient dialysis facilities⁸ in this service area as detailed in Table b-2.

Although currently meeting demand, conservative forecast numbers show that existing facilities will not have the capacity to fulfill outpatient dialysis need by the second year of Hawaii Dialysis's operation.

Table b-2: Current Outpatient Dialysis Utilization in Geographic Area

Dialysis Facility	Hemodialysis Chair Count	Patient Capacity ⁹	Traditional Outpatient Hemodialysis Patient Count ¹⁰							
			2017 ¹¹	2018	2019	2020	2021	2022	2023	2024
Kaimuki Dialysis	24	144	130	136	142	148	155	162	169	177
DSI Kapahulu Dialysis	24	144	111	116	121	127	132	138	145	151
US Renal Care Beretania	17	102		43 ¹²	70	73	77	80	84	88
DSI Honolulu Dialysis	48	288	231	241	252	264	275	288	301	314
DSI Aloha Dialysis	24	144	131	137	143	149	156	163	171	178

⁷ See Attachment E for ESRD heat map and estimated Outpatient Dialysis service area.

⁸ Ala Moana Dialysis only services the private pay tourist market so its service volume has been excluded from this analysis. Kalihi Dialysis has been included in the chart though it is not yet operational, as its CON has been approved.

⁹ Calculation: (# of chairs)*(3 sessions per day)*(6 days per week)*(52 weeks per year)

¹⁰ Years 2018 – 2024 are estimated based on 2017 Network 17 data and 4.5% growth rate. Network 17 data is not available after 2017.

¹¹ Network 17 data

¹² Estimated based on HMSA data as facility was opened in 2018 and Network 17 data is not available

RECEIVED

Siemens Dialysis	74	444	364	380	397	415	434	454	474	495
Kalihi Dialysis	16	96								
TOTALS	227	1,362	1,027	1,040	1,126	1,177	1,230	1,285	1,343	1,404
% Capacity¹³						86%	90%	94%	99%	103%

ST HLTH PLNG
& DEV. AGENCY

Hawaii Dialysis will also provide home dialysis training and services at this location. Although current dialysis providers also offer home dialysis, Satellite Healthcare – operator of Hawaii Dialysis – has a unique approach to care which allows them to have a significantly higher rate of patients on home dialysis compared to current providers. Network 17 data from 2017 shows that about 11% of ESRD patients in Hawaii use a form of home dialysis. In comparison, Satellite averages 20% of patients on a form of home dialysis, across its current dialysis population nationwide, which is double the national average. This performance and experience is in alignment with the federal policy efforts to increase the utilization of home dialysis as a treatment modality in the future¹⁴.

Finally, a common challenge related to dialysis is the extremely high cost of care. This is exacerbated for this population due to the high cost and extended length of inpatient stays for the high acuity patients. Hawaii Dialysis, backed by four non-profit entities, will address this challenge providing benefits such as decreased costs, and increased accessibility to the healthcare system overall while ensuring its services are available to all residents and visitors in need of traditional, outpatient dialysis services, including low income persons, racial and ethnic minorities, women, people with disabilities, and other underserved groups including the elderly.

c) Quality of Service/Care

Satellite Healthcare was asked to partner as the dialysis provider of Hawaii Dialysis due to Satellite’s record of high-quality dialysis services and care. Satellite is the largest nonprofit dialysis provider in the country and a national leader in delivering high-quality, patient-centered care in inpatient and outpatient settings.

Satellite operates 80 dialysis and home training centers around the country, including a clinic in northern California that focuses on care to higher acuity dialysis patients (“Satellite VIP”). The Satellite VIP (Vulnerable Important Patients) program accommodates ESRD patients with higher levels of acuity or requiring special care. Each VIP patient is treated by a team utilizing pre-determined criteria in a dialysis center setting. The ability to accommodate VIP needs provides a setting and an opportunity to treat those that may not be able to receive dialysis treatments without special accommodations and care. Patients can be discharged from the hospital and transitioned to outpatient care, thereby opening beds for others. Some severely ill patients can enter the VIP

¹³ 90% capacity equates to over 840 sessions/chair/year. This is well in excess of the SHPDA required threshold and difficult for most dialysis facilities to schedule additional patients. Over 100% capacity would require a 4th session of dialysis per day with those patients likely dialyzing to midnight or later.

RECEIVED

20 JAN 27 P2 30

STATE AGENCY & REV. AGENCY

program allowing them to receive special accommodations for their acute conditions in a setting that is potentially closer to their home with clinicians that specialize in dialysis treatment. Prior to admission at the center, a physician from Satellite’s Medical Clinical Team communicates with the patient’s Case Manager and Physicians, to determine eligibility and to work with the center staff on the required logistics based on the patient’s needs. The VIP program can accommodate patients who need a sitter, have behavioral issues, have a trach and/or need a gurney or bed for dialysis. Hawaii Dialysis will use the Satellite VIP program as a template to provide service to the higher acuity ESRD population.

Satellite has also led the highest penetration of home dialysis in the nation and has earned 5-star quality ratings from CMS for its dialysis centers, patient satisfaction results, and physician experience. Preliminary CMS data in 2018 from the Dialysis Facility Compare Star Program ratings show:

- 97% of Satellite's centers will receive a 3, 4, or 5 star rating and 64% will receive a 4 or 5 CMS star rating for quality of patient care.
- 78% of Satellite’s centers will receive a 4 or 5 star CMS rating and 90% of Satellite’s centers are currently on target to receive a 3, 4, or 5-star rating for patient experience from the federal agency's in-center hemodialysis CAHPS survey.

Beyond CMS requirements, Satellite has a Quality Assurance and Improvement team of Clinical Improvement Managers that support the field in overseeing additional quality metrics beyond CMS 5-star quality rating system. Satellite is also committed to “humanizing dialysis” by providing a quality experience to all patients/families through personalized care, compassion, provision of additional services, and its Applied Pragmatic Research program¹⁵.

Satellite’s comprehensive Integrated Quality Model¹⁶ leverages the company's national expertise in strategy, analytics, monitoring, and quality assurance. The structure uses an interdisciplinary team, including Medical Directors, with a singular focus on delivering the highest standards of clinical care. Staffing of Hawaii Dialysis will be consistent with standard dialysis industry ratios, however, these may be adjusted to meet the care needs of the higher acuity ESRD population.

Registered Nurses	1 FTE per 12 patients
Patient Care Technicians	1 FTE per 4 patients

All Registered Nurses are licensed in Hawaii and all Patient Care Technicians are nationally certified. Quality training is provided through quarterly quality webinars, online courses through a learning management system, in-person workshops, and QAI outreach/coaching. New Clinical Managers and Assistant Clinical Managers attend a quality training course, taught by the QAI team, upon hire or soon after¹⁷. Satellite uses the Model for Improvement, developed by Associates in

¹⁴ Executive Order on Advancing American Kidney Health <https://www.whitehouse.gov/presidential-actions/executive-order-advancing-american-kidney-health/>

¹⁵ See Attachment H: Satellite Healthcare – Applied Pragmatic Research Program

¹⁶ See Attachment F: Satellite Healthcare – Integrated Quality Model

¹⁷ See Attachment G: Satellite Healthcare – Staffing Detail

RECEIVED
 20 JUN 27 P 2:30
 HEALTH CARE & BEV. AGENCY

Process Improvement (API) and used by the Institute for Healthcare Improvement (IHI), as a framework to accelerate and guide continuous quality improvement throughout the organization. Fundamental to the Model for Improvement is the Plan-Do-Study-Act cycle that is part of the training and continuing education that staff, and medical directors receive.

Hawaii Dialysis will also pursue required certifications. The Office of Health Care Assurance (OHCA) preforms the Medicare certification survey after a facility has been accepted as a Medicare provider. Hawaii Dialysis will enroll to be a Medicare certified ESRD and is ready to meet the provider requirements and all the required operational functionalities for the facility. OHCA will be contacted for required credentialing and certification of Hawaii Dialysis¹⁸.

d) Cost and Finances (include revenue/cost projections for the first and third year of operation)

The total cost of developing Hawaii Dialysis is estimated at \$6,154,000, which includes \$3,856,000 in construction costs and \$1,193,000 in movable equipment. The 10-year lease is valued at \$1,105,000²⁰. The partnership has the sufficient resources to implement the proposed project.

A summary of the projected revenue and expense for the first and third years of operation is shown below.

Table d-1: Revenue and Expense Projections

	Est. First FY of Operations	Est. Third FY of Operations
Total Net Revenue	\$2,780,123	\$8,103,375
Operating Expense:		
Total Labor	\$1,103,963	\$2,862,269
Other Costs	\$2,085,874	\$4,629,731
Total Operating Expense	\$3,189,837	\$7,492,000
Earnings Before Depreciation	(\$409,714)	\$611,376
Depreciation	\$624,395	\$624,395
Earnings After Depreciation	(\$1,034,109)	(\$13,019)

e) Relationship to the Existing Health Care System

¹⁸ See Attachment F: Satellite Healthcare – Integrated Quality Model

²⁰ A copy of the LOI for the site lease is attached as Attachment A: Letter of Intent to Lease Space at Kuakini Medical Center

Our review of the Honolulu service area for dialysis services shows that current dialysis providers are near or at capacity. In five years, all dialysis providers will be over capacity and not be able to meet the growing need for dialysis services in the community. This project will increase capacity for dialysis services and strengthen the existing health care system by providing dialysis care to higher acuity ESRD patients, allowing them to transition out of the hospital to outpatient care, in addition to providing traditional outpatient hemodialysis and home dialysis training. Hawaii Dialysis will collaborate and engage with other providers in the community to ensure access to care, especially for higher acuity dialysis patients, with co-occurring conditions and medically complex needs.

RECEIVED

20 JUN 27 12:30

HOSPITALS & BEV AGENCY

f) Availability of Resources

Hawaii Dialysis will be funded through cash reserves.

Staffing for Hawaii Dialysis will require 16 - 17 FTE in the first year of operations and will consist of a multidisciplinary team made up of the following:

- Center Manager
- Certified Clinical Hemodialysis Technicians
- Registered Nurses
- Territory Technical Manager
- Biomedical Technician
- Dietitian
- Social Worker
- Respiratory Therapist (Satellite will either staff directly or contract)
- Administrative support

As operations increase, an Assistant Center Manager will also be added to ensure the necessary supports and services are delivered to patients. Satellite will work collaboratively with KSS to ensure staffing meets all required regulatory and licensing requirements. Hawaii Dialysis has the resources to recruit, staff and retain the workforce of this center.

RECEIVED

11. **Eligibility to file for Administrative Review.** This project is eligible to file for Administrative review because: (Check all applicable)

20 JAN 27 P 2:30

_____ It involves bed changes, which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.

_____ It involves service changes which will have a capital expense of \$1,000,000 or less, and which will have an increased annual operating expense of less than \$500,000.

_____ It is an acquisition of a health care facility or service, which will result in lower annual operating expenses for that facility, or service.

_____ It is a change of ownership, where the change is from one entity to another substantially related entity.

_____ It is an additional location of an existing service or facility.

X The applicant believes it will not have a significant impact on the health care system.