HAWAI'I STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: #20-09A
To be assigned by Agency

Date of Receipt:

APPLICANT PROFILE

Project Title: Establishment of additional chronic renal dialysis location and services in Honolulu, Hawaii

Project Address: 2055 N. King Street, Suite Nos. 100, 101, 201 and 203, Honolulu, HI 96819

Applicant Facility/Organization: USRC Kalihi, LLC

Name of CEO or equivalent: Mary Dittrich, MD

Title: Interim CEO

Address: 5851 Legacy Circle, Suite 900, Plano, Texas 75024

Phone Number: 214-736-2700 Fax Number: 214-736-2701

Contact Person for this Application: Thomas Weinberg

Title: Chairman

Address: 5851 Legacy Circle, Suite 900, Plano, Texas 75024

Phone Number: 214-736-2730 Fax Number: 214-736-2731

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

July 7, 2020
Date

Thomas Weinberg
Name (please type or print)

Chairman
Title (please type or print)

1. **TYPE OF 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: _____	

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 effective June 1, 2020 between U.S. Renal Care and M.P.P. Enterprises, Inc.

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.)

Building permit from City and County of Honolulu
Certificate of occupancy
Certification from the Centers for Medicare and Medicaid Services

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

USRC Kalihi, LLC is a manager-managed limited liability company with one manager: Thomas L. Weinberg, 5851 Legacy Circle, Suite #900, Plano, Texas 75024, 214-736-2730

USRC Kalihi, LLC's officers include:

Thomas Weinberg, Chairman
5851 Legacy Circle, Suite #900
Plano, Texas 75024
214-736-2730

Mary Dittrich, President
5851 Legacy Circle, Suite #900
Plano, Texas 75024
214-736-2700

James D. Shelton, Vice President and Treasurer
5851 Legacy Circle, Suite #900
Plano, Texas 75024
214-736-2740

Michael C. Huguelet, Secretary
5851 Legacy Circle, Suite #900
Plano, Texas 75024
214-736-2742

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

- Articles of Incorporation – See "Certificate of Formation" Attachment B
- By-Laws – See "Company Agreement" Attachment C
- Partnership Agreements – N/A
- Tax Key Number (project's location) (1)-1-2-011-092

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 Service	Change in Beds
Inpatient Facility					
Outpatient Facility				X	
Private Practice					

5. **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			

6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

1	Land		
2	Construction Contract	$	2,460,841
3	Fixed Equipment	$	1,778,260
4	Moveable Equipment	$	459,943
5	Financing Costs (Interest Expense years 1-5)	$	1,087,848
6	FMV of assets, Rent (PV 10 years)	$	2,582,370
7	Other (Impact fees)	$	10,000
	Total Project Costs	$	8,378,462

B. Source of Funds

1.	Cash	$1,736,146
2.	State Appropriations	
3.	Other Grants	
4.	Fund Drive	
5.	Debt and financing cost	$4,059,946
6.	Other: Fair market value of lease payments (10 year lease)	$2,582,370
	TOTAL SOURCE OF FUNDS:	**$8,378,462**

7. **CHANGE OF 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 reference the 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 additional 16 station chronic renal dialysis location and services (HAR § 11-186-5(4)(A)).

8. **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: June 2020

b) Dates by which other government approvals/permits will be applied for and received:

- Building permits applied October 2020
- Building permits received February 2021
- Upon approval of this CON application, an initial CMS-855A Enrollment Application for Institutional Providers will be submitted to apply for Medicare Certification

c) Dates by which financing is assured for the project: June 2020

d) Date construction will commence: April 2021

e) Length of construction period: 150 calendar days

f) Date of completion of the project: September 2021

g) Date of commencement of operation: January 2022

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.

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

a) Relationship to the State of Hawai`i Health Services and Facilities Plan.
b) Need and Accessibility
c) Quality of Service/Care
d) Cost and Finances (include revenue/cost projections for the first and third year of operation)
e) Relationship to the existing health care system
f) Availability of Resources.

Executive Summary

USRC Kalihi, LLC ("USRC-K") seeks approval to establish an additional location for its dialysis services, located in the Kalihi community at 2055 N. King Street, Suite Nos. 100, 101, 201 and 203, Honolulu, HI 96819 (the "Additional Location"). The Additional Location will offer a full range of dialysis services and modalities, including 16 hemodialysis stations and a home dialysis program. USRC-K is a wholly owned subsidiary of Dialysis Newco, Inc. ("DSI") and DSI is a wholly owned subsidiary of U.S. Renal Care, Inc. ("USRC"). USRC, through DSI, will be the owner of USRC-K and will manage the clinic's day to day operations under a Management Agreement between USRC and USRC-K. The establishment and operation of the Additional Location will enhance USRC's ability to continue to provide high quality and accessible dialysis services to individuals with End Stage Renal Disease ("ESRD") in Honolulu.

a) Relationship to State of Hawai'i Health Services and Facilities Plan

Specific goals of the Health Services and Facilities Plan ("HSFP") reflect current issues facing Hawaii's health care environment, and include:

- Focus on increasing cost-effective access to necessary health care services. Access is distinguished from convenience.
- Promote the financial viability of the health care delivery system.
- Encourage optimization of services and expensive technology by ensuring that supply meets the need and costs are reasonable.
- Promote regionalization of services where appropriate.[1]

This development of the Additional Location furthers those goals. Dialysis services are vitally necessary to the patients who require them and, in keeping with the goals of the HSFP, USRC (hereinafter refers to USRC and USRC-K collectively) will strive to maintain a high standard of quality care while also being focused on cost-effective measures.

[1] HSFP at page 15 (http://health.hawaii.gov/shpda/files/2013/07/shhsfp09.pdf).

The services provided by the clinic will include health education, nutrition education and care education for patients and their families. By maintaining and improving access to quality services at a reasonable cost and providing health education to assist patients and their families in better understanding and managing their chronic disease, this application will support the general principles of the Statewide Health Coordinating Council ("SHCC").[2]

The application will advance the Honolulu Subarea Health Planning Council ("HONSAC") priority of increasing the availability of supportive services to help maintain quality of life and controlling escalating costs in the senior care industry and other needed services.[3] Patient counts and prevalence rates for ESRD are highest among those individuals age 65 and older.[4] The costs associated with dialysis are minimal compared with the costs of emergency medical care and/or hospitalizations due to complications from ESRD that can result from noncompliance with prescribed dialysis treatment regimens.

Additionally, complications from ESRD frequently make it difficult for seniors to continue to live in their homes and necessitate costly nursing home care. By ensuring continued access to a dialysis center, the proposed project will assist seniors with ESRD to comply with their dialysis treatment schedules and help maintain their quality of life. Such compliance will also help individuals avoid nursing home care and reduce the financial and social costs of ESRD for them, their families and the community.

USRC acknowledges and represents:

- Dialysis is a supportive service that maintains the quality of life for its patients.
- Nutrition is an important part of a dialysis patient's everyday lifestyle and USRC's nutrition guidelines and support to patients are all based on industry standards and scientifically-based knowledge.
- USRC aims to be active in community engagement via partnerships with a wide array of organizations such as the National Kidney Foundation, Hawaii Health Systems Corporation, Transpacific Renal Network, the GFR Alliance, HMSA, Kaiser Permanente, the University of Hawaii, and the National Renal Administrators Association.
- A vital part of USRC's patient and family services will be health education counseling and classes about dialysis care and participation in community preventive health campaigns about kidney disease and diabetes.

Hawaii Revised Statute §323D-12 mandates that HSFP must include standards for utilization of health care facilities. Capacity (utilization) thresholds for certain standard categories of health care services are established to guide the initial determination of need for a service area. Prior to the establishment of a new chronic renal dialysis

[2] See HSFP at page 33.
[3] See HSFP at page 35.
[4] See United States Renal Data System at Figure 1.12 Prevalence by age - https://www.usrds.org/2016/view/v2_01.aspx.

unit/service, HSFP provides that the minimum utilization of each existing provider in the service area should be 600 treatments per unit and the utilization of the new chronic renal dialysis unit/service should be projected to meet the minimum utilization rate by the third year of operation (the "HSFP Threshold").[5] In addition, sub-optimum utilization may be proposed if the benefits clearly outweigh the costs to the community of duplicating or under-using services, facilities, or technologies.[6]

The Primary Service Area for the Additional Location is the Kalihi corridor of urban Honolulu on the Island of Oahu (comprised of Kalihi, Middle Street, and Kapalama), the nearby downtown/Chinatown neighborhoods, and other surrounding communities to the west of the Additional Location. It has long been recognized that dialysis facilities in the Primary Service Area of Honolulu are operating in excess of the HSFP Threshold. Utilization data and information submitted by the applicants in CON Application Nos. 19-21A, 19-16A and 19-03A represented/acknowledged that every facility in the Primary Service Area of Honolulu, except Beretania (which was mentioned in CON Application No. 19-21A, but not CON Application Nos. 19-16A and 19-03A), exceeded the HSFP Threshold. Beretania is actually well on its way to doing so--577 treatments per station and increasing.

Although Kalihi Dialysis Hawaii, LLC ("KDH") obtained approval of its CON Application No. 19-16A to establish a 16 station facility at a portion of the same location as the Additional Location, USRC does not believe that the establishment of that facility in any location in the Primary Service Area of Honolulu will significantly reduce the utilization rates of existing facilities in the Primary Service Area. As KDH stated in its application: "there continues to be a high demand for dialysis services and expects such demand to climb for the foreseeable future . . . [and] that its opening will not affect the utilization levels of any existing dialysis facility on Oahu."[7] Moreover, since KDH has yet to commence operations, it is technically not currently a provider which should be accounted for in determining the applicant's relationship to the HSFP.

Furthermore, even with the SHPDA approval of Hawaii Dialysis Partners at Kuakini, LLC's 24 station CON Application No. 19-21A, USRC does not believe that the establishment of that facility in Honolulu will significantly reduce the utilization rates of existing facilities in the Primary Service Area. That applicant represented that it would "provide much needed differentiated outpatient dialysis services . . . including patients with specific higher acuity services or care support needs [such as "having a tracheostomy, requiring a medical ventilator, or needing intravenous antibiotics"]. The proposed project will allow for greater capacity to care for higher acuity dialysis patients with co-occurring conditions and medically complex needs. Utilization of the new unit/service is projected to meet the HSFP minimum utilization by the third year of operation."[8] Moreover, since Hawaii Dialysis has yet to commence operations, it, like

[5] See HSFP at page 29.
[6] See HSFP at pages 31-32.
[7] See page 7 of https://health.hawaii.gov/shpda/files/2019/11/sh1916a.pdf.
[8] See pages 6-7 of https://health.hawaii.gov/shpda/files/2020/02/sh1921a.pdf.

KDH, is technically not currently a provider, and therefore should be excluded from determining the applicant's relationship to the HSFP.

In approving CON Application No. 15-07A, SHPDA referenced testimony that the HSFP states that utilization thresholds may be modified to allow for suboptimum utilization if a proposal's benefits clearly outweight [sic] the costs to the community of duplicating or under-using services, facilities or technologies. The HSFP further states that benefits may include improved access for the service area combined with significant improvements in quality of care. Thresholds may also be modified to incorporate current and best clinical practices. Best practice requires minimizing the distance that a dialysis patient must travel for treatment in order to reduce the incentive to miss treatment sessions."[9]

SHPDA has further indicated that, irrespective of the actual number and location of dialysis facilities outside of the immediate area of the proposed location which may be operating below the 600 treatments per station per year threshold, sub-optimum utilization outside of the immediate area is particularly appropriate with respect to dialysis facilities and services since the benefits of improved access, patient compliance with treatment regimen, quality of care, best clinical practice, hospital discharge to outpatient modalities and cost-reduction are so significant.[10] KDH acknowledged: "While there may be some available capacity at certain existing dialysis clinics on Oahu, this capacity is not effectively available to individuals residing in and around Kalihi, especially those who lack personal vehicles and must make the lengthy trip on public transportation for their three-times weekly treatments, which may last for three to five hours. These facts justify suboptimal utilization, even if the HSFP Threshold is not satisfied."[11]

USRC projects that the utilization at the Additional Location will meet HSFP's minimum utilization of 600 treatments per station by the third year of operation. Even if USRC's projection does not achieve such utilization, as discussed above, suboptimum utilization is acceptable, where, as here, the proposal's benefits clearly outweigh the costs to the community. Moreover, as discussed below, the population growth in the Primary Service Area and the prevalence of diabetes in that population are expected to lead to a significant increase in the need for dialysis services. USRC projects a year 1 ending census at the Additional Location of 24 (translating into 216 treatments per station) and (even if KDH and/or Hawaii Dialysis operate in the Primary Service Area of Honolulu as they each respectively have projected) a year 3 ending census of 90 (translating into 810 treatments per station). As such, the HSFP Threshold utilization levels are met by this project.

b) Need and Accessibility

[9] See letter dated August 3, 2015 from SHPDA to Liberty at sections 4 and 5, page 1 - http://health.hawaii.gov/shpda/files/2015/08/shd1507a.pdf.
[10] See letter dated March 19, 2013 from SHPDA to Liberty at sections 10, 12-13 and 18-19, pages 2-4 - http://health.hawaii.gov/shpda/files/2014/09/shd1228a.pdf.
[11] See page 8 of https://health.hawaii.gov/shpda/files/2019/11/sh1916a.pdf.

As discussed above, the Additional Location will meet the utilization thresholds as required by HSFP. In addition, as evidenced by the utilization of the actual and projected facilities in the Primary Service Area of Honolulu, there is need for the Additional Location. Further, upon commencement of operations, patient access to dialysis services in the Primary Service Area will be improved. The clinic will provide crucial services for ESRD patients who would die without dialysis or successful kidney transplants.

Per Attachment D — Report dated June 8, 2020 by J. Douglas Zona, Ph.D.:

In Honolulu, there are 3,935 dialysis patients being served by 587 dialysis stations. See Zona page 7. When one factors in the U.S. average of each dialysis station supporting 6.21 patients, there should be 634 stations in service. See Zona page 5. This means that there is a current shortfall of 47 dialysis stations in Honolulu. With the ESRD population growing in Honolulu at 5.1% compounded annually, in three years the patient population will be 4,568 meaning that there will be a need for 736 stations. See Zona page 5. The 149-station shortage (736 stations minus 587 stations) will still be beyond what can be covered by the applicant's 16 station Additional Location, KDH's 16 station facility and Hawaii Dialysis' 24 station center.

Although the Additional Location primarily is intended to serve the dialysis needs of residents residing in the Primary Service Area of Honolulu, USRC-K will make its services available to all individuals with ESRD Oahu Island-wide, including low-income persons, racial and ethnic minorities, women, persons with disabilities, and the elderly.

Diabetes is one of the most serious, common, and costly diseases in Hawaii. It is a leading cause of death in Hawaii[12] and the prevalence of adult diabetes has been increasing.[13] The Hawaii Department of Health has found that high rates of diabetes have been occurring in the Kalihi area.[14]

c) Quality of Service/Care

USRC is a leading dialysis provider in the United States. USRC is the third largest for profit dialysis provider and owns and operates over 300 dialysis facilities in 33 states and the U.S. Territory of Guam. USRC also provides dialysis services to over 24,000 individuals with End Stage Renal Disease. USRC's standards of patient care are established through medical protocol guidelines developed and monitored by USRC's Medical Advisory Board. These protocols are established using the best practices across USRC's network of affiliated nephrologists. USRC is committed to quality care, benefitting patients' quality of life and longevity which results in higher survival rates and reduced hospital stays.

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[12] See http://health.hawaii.gov/diabetes/.
[13] See https://www.americashealthrankings.org/explore/annual/measure/Diabetes/state/HI?edition-year=2016.
[14] See Hawaii Diabetes Report 2010 - http://health.hawaii.gov/diabetes/files/2013/10/2010diabetesreport.pdf at page 15.

Mary Dittrich, MD, USRC Chief Medical Officer and Interim CEO, is actively involved in the training and protocol development of USRC's dialysis facilities. The involvement of Dr. Dittrich and other nephrology members of the USRC Medical Advisory Board have been a significant factor in: (1) attracting new medical directors and (2) maintaining strong relationships with existing physicians. USRC's physician leadership also allows it to achieve physician consensus among the facilities, which enhances the ability to achieve a high level of standardization among USRC's facilities. USRC measures clinical outcomes using industry standards developed by the National Kidney Foundation and the ESRD Network.

USRC provides training for all members of its clinical care team, and nurses and patient care technicians must be licensed or certified, as applicable. USRC maintains a robust education department which offers continual educational and training opportunities for employees. USRC maintains patient/staff ratios consistent with those in the dialysis industry in general.

Registered Nurses	1 per 12 patients
Patient Care Technicians	1 per 4 patients
Dieticians	1 per 100 patients
Social Workers	1 per 100 patients

USRC provides quality dialysis services to its patients and is in full compliance with all applicable federal and state regulations at all of its dialysis centers in Hawaii. All USRC Hawaii dialysis facilities are CMS certified, and observe the standards set by both the CDC and CMS in their operations. USRC's quality improvement program was developed in accordance with CMS and the National Kidney Foundation's Disease Outcomes Quality Initiative guidelines.

All USRC nurses are licensed in Hawaii and all patient care technicians are nationally certified as required by CMS.

d) Cost and Finances

The total cost of developing the Additional Location will be approximately $8,378,462. Of this amount, $2,460,041 is pegged for leasehold improvements to the site, $1,778,260 for fixed equipment, $459,943 for movable equipment, $1,087,848 for financing costs, $2,582,370 for 10-year lease payments, and $10,000 for impact fees. The estimated revenue and cost projections for the first and third full years of operation are:

	Year 0	Year 1	Year 2	Year 3
			Total $	
HD Treatments	0	1,260	6,972	11,568
PD Treatments	0	0	0	0
Total Treatments	**0**	**1,260**	**6,972**	**11,568**
Commercial Mix	*NM*	*46%*	*21%*	*20%*
HD Revenue Before Bad Debt Expense	$0	$616,392	$2,872,938	$4,718,438
PD Revenue Before Bad Debt Expense	$0	$0	$0	$0
Bad Debt Expense	0	19,108	89,061	146,272
Net Revenue	**$0**	**$597,284**	**$2,783,877**	**$4,572,166**
HD Salaries and Wages	$14,259	$248,784	$802,448	$1,194,998
HD Benefits	3,565	62,196	200,612	298,750
HD Medical Supplies	0	18,904	106,693	180,567
HD Medications	0	53,580	302,405	511,789
HD Other Exp	0	59,421	328,796	545,541
PD Salaries and Wages	0	0	0	0
PD Benefits	0	0	0	0
PD Medical Supplies	0	0	0	0
PD Medications	0	0	0	0
PD Other Exp	0	0	0	0
Medical Director Fees	0	68,750	80,000	80,000
Other Fixed Expenses	37,514	0	0	0
Rent	0	236,120	243,204	250,500
Total Facility Expenses	**$55,338**	**$747,755**	**$2,064,158**	**$3,062,144**
Facility EBITDAM	**($55,338)**	**($150,471)**	**$719,718**	**$1,510,022**
% Margin	*NM*	*(25%)*	*26%*	*33%*

The 1,260 and 11,568 treatment numbers (and therefore all related numbers in the rest of those columns) are accurate even given that USRC states in section 9.a above that "USRC projects a year 1 ending census at the Additional Location of 24 (translating into 216 treatments per station) and . . . a year 3 ending census of 90 (translating into 810 treatments per station)." USRC notes that multiplying the treatments per station numbers by 16 stations generates treatments of 3,456 (versus 1,260) and 12,960 (versus 11,568). The seeming discrepancy is due to the timing of

providing dialysis services in each of the given years as the patient census increases from the 1st month through the 12th month of each respective operational year.

e) Relationship to the Existing Health Care System

As all of the existing dialysis facilities in the Primary Service Area are, or are close to, operating in excess of the thresholds established by HSFP, and given the need described above in section 9.b, the establishment of the Additional Location will positively impact the health care system on the Island of Oahu by providing additional dialysis capacity and options for individuals with ESRD. The addition by USRC of new dialysis facilities in Hawaii (including the Additional Location) will not detrimentally impact the existing health care system and workforce in any Hawaii service area as well as the quality of service/care delivered to patients of approved facilities. New facilities and services by USRC (including the Additional Location) will generate additional jobs throughout Hawaii's health care sector as well as increased access, quality of services and perhaps even affordability for Hawaii's communities. See Attachment D — Report dated June 8, 2020 by J. Douglas Zona, Ph.D. at pages 2-3:

i. Supply-demand analysis suggests that new USRC dialysis centers throughout the State of Hawaii including anywhere in the Counties of Hawai`i, Maui, Kaua`i, and O`ahu (and specifically but not limited to Hilo, Kona, Wailuku, Kihei, Kalihi, and urban and rural Honolulu, Windward O`ahu, and West O`ahu) will serve an unmet need and can be staffed without negative impact;
ii. There is substantial and growing patient demand for new dialysis centers in Hawaii;
iii. There is an adequate supply pool of clinician labor. There is significant reason to believe USRC can effectively recruit clinicians into Hawaii without undermining the quality of healthcare services statewide and in local communities; and
iv. Increased competition can bring improvements in quality and innovation in the provision of dialysis services in Hawaii.

USRC will collaborate with other providers, community groups and government organizations in the Primary Service Area to ensure quality care for our mutual patients and support for our shared health goals.

f) Availability of Resources

USRC will initially fund the Additional Location with cash on hand. The net working capital is required to cover the initial expenses during the beginning month of operations. U.S. Renal Care, Inc. will then lend necessary amounts to USRC-K for its costs and expenses. USRC-K will agree to repay the principal together with interest and loan charges on the aggregate unpaid principal balance of the loan and assume the remaining obligations under USRC-K's lease for the clinic.

As USRC already operates dialysis facilities in Hawaii, USRC anticipates filling a portion of the staffing positions for the Additional Location from its existing labor force, and the remainder through recruiting efforts in Hawaii through job fairs, advertising and open houses. If necessary, USRC has access to Hawaii-based and national nursing firms that will help identify and/or supply nurses, patient care technicians and other personnel for the facility. See Attachment E — Letter dated May 28, 2020 from Kahu Malama Nurses; Letter dated May 21, 2020 from Express Healthcare Professionals; and Letter dated May 15, 2020 from Aerotek (Allegis Group)

As discussed above in sections 9.b and 9.e, the Additional Location by USRC of new dialysis facilities in Hawaii (including the Additional Location) will not detrimentally impact the existing health care system and workforce in any Hawaii service area as well as the quality of service/care delivered to patients of approved facilities. New facilities and services by USRC (including the Additional Location) will generate additional jobs throughout Hawaii's health care sector as well as increased access, quality of services and perhaps even affordability for Hawaii's communities.

The Additional Location (with merely 16 stations) will only require one nurse and one patient care technician to launch; once fully ramped up, the Additional Location will just require two nurses and four patient care technicians to operate. The required staff is immaterial relative to the total supply of nurses and patient care technicians from which to draw.

The demand for nurses in Hawaii is expected to grow 2.6 percent from 2014 to 2030 (a growth of about 5,600 nursing positions). See Zona page 10. At the same time, the supply of nurses in Hawaii are expected to increase at a faster rate of about 3.8 percent. See Zona page 10. This pipeline of nurses into Hawaii will cause an expected surplus of about 20 percent more nurses (about 3,000 nursing positions) than required to meet patient demand. See Zona page 10.

There is currently a surplus of 163 patient care technicians in Honolulu relative to the national average. See Zona page 13. There is an even larger pool of potential patient care technicians both currently and into the foreseeable future. See Zona page 14.

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

_____ 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.

___X___ 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.