



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 20-14A To be assigned by Agency

Date of Receipt:

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APPLICANT PROFILE

Project Title: Establishment of additional chronic renal dialysis location and services in Kailua-Kona, Hawaii

Project Address: 74-5586 Palani Road, Suite No. 29, Kailua-Kona, HI 96740

Applicant Facility/Organization: USRC Kona, 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.

DocuSigned by: Thomas L. Weinberg Signature

October 6, 2020 Date

Thomas Weinberg Name (please type or print)

Chairman Title (please type or print)

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

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

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2. PROJECT LOCATION INFORMATION

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

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

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 – Kona Coast Shopping Center Counteroffer to Lease dated effective February 2020 signed by Valuerock Trabuco Kona Coast, LLC, Valuerock Lone Kona Coast, LLC, and Valuerock Kona Coast, LLC, collectively as Lessor, and U.S. Renal Care Inc. (parent entity of applicant USRC Kona, LLC) as Lessee.

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 Hawaii County  
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 Kona, 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 Kona, 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  
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Michael C. Huguelet, Secretary  
5851 Legacy Circle, Suite #900  
Plano, Texas 75024  
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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) (3) 7-4-015:001

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					

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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.

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Type of Bed	Current Bed Total	Proposed Beds for your Project	Total Combined Beds if your Project is Approved
<b>TOTAL</b>			

6. PROJECT COSTS AND SOURCES OF FUNDS

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A. List All Project Costs:

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1	Land		
2	Construction Contract	\$	3,793,731
3	Fixed Equipment	\$	256,360
4	Moveable Equipment	\$	552,607
5	Financing Costs (Interest Expense years 1-5)	\$	1,015,501
6	FMV of assets - rent (10 years)	\$	4,110,597
7	Other (Impact fees)	\$	10,000
	Total Project Costs	\$	9,738,805

B. Source of Funds

1.	Cash	\$1,834,898
2.	State Appropriations	
3.	Other Grants	
4.	Fund Drive	
5.	Debt and financing cost	\$3,793,310
6.	Other: Fair market value of lease payments (10-year lease)	\$4,110,597

**TOTAL SOURCE OF FUNDS: \$9,738,805**

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 21 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:

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- a) Date of site control for the proposed project: February 2020
- b) Dates by which other government approvals/permits will be applied for and received:
  - Building permits applied November 2020
  - Building permits received April 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: February 2020
- d) Date construction will commence: May 2021
- e) Length of construction period: 150 calendar days
- f) Date of completion of the project: October 2021
- g) Date of commencement of operation: November 2021

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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.

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- 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.

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### Executive Summary

USRC Kona, LLC ("USRC-K") seeks approval to establish an additional location for its dialysis services, located in the Kailua-Kona community at 74-5586 Palani Road, Suite No. 29, Kailua-Kona, HI 96740 (the "Additional Location"). The Additional Location will offer a full range of dialysis services and modalities, including 21 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") on the Big Island, especially in Kailua-Kona.

#### 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.<sup>1</sup>

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.

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

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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, the application will support the general principles of the Statewide Health Coordinating Council ("SHCC").<sup>2</sup>

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The application will advance the Hawaii County/Hawaii Subarea Planning Council (HSAC) priority of increasing the number of, improving access to, and bolstering the quality of health care facilities.<sup>3</sup> Patient counts and prevalence rates for ESRD are highest among those individuals age 65 and older.<sup>4</sup> 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

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<sup>2</sup> See HSFP at page 33.

<sup>3</sup> See HSFP at pages 33-34.

<sup>4</sup> See United States Renal Data System at Figure 1.12 Prevalence by age - [https://www.usrds.org/2016/view/v2\\_01.aspx](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").<sup>5</sup> 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.<sup>6</sup>

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The Primary Service Area for the Additional Location will include the Big Island communities of Kailua-Kona, Kalaoa, and Holualoa. Currently there is only one dialysis facility in that immediate area and that center is providing treatments in excess of the utilization threshold established by HSFP: Liberty Dialysis Hawaii's "Kona Keauhou" Center (78-6831 Alii Drive, Suite 336, Kailua-Kona, Hawaii 96740) providing 611 treatments per station annually.

There are two other dialysis facilities in Hawaii County, but neither of those are reasonably accessible to patients residing in Kailua-Kona/Kalaoa/Holualoa (the distance and drive times are too prohibitive to sufficiently address patient service and quality): Liberty Dialysis Hawaii's North Hawaii 9 station and Hilo 48-station dialysis facilities respectively providing 725 and 799 treatments per station annually.

Therefore, all existing Big Island dialysis facilities are operating above the HSFP Threshold. The Additional Location will provide an additional dialysis option to patients residing in the Primary Service Area.

Although Liberty Dialysis obtained approval of its CON Application No. 19-06A to establish an additional 24 station facility in Hilo, USRC does not believe that the establishment of that facility will significantly reduce the utilization rates of existing facilities in the Primary Service Area. In addition, that added center is too distant from Kailua-Kona/Kalaoa/Holualoa to service patients from that immediate area. Moreover, since Liberty Dialysis' additional facility has yet to commence operations, it is technically not currently a facility which should be accounted for in 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 outweigh [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."<sup>7</sup>

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<sup>5</sup> See HSFP at page 29.

<sup>6</sup> See HSFP at pages 31-32.

<sup>7</sup> 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>.

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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, 20-001-0-12-24 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.<sup>8</sup> Simply put, no responsible physician would willingly refer a Kailua-Kona patient for treatment three times per week outside of Kailua-Kona and its adjacent west Big Island communities.

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 ESRD patient population growth in the Primary Service Area is 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 36 (translating into 258 treatments per station) and (even if Liberty does commence operation at 85 Lanikaula and 85 West Lanikaula Streets, Hilo, HI 96720 in or about 2022 which due to distance should have no impact on the need for this facility) a year 3 ending census of 107 (translating into 765 treatments per station). As such, the HSFP Threshold utilization levels are met by this project.

b) Need and Accessibility

As discussed above, the Additional Location will meet the utilization thresholds as required by HSFP. In addition, as evidenced by the utilization of the other facilities in the Primary Service Area, 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 Hawaii County, there are 809 dialysis patients being served by 81 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 131 stations in service. See Zona page 5. This means that there is a current shortfall of 50 dialysis stations in Hawaii County. With the ESRD population growing in Hawaii County at 5.9% compounded annually, in three years the patient population will be 960 meaning that there will be a need for 155 stations. See Zona page 5. The 74-station shortage (155 stations minus 81 stations) will still be beyond what can be covered by the applicant's 21 station Additional Location and Liberty Dialysis' additional 24 station facility.

<sup>8</sup> 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>.

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Although the Additional Location primarily is intended to serve the dialysis needs of residents residing in Kailua-Kona and its adjacent communities, USRC will make its services available to all individuals with ESRD Big 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<sup>9</sup> and the prevalence of adult diabetes has been increasing.<sup>10</sup> The Hawaii Department of Health has found that one of the highest rate of diabetes has been occurring in Hawaii County.<sup>11</sup>

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.

Mary Dittrich, MD, USRC Chief Medical Officer, 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 has 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

<sup>9</sup> See <http://health.hawaii.gov/diabetes/>.

<sup>10</sup> See <https://www.americashealthrankings.org/explore/annual/measure/Diabetes/state/HI?edition-year=2016>.

<sup>11</sup> See Hawaii Diabetes Report 2010 - <http://health.hawaii.gov/diabetes/files/2013/10/2010diabetesreport.pdf> at page 15.

Dieticians  
Social Workers

1 per 100 patients  
1 per 100 patients

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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 \$9,738,805. Of this amount, \$3,793,731 is pegged for leasehold improvements to the site, \$256,369 for fixed equipment, \$552,607 is for movable equipment, \$1,015,501 for financing costs, \$4,110,597 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	2,184	6,216	10,248
PD Treatments	0	768	1,836	2,952
<b>Total Treatments</b>	<b>0</b>	<b>2,952</b>	<b>8,052</b>	<b>13,200</b>
<i>Commercial Mix</i>	<i>NM</i>	<i>32%</i>	<i>30%</i>	<i>29%</i>
Census (at year end)		36	73	107
HD Revenue Before Bad Debt Expense	\$0	\$881,400	\$2,521,143	\$4,177,261
PD Revenue Before Bad Debt Expense	\$0	\$346,020	\$779,136	\$1,227,180
Bad Debt Expense	0	38,050	102,309	167,538
<b>Net Revenue</b>	<b>\$0</b>	<b>\$1,189,370</b>	<b>\$3,197,971</b>	<b>\$5,236,904</b>
HD Salaries and Wages	\$16,761	\$341,577	\$794,023	\$1,212,818
HD Benefits	3,352	68,315	158,805	242,564
HD Medical Supplies	0	33,671	98,708	167,616
HD Medications	0	79,962	234,412	398,056
HD Other Exp	0	101,753	298,293	506,534
PD Salaries and Wages	0	68,641	113,636	148,620
PD Benefits	0	13,728	22,727	29,724
PD Medical Supplies	0	65,280	160,742	266,201
PD Medications	0	30,273	74,543	123,449
PD Other Exp	0	30,042	73,975	122,508
Medical Director Fees	0	68,750	75,000	75,000
Other Fixed Expenses	37,929	0	0	0
Rent	0	381,480	391,017	400,792
<b>Total Facility Expenses</b>	<b>\$58,042</b>	<b>\$1,283,473</b>	<b>\$2,495,879</b>	<b>\$3,693,882</b>
<b>Facility EBITDAM</b>	<b>(\$58,042)</b>	<b>(\$94,103)</b>	<b>\$702,092</b>	<b>\$1,543,022</b>
<i>% Margin</i>	<i>NM</i>	<i>(8%)</i>	<i>22%</i>	<i>29%</i>

The 2,184 and 10,248 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 36 (translating into 258 treatments per station) and . . . a year 3 ending census of 107 (translating into 765 treatments per station)." USRC notes that multiplying the treatments per station numbers by 21 stations generates treatments of 5,418 (versus 2,184) and 16,065 (versus 10,248). 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.

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e) Relationship to the Existing Health Care System

As the only existing dialysis facility in the immediate service area of Kona is 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 Big Island 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,

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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 recruiting 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).

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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 will only require two nurses and three patient care technicians to launch; once fully ramped up, the Additional Location will require five nurses and ten patient care technicians to operate. The required staff is small 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 Attachment D — Report dated June 8, 2020 by J. Douglas Zona, Ph.D. at 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 25 patient care technicians in Hawaii County relative to the national average (49 identifiable PCTs which represent an available pool of more than twice 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.

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

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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.

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