



# 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

September 30, 2021

## CERTIFIED MAIL, RETURN RECEIPT REQUESTED

Jocelyn M. Saccamago  
Regional Vice President  
Lihue Dialysis Hawaii, LLC  
2226 Liliha Street, Suite 226  
Honolulu, HI 96817

Dear Ms. Saccamago:

The State Health Planning and Development Agency (the "Agency") has evaluated Certificate of Need application #21-08A from Lihue Dialysis Hawaii, LLC (the applicant) for the establishment of chronic renal dialysis services at 4303 Nawiliwili Road, Unit J1A, Lihue, HI, at a capital cost of \$9,733,213.25 (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 states<sup>1</sup> that "By laying the foundation to supply sufficient dialysis services, the Proposed Clinic will advance the Statewide Health Coordinating Council priorities by:
  - Promoting and supporting the long-term viability of the health care delivery system;
  - Ensuring that patients' access to dialysis services is maintained at a reasonable cost;
  - Maintaining equitable access to health care services; and
  - Supporting the regional and statewide continuum of care."
2. The applicant states that "The Proposed Clinic supports the Kauai Subarea Planning Council's ("KSAC") priorities of striving for a system of comprehensive care on Kauai, promoting island sustainability and local control of Kauai health services, increasing supply of in-home care options for seniors at all economic levels, and improving accessibility to medical services as soon as feasible. The Proposed Clinic also furthers the KSAC priority of supporting efforts to recruit/retain personnel in areas of health care experiencing shortages who will live on Kauai."

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<sup>1</sup> 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.

3. The applicant states that "The State of Hawaii Health Services and Facilities Plan (the "State Plan") states that prior to the establishment of a new chronic renal dialysis service, the minimum annual utilization for each provider in the service area should be 600 treatments per unit, and the utilization of the new service should be projected to meet the minimum utilization rate by the third year of operation (the "State Plan Threshold"). The State Plan Threshold has been established to guide the initial determination of need for a service area."
4. The applicant states that "Liberty operates the only other dialysis clinic in the Target Area (Liberty Kauai), which has 11 stations that serve a total population of about 67 patients. Currently, Liberty Kauai operates at a high capacity, offering 3 shifts per day Monday/Wednesday/Friday and four shifts per day on Tuesday/Thursday/Saturday. This equates to approximately 938 treatments per station annually. The next closest dialysis clinic to the Proposed Clinic, Liberty West Kauai, has 8 stations that serve a total population of about 46 patients. Liberty West Kauai offers four shifts on Monday/Wednesday/Friday and three shifts on Tuesday/Thursday/Saturday, for an annual utilization rate of 796 treatments per station. Accordingly, based on the relevant data, both Liberty Kauai and Liberty West Kauai operate well above the State Plan Threshold."
5. In written testimony dated August 30, 2021, Marilyn A. Matsunaga states that the proposed new facility's 3<sup>rd</sup> year projected utilization is 609 treatments per unit.
6. The applicant states that "In a 2013 report to the Hawaii Legislature, the National Kidney Foundation of Hawaii stated that the latest statistics showed that more than 162,000 people in Hawaii were fighting chronic kidney disease. One in every seven people is dealing with this illness, which is 30% higher than the national average. Asians and Pacific Islanders are two to four times more likely to develop end stage kidney disease."
7. The applicant states that "In Kauai County specifically, the recent growth trajectory in patient numbers indicates a 5.23% Compound Area Growth Rate for in-service dialysis patients. It is evident that Kauai's patient demographics, geographic layout, and the increasing prevalence of ESRD secondary to DM will cause Kauai's demand for dialysis services to continue rise for the foreseeable future."
8. The applicant states that "While it is expected that the Proposed Clinic will primarily meet the needs of residents of the Target Area, LDH will make the Proposed Clinic's services available to all Kauai residents and visitors, including low-income individuals, racial and ethnic minorities, women, individuals with disabilities, other underserved groups, and the elderly."

9. The applicant states that "The Liberty Clinics are CMS certified and observe the standards set by both the CDC and CMS in their operations. Liberty's quality improvement program was developed in accordance with CMS and the National Kidney Foundation's Disease Outcomes Quality Initiative guidelines. In keeping with the Liberty Dialysis Quality Improvement Program, each Liberty Clinic monitors the quality of care it provides in each of the following areas: anemia management, bone management, adequacy of dialysis, patient satisfaction and technical management."
10. The applicant states that "All Liberty nurses are licensed in Hawaii and all patient care technicians are nationally certified. All nurses and hemodialysis technicians must complete Liberty's training program prior to being assigned patient care duties. All LDH patient care staff will participate in regular in-service training to maintain the highest quality of competency."
11. The applicant projects Total Operating Revenue and Total Expenses of: \$741,836.00 and \$1,191,284.00 respectively, for the 1<sup>st</sup> full year of operations and \$3,417,950.72 and \$3,194,807.48 respectively, for the 3<sup>rd</sup> full year of operations.
12. In written testimony received September 3, 2021, Jocelyn Saccamago states that "...adding a third dialysis clinic will decrease the overall costs of health services to the community in the long run. The expected surge in demand for dialysis services is shown through Liberty's third year financial projections. There are more than enough patients on Kauai to support a third clinic and making dialysis care more readily available for these patients will help to ensure they regularly attend their dialysis appointments and avoid complications resulting from lapses in dialysis care. This type of support is needed to strengthen Kauai's health care system as a whole and keep avoidable health care costs down."
13. The applicant states that "No significant negative impact on the existing health care system is expected from the Proposed Clinic. This project will add new capacity to address the need that has already been established through the current utilization figures described herein. Liberty's other clinics in or near the Target Area are operating near or above the State Plan Threshold and Liberty expects to maintain these utilization figures despite an increase in capacity stemming from the Proposed Clinic because of the positive CAGR for the Target Area."
14. The applicant states "There are no financial obstacles to this proposal. The Proposed Clinic will be paid for with cash reserves or through a committed working capital line, which LDH has dedicated to this project."
15. The applicant states "For Kauai County, Liberty seeks new employees on an ongoing basis through local recruitment efforts and advertising on a local and national scale. Liberty has developed extensive training and education programs for its new hires and invests significant time and capital to ensure the preparedness of each member of its

team. Liberty's partnerships with local educators also provide clinical training opportunities for new nurses and technicians. These programs have directly boosted recruitment of local dialysis nurses and technicians and helped to maintain a consistent supply of qualified personnel for Liberty's Kauai clinics."

16. The applicant states that "...Liberty will make efficient use of its staffing resources by utilizing an internal float staffing pool to provide extra support at the Proposed Clinic, as needed."
- 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

Pursuant to Title 11, Chapter 186, HAR, the Agency has determined that:

- (a) The Proposal is eligible for administrative review as it meets one or more of the criteria in HAR 11-186-99.1(b).
- (b) The applicant, Lihue Dialysis Hawaii, LLC has proven by a preponderance of the evidence that the Proposal meets the Certificate of Need criteria in HAR 11-186-15 (a).
- (c) There is no compelling public interest which will be served by requiring the application to go through the standard review process.

As required under Subsection 323D-43(b), Hawaii Revised Statutes, the Agency has determined that:

- 1. There is a public need for the Proposal.
- 2. The cost of the Proposal will not be unreasonable in light of the benefits it will provide and its impact on health care costs.

Accordingly, the State Health Planning and Development Agency hereby APPROVES and ISSUES a Certificate of Need to Lihue Dialysis Hawaii, LLC for the Proposal described in Certificate of Need Application #21-08A. The maximum capital expenditure allowed under this approval is \$9,733,213.25.



Serafin Colmenares, Jr.  
Administrator