



HAWAII STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

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ADMINISTRATIVE APPLICATION - CERTIFICATE OF NEED PROGRAM

Application Number: # 21-24A
To be assigned by Agency

Date of Receipt: ST HLTH PLANNING & DEV. AGENCY

APPLICANT PROFILE

Project Title: Establishment of additional chronic renal dialysis location and services in Kapaa, HI

Project Address: 4-831 Kuhio Highway, Unit Nos. 400-412, Kapa'a, Kauai, 96746

Applicant Facility/Organization: 45 Alamo Management Partners, LLC

Name of CEO or equivalent: Thomas Weinberg

Title: President

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 L. Weinberg

Title: Chairman and President

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
CB5C10B43E7A48E
Signature

September 20, 2021
Date

Thomas L. Weinberg
Name (please type or print)

Chairman and President
Title (please type or print)

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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: _____
- Windward O`ahu: _____
- West O`ahu: _____
- Maui County: _____
- Kaua`i County: X
- 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 4-831 Kuhio Highway, Unit Nos. 400-412, Kapa`a, Kauai, 96746

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 County of Kauai, Department of Public Works Development Services Administration
 Certificate of occupancy from County of Kauai, Department of Public Works Development Services Administration
 Fire Marshall's Approval from County of Kauai, Fire Prevention Bureau
 Certification from the Centers for Medicare and Medicaid Services

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

45 Alamo Management Partners, 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

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45 Alamo Management Partners, LLC's officers include:

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

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Mary Dittrich, Vice 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

Steve Nottingham, 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) – (4) 4 3 009:45

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 has 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
TOTAL			

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6. PROJECT COSTS AND SOURCES OF FUNDS

A. List All Project Costs:

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1	Land		
2	Construction Contract	\$	4,107,826
3	Fixed Equipment	\$	170,817
4	Moveable Equipment	\$	405,865
5	Financing Costs	\$	
6	FMV of assets acquired by lease, rent, donation, etc. - rent (10 years)	\$	2,492,896
7	Other (Impact fees)	\$	35,000
	Total Project Costs	\$	7,212,404

B. Source of Funds

1.	Cash	\$4,719,508
2.	State Appropriations	
3.	Other Grants	
4.	Fund Drive	
5.	Debt	
6.	Other: Fair market value of lease payments (10 year lease)	\$2,492,896

TOTAL SOURCE OF FUNDS: \$7,212,404

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 9 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: November 2020 ²¹ SEP 20 P3 :48
- b) Dates by which other government approvals/permits will be applied for and received:
1. Building permits applied – March 2022
 2. Building permits received – September 2022
- c) Dates by which financing is assured for the project: November 2020
- d) Date construction will commence: October 2022
- e) Length of construction period: 180 calendar days
- f) Date of completion of the project: April 2023
- g) Date of commencement of operation: April 2023

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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.

- 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

45 Alamo Management Partners, LLC ("USRC Kapaa") seeks approval to establish an additional location for its dialysis services, located in the Kapaa community at 4-831 Kuhio Highway, Unit Nos. 400-412, Kapa`a, Kauai, 96746 (the "Additional Location"). The Additional Location will offer a full range of dialysis services and modalities, including 9 hemodialysis stations and a 1-training room home dialysis

program. USRC Kapaa is a wholly owned subsidiary of 45 Alamo Management Partners Holdings, LLC ("Holdings"). Holdings is a wholly owned subsidiary of Dialysis Newco I, LLC, which is a wholly owned subsidiary of Dialysis Newco, LLC. Dialysis Newco, LLC is a wholly owned subsidiary of Dialysis HoldCo, LLC. Dialysis HoldCo, LLC is a wholly owned subsidiary of U.S. Renal Care, Inc. U.S. Renal Care, Inc., through Holdings, will be the owner of USRC Kapaa and will manage the clinic's day to day operations under a Management Agreement between U.S. Renal Care, Inc. and USRC Kapaa. The establishment and operation of the Additional Location will enable U.S. Renal Care, Inc. to provide high quality and accessible dialysis services to individuals with End Stage Renal Disease ("ESRD") in Kauai County, especially in Kapaa. All entities referred to in this paragraph shall collectively hereafter be referred to as "USRC."

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 will strive to maintain a high standard of quality care while also being focused on cost-effective measures.

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").²

The application, including with respect to the home dialysis program, will advance the KAUAI COUNTY/KAUAI SUBAREA HEALTH PLANNING COUNCIL ("KSAC") priorities including 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, improving accessibility to medical services as soon as feasible, supporting efforts to recruit/retain personnel in areas of

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

² See HSFP at page 33.

health care experiencing shortages who will live on Kauai, and increasing community education and awareness of chronic diseases (i.e., Type I diabetes) .³

Patient counts and prevalence rates for ESRD are high, especially among those individuals age 65 and older. 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 scientific-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 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").⁴ 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.⁵

The Primary Service Area for the Additional Location will include the Kauai communities of Kapaa and Lihue. Liberty Dialysis Hawaii operates the only existing outpatient dialysis clinics on the island of Kauai. Jocelyn Saccamago, Regional Vice

³ See HSFP at page 34.

⁴ See HSFP at page 29.

⁵ See HSFP at pages 31-32.

President of Liberty, supplied written testimony earlier this month (September 2021) related to CON Application No. 21-08A that:

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- [T]here is a critical need for more dialysis services on Kauai.
- [T]he utilization figures at the existing Kauai clinics are far above the State Plan's 600 treatments per station threshold used to determine the need in a service area. Liberty's two existing Kauai clinics operate a combined total of 19 stations. Both of these clinics have started to incorporate a fourth shift into its normal weekly schedule because the demand for dialysis on Kauai has become so great.
- The closest Liberty clinic [in Lihue] provides 938 treatments per station annually and the Waimea clinic provides 796 treatments per station annually. These utilization figures both far exceed the 600 treatments per station metric and are not ideal from a patient care standpoint. Having to operate a fourth shift forces patients to receive treatment late into the night, which can be a significant burden on patients and their caregivers. The Additional Location will provide an additional dialysis option to patients residing in the Primary Service Area.

Although Lihue Dialysis Hawaii, LLC ("Lihue Dialysis"), an affiliate of Liberty Dialysis Hawaii, obtained approval of its CON Application No. 21-08A to establish an additional 16 station facility in Lihue, USRC does not believe that the establishment of that facility in any location in the Primary Service Area of Kauai will significantly reduce the utilization rates of existing facilities in the Primary Service Area. Moreover, since Lihue Dialysis 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.⁶

Whether or not Lihue Dialysis is included for purposes of the Applicant's HSFP calculation, as shown in Attachment D, the Additional Location will satisfy the 600 treatments per station HSFP utilization threshold.

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

⁶ HSFP at pages 29-30 provides "For a new unit/service, the minimum annual utilization for each provider in the service area is 600 treatments per unit, and the utilization of the new unit/service is projected to meet the minimum utilization rate by the third year of operation. For expansion of existing units/services, the provider's utilization is an average of at least 720 treatments per year per unit." The reference to "existing" and lack of specificity as to a pending application and/or approved application without commencement of operations indicates that Lihue Dialysis' impact on the Kauai market should be excluded from consideration of utilization for this Application.

patient must travel for treatment in order to reduce the incentive to miss treatment sessions.”⁷

SHPDA has further indicated that, irrespective of the total 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.⁸ Simply put, no responsible physician would willingly refer a Kapaa patient for treatment three times per week outside of Kapaa and its adjacent 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 24 (translating into 204 treatments per station) and a year 3 ending census of 52 (translating into 608 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 immediate Kapaa 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 E — Report dated June 8, 2020 by J. Douglas Zona, Ph.D.:

In Kauai County, there are 288 dialysis patients being served by 19 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 47 stations in service. See Zona page 5. This means that there is a current shortfall of 28 dialysis stations in Kauai County. With the ESRD population growing in Kauai County at 5.5% compounded annually, in three years the patient population will be 339 meaning that there will be a need for 55 stations. See Zona page 5. The 36-station shortage (55 stations minus 19 stations) will still be beyond

⁷ 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>.

⁸ See letter dated March 19, 2013 from SHPDA to Liberty at sections 10, 12-13 and 18-19, pages 2-4 - <https://health.hawaii.gov/shpda/files/2014/09/shd1228a.pdf>.

what can be covered by the applicant's 9 station Additional Location as well as adding in Lihue Dialysis' approved (but not operational) 16-station facility.

Additional data, information and analysis is provided at Attachment D.

The proposed project will address an outpatient dialysis service provider monopoly/oligopoly currently existing on Kauai. Accordingly, there would be a significant improvement to the health care system with the opening of the proposed facility and services.

There are special characteristics and long-term needs of Kauai County's dialysis care system. The delivery of dialysis services should be considered from a countywide and prospective perspective so that resources can be assured, and quality may be maintained and elevated.

The Kauai community and its patients should have a network of providers analogous to that operating on Oahu that ensures patient choice of providers and payor health plans. The manner any need is met is extremely important to the viability and quality of the health care delivery system. The danger of monopolies and the importance of a diversified provider base to ensure resiliency of the health care system should not be dismissed. Efforts should be made to add additional providers to the market that can act as a failsafe in the event of an emergency or an unanticipated circumstance.

Kauai County, like all of Hawaii, is severely impacted by the surge of COVID-19. The pandemic heightens the need for more dialysis providers. This would help control the spread of viruses. The lack of available dialysis spots puts Kauai residents at risk if existing providers have operational issues or are not in compliance with legal requirements and health regulations. Kauai patients would have nowhere to go to dialyze. Jocelyn Saccamago, Regional Vice President of Liberty, in written testimony earlier this month (September 2021) related to CON Application No. #21-08A acknowledged that "COVID-19 has worsened this situation because COVID positive patients need to be isolated—further impacting station availability. Liberty has managed to maintain services for COVID positive patients and keep them on island by providing an isolation shift, but this strategy is not sustainable long-term. The logistics for maintaining an isolation shift for COVID patients among only two clinics has made things even more difficult."

Although the Additional Location primarily is intended to serve the dialysis needs of residents residing in Kapaa and its adjacent communities, USRC will make its services available to all individuals with ESRD Kauai County-wide, including low-income persons, racial and ethnic minorities, women, persons with disabilities, and the elderly.

The current health system on Kauai lacks the proper medical infrastructure to serve all its residents suffering from kidney related complications in a timely manner. The lack of access to care, travel distance to available resources and the insufficient number of practicing physicians are a few of the major contributing factors.

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Accordingly, USRC has developed a Mobile CKD Program which is rolling out in the State of Hawaii (including in Kauai County to service residents of rural areas outside of Kapaa and Lihue) in concert with an approval of this proposal. This program is designed to conduct health screenings and treatment options education in both the urban and rural areas of Kauai, Maui, Molokai, Lanai, Big Island, and Oahu. The establishment of the Mobile CKD Program will enable residents living in areas with limited access to healthcare services to obtain screenings for diabetes and hypertension, the two leading causes of kidney failure. The Mobile CKD Program will not be treating patients with mobile dialysis machines.

In addition to health screening services, USRC's Mobile CKD Program plans to have its Kidney Care Options Educator conduct regular information sessions across the state to educate participating residents about the various treatment options and resources available to them.

The Mobile CKD Program for Kauai County will work part and parcel with USRC building partnerships with a wide array of stakeholders throughout Kauai County including on Lanai and Molokai and in Hana and the eastern end of the island of Kauai. USRC intends to create a County-wide backup network, creating critical redundancy for the health care system. In fact, USRC is willing to guarantee sustaining services for any withdrawal by FMC/Liberty of services to underserved areas.

Approval of this proposal will benefit, enhance, and positively impact the existing health care system and in Kauai County's underserved areas by adding unique and transformative services.

Diabetes is one of the most serious, common, and costly diseases in Hawaii. It is a leading cause of death in Hawaii⁹ and the prevalence of adult diabetes has been increasing.¹⁰ The Hawaii Department of Health has found that one of the higher rates of diabetes has been occurring in Kauai County.¹¹ Hawaii's CKD population has continued to embark on an uptrend in recent years. In 2013, the National Kidney Foundation of Hawaii estimated that a total of 156,000 residents suffered from chronic kidney disease. These estimates are now closer to 200,000 this year and put Hawaii at continued risk for the highest prevalence of ESRD compared to the nation's average.

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

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

¹⁰ See <https://www.americashealthrankings.org/explore/annual/measure/Diabetes/state/HI>.

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

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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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
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 \$7,212,404. Of this amount, \$4,107,826 is pegged for leasehold improvements to the site, \$170,817 for fixed equipment, \$405,865 is for movable equipment, \$2,492,896 for 10-year lease payments, and \$35,000 for impact fees.

The estimated revenue and cost projections for the first and third full years of operation are set forth below. The 1,838 and 5,475 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 204 treatments per station) and . . . a year 3 ending census of 52 (translating into 608 treatments per station)." USRC notes that multiplying the treatments per station numbers by 9 stations generates treatments of 3,600 (versus 1,838) and 7,800 (versus 5,475). 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.

	Year 0	Year 1	Year 2	Year 3
			Total \$	
HD Treatments	0	1,838	3,900	5,475
PD Treatments	0	375	975	1,575
Total Treatments	0	2,213	4,875	7,050
<i>Treatments Per Station</i>	<i>0</i>	<i>204</i>	<i>433</i>	<i>608</i>
<i>Census at Year End</i>	<i>0</i>	<i>24</i>	<i>38</i>	<i>52</i>
HD Revenue Before Bad Debt Expense	\$0	\$735,375	\$1,518,898	\$2,154,413
PD Revenue Before Bad Debt Expense	\$0	\$194,775	\$466,085	\$741,583
Bad Debt Expense	0	28,835	61,534	89,776
Net Revenue	\$0	\$901,315	\$1,923,449	\$2,806,220
HD Salaries and Wages	\$0	\$217,180	\$391,119	\$499,479
HD Benefits	0	43,436	78,224	99,896
HD Medical Supplies	0	29,951	63,570	89,243
HD Medications	0	43,365	92,040	129,210
HD Calcimimetics	0	919	1,950	2,738
HD Other Exp	35,000	166,102	207,652	297,341
PD Salaries and Wages	0	114,400	116,688	119,022
PD Benefits	0	22,880	23,338	23,804
PD Medical Supplies	0	39,375	102,375	165,375
PD Medications	0	9,750	25,350	40,950
PD Calcimimetics	0	0	0	0
PD Other Exp	35,000	33,898	54,698	90,125
Medical Director Fees	0	63,750	70,000	70,000
Fixed Labor Expenses	131,055	239,118	280,029	387,228
Common Area Maintenance (CAM)	26,638	53,276	53,276	53,276
Rent	98,007	196,014	196,014	196,014
Total Facility Expenses	\$325,699	\$1,273,414	\$1,756,321	\$2,263,699
Facility EBITDAM	(\$325,699)	(\$372,098)	\$167,128	\$542,521
<i>% Margin</i>	<i>NM</i>	<i>(41%)</i>	<i>9%</i>	<i>19%</i>

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e) Relationship to the Existing Health Care System

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As the existing dialysis facilities in the Primary Service Area are 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 in Kauai County 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 E — 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 fund the Additional Location with cash on hand.

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 recruiting firms that will help identify and/or supply nurses, patient care technicians and other personnel for the facility.

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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 no more than two nurses and three patient care technicians to launch; once fully ramped up, the Additional Location will require no more than three nurses and seven 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 E — 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 7 patient care technicians in Kauai County relative to the national average (13 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.