



STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

DAVID Y. IGE
GOVERNOR OF HAWAII

ELIZABETH A. CHAR, M.D.
DIRECTOR OF HEALTH

SERAFIN COLMENARES, JR., Ph.D., M.P.H.
ADMINISTRATOR

1177 Alakea St., #402, Honolulu, HI 96813 Phone: 587-0788 Fax: 587-0783 www.shpda.org

April 12, 2021

CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Mary Dittrich, MD
Interim CEO
USRC Wailuku, LLC
5851 Legacy Circle, Suite 900
Plano, Texas 75024

Dear Dr. Dittrich:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #20-01A from USRC Wailuku, LLC (the applicant) for the establishment of chronic renal dialysis services at 58 Maui Lani Pkwy (Building B), Wailuku, HI, at a capital cost of \$11,691,812 (the "Proposal").

- A. The Agency makes the following findings of fact with respect to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR) 11-186-15(a). The Agency finds each of the following statements to be true and accurate.
1. The applicant states¹ that "USRC Wailuku, LLC ("USRC-Wailuku") seeks approval to establish an additional location for its dialysis services, located in the Wailuku community at 58 Maui Lani Pkwy (Building B), Wailuku, HI 96732 (the "Additional Location"). The Additional Location will offer a full range of dialysis services and modalities, including 24 hemodialysis stations and a 6-training room home dialysis program."
 2. The applicant states that "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."
 3. The applicant states that "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 our 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."

¹ For clarity, when the Agency quotes statements from the applicant or from witnesses in this section, it does so because the Agency finds such testimony to be persuasive and because the Agency has incorporated the referenced testimony as a finding of fact.

4. The applicant states that "USRC measures clinical outcomes using industry standards developed by the National Kidney Foundation and the ESRD Network."
5. The applicant states that "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."
6. The applicant states that "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."
7. The applicant states that "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. USRC will then lend necessary amounts to USRC Wailuku for its costs and expenses. USRC Wailuku 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 Wailuku's lease for the clinic."
8. The applicant projects Net Revenue and Total Facility Expenses of: \$2,323,100 and \$2,141,885 respectively, for Year 1 of operations and \$7,953,447 and \$5,876,264 respectively, for Year 3 of operations.
9. In written testimony received by the Agency March 17, 2021, Jocelyn Saccamago, Regional Vice President, Liberty Dialysis Hawaii, LLC states "Altogether, there are four dialysis clinics on Maui, one on Lanai, and one on Molokai. In addition, Liberty provides significant support to a CMS-certified communal home in Hana for dialysis patients who reside on the Eastern end of Maui."
10. In her testimony, Ms. Saccamago states "...US Renal fails to recognize the unique characteristics of Maui County's dialysis care system and does not understand the importance of approaching the delivery of dialysis services from a countywide perspective so that resources can reach rural areas."
11. In her testimony, Ms. Saccamago further states " ...approval of US Renal's CON #20-01A will weaken the established dialysis care network that has thrived in Maui County for many years because of the support of countless individuals and entities."

12. In written testimony received by the Agency March 11, 2021, Kristie Caparida, RN, states that "We do not need another dialysis company to set up shop in Wailuku Maui. It'll only dilute and disrupt Liberty's efforts to sustain their clinics in rural areas such as Lanai, Molokai, and Hana."
- B. Pursuant to Title 11, Chapter 186 of the Hawaii Administrative Rules (HAR), the Agency finds that this proposal is eligible for administrative review as it meets the criterion in HAR Subsection 11-186-99.1(b) (5), i.e.: "An additional location of an existing service or facility".

Conclusions and Order

The Agency finds that the Proposal meets the certificate of need criteria in HAR 11-186-15(a) (5) - (8), inclusive. The criteria in HAR 11-186-15(a)(2) are not applicable to this Proposal.

However, the Agency finds that the applicant has not proven by a preponderance of the evidence that its Proposal meets the criteria in HAR 11-186-15(a)(10) i.e.: "The relationship of the proposal to the existing healthcare system of the area". Having taken into consideration the records pertaining to the criteria in HAR 11-186-15(a)(10), including application #20-01A on file with the Agency, all of the oral and written testimony, exhibits and related filings submitted by the applicant and other persons, the Agency finds that the Proposal will not benefit or enhance the existing healthcare system of the area.

Accordingly, the State Health Planning and Development Agency hereby **DISAPPROVES** and **DENIES** a Certificate of Need to USRC Wailuku, LLC for the Proposal described in Certificate of Need application #20-01A.

As the Proposal fails to meet the criteria in HAR 11-186-15(a) (10), the Agency makes no findings as to the application's relationship to the remaining criteria [HAR 11-186-15(a) (1), (3), (4), (9),(11) and (12)].



Serafin Colmenares, Jr.
Administrator