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**CERTIFICATE OF NEED**

10

**PUBLIC MEETING**

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Pages 1 - 62, inclusive

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Held at  
Kenai Peninsula Borough Building  
Soldotna, Alaska

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24 Reported by: Leonard J. DiPaolo, RPR

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1 PROCEEDINGS

2 MS. LAWFER: If you haven't had a chance to  
3 sign in, there is a sign-up sheet in the back, and it's for  
4 anyone who is here, and you can state whether you want to  
5 give comments or not. I already have a couple that have  
6 question marks, and so I'll go back and ask them towards  
7 the end if they want to comment.

8 My name is Karen Lawfer, and I'm with the  
9 State of Alaska in the Certificate of Need program. And  
10 the purpose for the meeting, or this public hearing this  
11 evening, is to take public testimony and to hear public

12 comment on two different applications for renal dialysis

13 facilities in the Soldotna area.

14 What we're going to do first is we will have

15 a presentation from each of the companies. We have Liberty

16 as well as Fresenius. So we will have those first. There

17 will be a PowerPoint presentation, I think, with them.

18 Before I forget, if we could make sure that we get a copy

19 of your PowerPoints --

20 MR. CAPUTO: Sure.

21 MS. LAWFER: -- in the State office, that

22 would be helpful. The presentation will be transcribed as

23 well as part of the public record. So I just want to make

24 sure that you knew that. So if anyone -- if you signed up

25 and you said no and later on you want to comment, please

3

1 let me know because I will be going through the list.

2 So at this point in time I'd like to

3 introduce -- if I give him one second. I'd like to

4 introduce Mark Caputo and he's with Liberty Dialysis.

5 MR. CAPUTO: Well, thank you very much for  
6 joining, and thank you Karen and to David, who I think is  
7 still manning the doors at the moment, for helping to host  
8 this.

9 As I think most everyone here knows that  
10 we've applied for a certificate of need to build a chronic  
11 hemodialysis center in the Kenai Peninsula and the Soldotna  
12 area, and that Fresenius has also applied to build a  
13 similar center.

14 I think that the good news is that whether  
15 either company is awarded the CON or whether both are  
16 awarded the CON, whatever the case might be, the patient  
17 care will be at a high level, and that the community will  
18 be taken care of. So I think that's the good news.

19 I think that the advantage of having two  
20 companies offering services in the state of Alaska is that  
21 both companies are excellent companies, but we have  
22 differing approaches, and that competition leads to  
23 innovation, and that will be something that will have  
24 immediate short-term benefits and substantive long-term

25 benefits for this community and the kidney disease patients

4

1 in the state of Alaska.

2 To give a quick overview of Liberty

3 Dialysis, we have over 60 dialysis centers operating in the

4 United States. We are partners with more than 60

5 nephrologists throughout the United States. 22 of our

6 clinics are also partnerships with local hospitals. We

7 care for over 3400 dialysis patients. We have over a

8 thousand employees, and zero executives have ever left this

9 company. Not one since the day we founded this company has

10 ever left. And we have -- we have amongst the lowest

11 employee turnover rate in the entire industry. It varies

12 between 9 percent in any given year and 17 percent.

13 And this is an industry where there is a

14 study published in September that indicated that 35 percent

15 of the nurses in the nephrology and dialysis field change

16 jobs every year, whereas last year nine percent of ours

17 did. And there is a reason that people are attracted to  
18 joining Liberty and that stay with Liberty for the long  
19 term.

20 Our philosophy has always been and continues  
21 to be we build beautiful patient-focused clinics. We  
22 deliver the highest quality care. We build facilities that  
23 are much more like hotel lobbies or spas rather than an  
24 institutional environment. We offer a lot of amenities.  
25 We're the first company to offer wireless Internet access

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1 and roaming laptops for patients in this industry. That  
2 may not seem like a lot to some folks, but for a patient  
3 who sits in a -- receives dialysis treatment for four hours  
4 at a time, three times a week for the rest of their lives,  
5 having some nice comforts and amenities, a place that's  
6 beautiful, that really shows the respect for the patient  
7 and their family, and is welcoming. It really does make a

8 difference in these patients' lives.

9           We are a strong supporter of early kidney  
10 disease screening and prevention. We work in conjunction  
11 with a number of non-profit organizations around the  
12 country in identifying patients going out. Community  
13 outreach programs, going out into the community and finding  
14 patients that are at risk for kidney disease, testing them,  
15 and bringing them into the health care fold. You can delay  
16 the onset of dialysis for many patients, you can provide a  
17 better quality of life, and the industry has gotten better  
18 at this. It's a primary focus for us in our efforts  
19 throughout the country. It will be a primary focus for us  
20 in Alaska, and we'll be bringing some innovative programs  
21 to this state that haven't been here to date.

22           Our philosophy includes hiring the best  
23 staff and paying a fair wage. We retain staff and key  
24 executives for the long term. It's little things that --  
25 we have staffing ratios that differ from some of the larger

1 companies. They are more personalized for the patients,  
2 that our nurses round with the physicians, that it's a  
3 collaborative, cooperative learning environment that  
4 physicians mentoring nurses and staff in the facilities,  
5 it's worked quite well.

6           We invest for the long term. In many  
7 communities we've worked with the lab serving those  
8 communities to initiate GFR reporting, which, again,  
9 identifies patients early on. For instance, in Syracuse,  
10 New York we worked with the largest hospital in the area  
11 and have GFR reporting. We've worked with the largest  
12 hospital in the area in Salt Lake City to have GFR  
13 reporting, and again having patients identified early,  
14 bringing them into the medical community. We've done the  
15 same thing in Hawaii. Fresenius has also participated in  
16 the program in Hawaii to help with the GFR screening  
17 patients. So it's investing for the long term before the  
18 patient is on dialysis.

19           It's about physician choice as well, that  
20 our -- the nephrologists that are on staff in our

21 facilities and have privileges and follow the patients in  
22 our facilities, these nephrologists are the -- they write  
23 the medical orders. It's the same nephrologists seeing the  
24 same patients, writing the same medical orders, and they  
25 have the freedom to write orders for whatever prescription

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1 they deem best in their own medical judgment. And that  
2 isn't always the case or isn't always as easy in other  
3 programs.

4           And we also aim to maintain independence.

5 We like the group, the company that we formed, and we  
6 continue to continue on this mission for the next 20 to 25  
7 years. Beyond that, but I'm committed for the next 20 to  
8 25 years.

9           So 20 percent of all dialysis patient deaths  
10 each year result from patients choosing to discontinue  
11 dialysis. That's a -- there are many ways to measure  
12 quality of care in this industry, whether it's dialysis

13 clearances and normalizing for patient populations, those  
14 sorts of things.

15           The one area that we believe that is more  
16 difficult to measure but that we can perhaps have the  
17 greatest impact is providing an environment, an atmosphere  
18 for patients and a culture for patients and their families  
19 where they will choose or be more likely to choose to  
20 continue on dialysis rather than discontinue dialysis.  
21 Patients that choose to discontinue dialysis, they are  
22 choosing death, and this is a number or a percentage of the  
23 population that we believe you can impact.

24           You can impact in many ways. You can impact  
25 by having more staff per patient, by having a lower

1 employee turnover rate, having staff work as teams, that  
2 there is a bond building between patients and their  
3 caregivers, that these are important things that do make an

4 impact.

5           But it's also building facilities that are  
6 beautiful state-of-the-art facilities. This one of the  
7 facilities that we built in Salt Lake City, three sides of  
8 the treatment area are all glass, the covered drop off, 12  
9 foot high ceilings, it's a very nice ambiance for patients  
10 to spend so much time at.

11           This is the new facility that we just opened  
12 in Maui. We partnered with St. Francis Hospital in Hawaii,  
13 and St. Francis had previously -- they had been -- their  
14 financial resources had been strained for years before we  
15 partnered with them. We partnered with them and we've  
16 either renovated or rebuilt most of the clinics that they  
17 had, and this is one that opened this past summer. Again,  
18 just beautiful, very comfortable setting for the patients.

19           You'll notice the crown molding and the flat  
20 panel TVs, fireplaces in northern facilities. These are  
21 all innovative steps. They seem like it should -- that  
22 they should just be obvious, but a lot of the facilities  
23 that we've competed with, when we've entered a market, they  
24 didn't have the natural comforts that you would want if it  
25 was your mother or father or your spouse, your child, your

1 sibling, whatever it was, you would want these patients to  
2 have the comfortable surroundings.

3           This facility right here, it was competing  
4 with another clinic where patients, three patients, every  
5 three patients had to share a television set, and the  
6 competing facility is decades old, underinvested in, it had  
7 ten-year old equipment when we opened this clinic. And the  
8 amazing thing was that when we opened this facility, within  
9 weeks the competition decided, well, if they have one  
10 television set, beautiful flat panel TV for every patient,  
11 we should too. So when we entered the market they replaced  
12 all their equipment for brand new equipment. They replaced  
13 their television sets with the sorts of things that you'd  
14 want to have in a facility. They replaced their dialysis  
15 chairs. And it's not an uncommon experience that when  
16 competition comes in, people maintain the facilities quite

17 a bit better.

18 In terms of investing in underserved  
19 communities and diverse communities that -- years ago I  
20 opened a clinic in the Watts/Compton area of Los Angeles.  
21 There was two nephrologists that were friends of mine,  
22 partners of mine, they called up and asked if -- they were  
23 very disappointed with the competing facility, the only  
24 facility in that neighborhood or that market, and that  
25 facility was a cinder block building without any glass in

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1 it whatsoever, it had a limited number of television sets  
2 for the patients. And so we ended up building a beautiful  
3 facility that had six-foot-by-six-foot glass panes across  
4 the entire treatment area, high ceilings. We brought in a  
5 very experienced talented team of caregivers, and many of  
6 the patients chose to leave their other facility to come to  
7 this facility. So it was good for our doctors, it was good  
8 for our staff, good for our patients, but the beauty of the

9 story is that the competition decided what we really need  
10 to do is we need to rebuild our facility, bring it up to  
11 date with a state-of-the-art program, to hire very good  
12 staff, keep them happy, train them well. And within two  
13 years there were two thriving programs a block or two away  
14 from each other serving a community that was previously  
15 underserved. We're quite pleased that our competition  
16 there did a wonderful job in stepping up after we entered  
17 the market.

18 In other areas, in New Haven, Connecticut,  
19 we built a facility, there is a competing clinic in that  
20 market and that clinic was in the basement of a parking  
21 garage, somewhat underinvested in. We built a beautiful  
22 facility. Patients decide -- a number of patients decided  
23 to switch over to our facility, and quite quickly the  
24 competition announced that they would be relocating their  
25 clinic into a much nicer surrounding. And so, again,

1 what -- we're pleased the competition is doing it there.  
2 We're pleased that there are two thriving programs. And  
3 competition does lead to innovation. It leads to positive  
4 outcomes for patients and for staff.

5           Kidney disease screening, we talked a little  
6 bit about Liberty is dedicated and committed to screening  
7 kidney disease patients before they reach dialysis,  
8 identifying these patients. And interestingly, that if you  
9 look at the National Kidney Foundation, which by all  
10 estimations is an outstanding organization with a great  
11 mission and they really deliver for kidney patients that  
12 are dialysis patients, predialysis patients, they have  
13 innovative outstanding programs, and they, as of last week  
14 operated in 49 states. The only state in which National  
15 Kidney Foundation did not operate was the state of Alaska,  
16 and they have not ever offered a KEEP screening program  
17 here.

18           Now, I know that there are physicians in the  
19 medical community here that would love to have the KEEP  
20 program. They have talked to the National Kidney  
21 Foundation but there was just not the resources both from a

22 human capital perspective as well as from a financial  
23 perspective, because it does cost a fair amount to bring  
24 the National Kidney Foundation and the KEEP screen programs  
25 to Alaska. But we've reached an agreement, a partnership

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1 with the National Kidney Foundation to bring them to the  
2 state of Alaska. They've committed -- we've committed  
3 substantial resources. They will be launching the KEEP  
4 screening program in the state of Alaska in 2008, and we're  
5 sponsoring the entire year for them in launching these  
6 programs.

7 I have a letter from the National Kidney  
8 Foundation that -- it's Dear Mr. Caputo, over the past ten  
9 years the National Kidney Foundation's Kidney Early  
10 Evaluation Program, KEEP, has clearly demonstrated targeted  
11 screening for kidney disease and a high yield for the  
12 identification of people at risk or that may already

13 exhibit a decrease in kidney function. KEEP is the only  
14 nationwide community-based health screening program  
15 identifying individuals with chronic kidney disease. The  
16 education, information, and counseling provided to KEEP  
17 participants has played an important role in motivating  
18 these individuals to seek follow-up medical care. To date  
19 Alaska has been the only state that has not conducted a  
20 KEEP screening event.

21           In 2008 the National Kidney Foundation is  
22 pleased to have the opportunity to pilot test KEEP in the  
23 state of Alaska through generous support provided by  
24 Liberty Dialysis. Your funding of this program will allow  
25 KEEP to screen participants in all 50 states and promote

1 awareness of CKD to at-risk individuals in Alaska. Using  
2 data collected through the KEEP screenings in Alaska, the  
3 NKF will have the opportunity to go back into communities  
4 where screening events were conducted and provide targeted

5 education to participants and their physicians in an effort  
6 to improve patient outcomes.

7           We look forward to partnering with Liberty  
8 Dialysis on this important initiative and improving the  
9 lives of people with CKD with your continued support.

10 Sincerely, vice president of corporate relations for the  
11 National Kidney Foundation.

12           We've already talked to a number of  
13 participants in the medical community in the state of  
14 Alaska that want to -- that want to work with us, and we  
15 hope that Fresenius will work with us in this initiative as  
16 well. I'm quite confident that they will. But we've  
17 already talked to a number of participants so that we can  
18 launch this innovative, proven, very effective program in  
19 the state of Alaska for the benefit of patients with kidney  
20 disease.

21           The description of the project that we hope  
22 to launch in this community. We aim to build a  
23 state-of-the-art 5,000 square foot dialysis facility  
24 located in Soldotna. It would feature eight in-center  
25 stations and two home training facilities -- stations,

1 rather.

2           In addressing the CON review criteria,  
3 access to the site, our location would be a central  
4 location located within one mile of Central Peninsula  
5 General Hospital. Within 40 miles -- it will be located  
6 within 40 miles of 80 percent of the patients currently in  
7 the region. Central Soldotna location will provide easy  
8 access for local patients and vacationers. Currently, as  
9 we all know, there really aren't local options for  
10 in-center chronic hemodialysis in this market. We believe,  
11 again, that patients need -- it is an outstanding added  
12 benefit to patient care to have patients located close to  
13 their homes in their home communities rather than having to  
14 travel multiple times per week to Anchorage or relocating  
15 to Anchorage outside of their local support network. There  
16 is no doubt that this would benefit the community.

17           In addition to the chronic in-center

18 facility, we'll be bringing other programs that include the  
19 National Kidney Foundation KEEP screening, as we talked  
20 about, it also will have home hemodialysis options that are  
21 not currently available in the state.

22           To be clear, there is now home hemodialysis  
23 offered with a Fresenius machine, but we would propose  
24 offering the home hemodialysis alternative options to the  
25 Fresenius machine, which we think are very patient

15

1 friendly, patient-focused machines that now the majority of  
2 patients that come on to home or that choose home  
3 hemodialysis this year have chosen the NxStage machine.  
4 And we're working quite aggressively with NxStage in  
5 bringing that machine to Alaska in the coming months.

6           Quality of care. We talked about that the  
7 quality of care -- a patient will receive good quality care  
8 whether they are at a Fresenius facility or whether they

9 are at a Liberty facility.

10 Liberty's proven track record. You know,  
11 there is lots of ways to look at quality of care, but the  
12 governor of the state of Hawaii gave a Maui -- Liberty  
13 Dialysis a proclamation that honored Liberty Dialysis for  
14 its commitment to the kidney disease and dialysis  
15 population, serving the Maui community, and for the  
16 innovative early screening programs and CKD programs that  
17 we brought to that community, in addition to the advanced  
18 services that we brought in the chronic hemodialysis  
19 center.

20 The U.S. Senator Mike Crapo from the state  
21 of Idaho gave a congressional acclamation to Liberty  
22 Dialysis as a world class facility providing the best  
23 possible quality of kidney treatment that you can get  
24 anywhere. Even Dr. Tucker in the last -- he was a local  
25 nephrologist in Anchorage, he conceded without hesitation

1 in our last public hearing that the patients will receive  
2 high quality care at either of the companies, whether it's  
3 Fresenius or Liberty, and he reiterated that in his e-mail  
4 to Mr. Pierce on October 30th, that Alaskans with CKD will  
5 likely get good care with either company. So I don't think  
6 the quality of care is going to be an issue for either  
7 company.

8           In terms of a commitment to quality, Liberty  
9 has a nationwide medical advisory board that's comprised of  
10 nephrologists. We invite the Alaskan nephrologists to  
11 participate and join this group. Liberty nationally  
12 delivers care that meets or exceeds national standards. We  
13 focus -- in terms of the management committee, it includes  
14 key clinical professionals as well as the medical director,  
15 and then there is a medical oversight committee that  
16 includes local physicians, local nurses, and we regularly  
17 solicit the feedback of our patients. So that's how we  
18 approach quality.

19           Again, it's going to be the same doctors  
20 seeing the same patients, writing the same medical orders  
21 whether it's at a Liberty facility or at a Fresenius

22 facility.

23 Charity care. Liberty has adopted a  
24 comprehensive charity care program. In many markets it's a  
25 leading program of charity care for kidney disease

17

1 patients. We have a tradition of locating our facilities,  
2 not all of them, but many of them, in underserved or  
3 disadvantaged communities. We also target areas where we  
4 think that by our entering with innovative programs it will  
5 quite likely yield others to respond in innovative ways  
6 that benefit the community, benefit the patients, benefit  
7 the caregivers. And we're an active supporter of kidney  
8 patient groups.

9 Liberty has a strong history of Medicare  
10 certification of each of its facilities. All operating  
11 facilities are credentialed by Medicare. We have  
12 experienced staff of licensed medical professionals in each  
13 of the clinics.

14           The need, the criteria. Clearly there is no  
15 dialysis center located in the Kenai Peninsula at the  
16 moment, and there is definitely demographics that support a  
17 need for this center. From a qualitative perspective,  
18 there are certain advantages to having multiple providers  
19 that they really bring innovation to the market.

20           The project meets a number of the Alaska  
21 health goals, including we increased the quality,  
22 availability, and effectiveness of education in  
23 community-based programs designed to prevent disease and  
24 improve health and quality of life. The KEEP, the National  
25 Kidney Foundation KEEP program that we're sponsoring is a

18

1 clear example of this.

2           Improve access to comprehensive, high  
3 quality health care services. That would happen -- clearly  
4 that would be enhanced access for patients that live in

5 this community by opening a center.

6 And then another one of the health goals

7 includes, eliminate to the greatest extent possible

8 disability and death related to end stage renal disease.

9 And it's impacting a patient choosing to continue on

10 dialysis, it's finding the patient early so that they are

11 healthier and when they go on to dialysis it's preventing

12 patients from actually coming on to dialysis by treating

13 prekidney disease -- or early kidney disease patients.

14 Liberty's met with a number of health care

15 providers with experience providing care in Alaska, that

16 the providers have expressed a need to expand the number of

17 stations to serve a growing population of increased

18 incidence, expand available treatment options for patients

19 in Alaska, including the NxStage home hemodialysis program,

20 continue to improve access to care by bringing a dialysis

21 closer to more remote populations, and then place

22 additional emphasis on the early detection and treatment of

23 chronic kidney disease patients.

24 The strategic plan. We open a facility in

25 this market and those services, the in-center services are

1 not currently available. Patients will be able to dialyze  
2 close to their home. NxStage home hemodialysis will be a  
3 therapy that patients can choose in this area. There will  
4 be the National Kidney Foundation sponsorship that -- there  
5 would be a statewide program. So we want to have -- the  
6 goals are early intervention to slow kidney disease,  
7 enhanced education, and we want to overcome geographic and  
8 weather hurdles for patients.

9 Patient choice. We talked about this last  
10 time as well, that in the United States there are thousands  
11 of patients that choose home hemodialysis. Up until at  
12 least as of a month or two ago, there was only one patient  
13 that was on home hemodialysis in the state of Alaska.  
14 Given the demographics in Alaska, one would think that the  
15 highest percentage of patients choosing home hemodialysis  
16 would actually be in the state of Alaska, that given the  
17 geographic dispersion of the population.

18           There is a machine, the NxStage home  
19 hemodialysis machine that is a competing product to the  
20 machines that Fresenius manufactures, but this product  
21 is -- by working and dedicating the resources and working  
22 with NxStage, we can bring this product and we will be  
23 bringing this product to the state of Alaska. It is the  
24 right machine, it is a very good machine for the state of  
25 Alaska, that more than a thousand patients in the United

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1 States have chosen this machine in the last 12 months.  
2 That's a significant portion of the total number of  
3 patients on home hemodialysis in the United States. It  
4 works with a generator, it works with a limited water  
5 supply. It is, by many accounts, the most patient  
6 friendly, easy to use home hemodialysis machine available  
7 on the market. And Fresenius has chosen not to offer this  
8 product in many markets.  
9           Now, Fresenius may have contacted NxStage in

10 the past and asked if they might be willing to bring this  
11 product up here, but you need more than just the ask. You  
12 need a dedicated commitment to making sure that this  
13 product not only enters the market, but is very successful  
14 in the market. And Fresenius offers a competing machine  
15 that, again, provides good quality care, but it is not  
16 necessarily the best machine for this market. And that's  
17 why so many patients around the country are choosing the  
18 NxStage machine.

19           So we are one of the largest users of  
20 NxStage, and this is a product that will serve this  
21 population quite well.

22           Extraneal. Extraneal is a specialty  
23 dialysis solution used in certain peritoneal dialysis  
24 patients. Most nephrologists agree that Extraneal is a  
25 valuable therapy for some dialysis patients. In many

1 clinics, 15 to 20 percent of home dialysis or peritoneal  
2 dialysis patients use Extraneal.  
3           Fresenius has limited or made more difficult  
4 the use of Extraneal in many cases, and therefore of all  
5 the major companies, certainly relative to Liberty  
6 Dialysis, a much smaller percentage of the Fresenius  
7 peritoneal dialysis population uses Extraneal than our  
8 physicians choose.

9           Extraneal is expensive. It doesn't add  
10 costs to the insurance company because you don't bill extra  
11 for Extraneal, it simply adds cost to the dialysis  
12 providers. In our clinics, if a patient -- if a physician  
13 chooses to prescribe Extraneal, Extraneal is administered,  
14 okay. In other providers it's much more difficult, a lot  
15 more paperwork, and a lot more clearances have to occur  
16 before someone is allowed to use Extraneal for a certain  
17 patient, and even then it doesn't always happen.

18           So I'm pleased to hear that since the last  
19 public hearing when we talked about this that it has become  
20 a lot easier to prescribe or to write orders for Extraneal  
21 at the facilities, and that several additional patients  
22 since the last meeting have been -- orders have been

23 written for these patients on using Extraneal. So, again,  
24 competition brings about innovation, but it also raises the  
25 bar for everyone.

22

1 Alaska is the only state in the union where  
2 there is only one provider of dialysis centers. And that  
3 means that patients can -- they have no choice, they can  
4 only go to the single provider here. So there is no other  
5 state that has that, so a limited a set of options for  
6 patients.

7 Not only does this impact patients but it  
8 impacts staff. So if you think about a nurse or another  
9 caregiver whose chosen profession is to work in dialysis  
10 and their passion is patient care for patients with kidney  
11 disease, then if there is any sort of disagreement at the  
12 only provider here, they don't have a choice. Staff,  
13 caregivers, people who dedicate their life for caring for

14 kidney disease patients don't have a choice on where they  
15 can be dialyzed.

16 I think we're -- I don't want to run too far  
17 over and I'm getting the signal here. I thought it was  
18 going to be more like the Emmy's, we'd have the lights dim  
19 or something, but I'll submit this with -- or I'll forward  
20 on, I think we were asked to forward on the presentation,  
21 so I'll be happy to do that.

22 I guess just a quick summary, that the --  
23 this CON is about the choice -- it's not about choice for  
24 the sake -- this is about the choice for the sake of  
25 offering patients the benefits of two excellent companies.

23

1 But we have differing approaches and that the innovation  
2 will lead to new programs. Our innovation will drive  
3 Fresenius to also innovate. Their subsequent innovation  
4 will drive us to innovate further. It's a beautiful  
5 scenario, and that's -- it will work quite well for

6 everybody here.

7           So anyway, the thought of competition has  
8 already yielded some positive results such as the National  
9 Kidney Foundation sponsorship and partnership coming to the  
10 state of Alaska, new home hemotherapies. I understand that  
11 some of the patients were told that there will be new  
12 heated dialysis chairs coming to Fresenius, patients will  
13 love it, that's what we offer as well. It's a good thing  
14 for everybody. So anyway, thank you very much.

15           MS. LAWFER: With that, if we could have  
16 Mitchell Long and Jean Stevens with Fresenius, and I will  
17 let you decide who goes when.

18           MS. STEVENS: While Mitch is setting up the  
19 computer, we want to take this opportunity to thank David  
20 and Karen for the opportunity to have this public hearing  
21 here in Soldotna.

22           I'm Jean Stevens, I'm the regional vice  
23 president for Fresenius Medical Care for the Pacific  
24 Northwest region. And this is Mitchell Long, and he's the  
25 area manager for the Fresenius clinics here in the Alaska

1 area. And between the two of us, we'd like to tell you our  
2 story in terms of looking at the application and the  
3 opportunities that we see that are very exciting for us to  
4 be in Soldotna. And so we have put together the plan and  
5 we are looking forward to moving forward in this process,  
6 so are we -- I think ready to go here?

7 MR. LONG: I was wondering if we could get a  
8 signal. Well, I'd like to welcome you and tell you thank  
9 you for allowing us the opportunity to come and share with  
10 you tonight. My name is Mitchell Long, I'm the area  
11 manager for Fresenius Medical Care, and my office is based  
12 in the Anchorage facility. And Jean I think might have  
13 introduced herself, I was concentrating on this.

14 So at any rate, both of us are going to  
15 share this presentation with you tonight, but as we begin  
16 this, I would like to tell you that I'm very proud to be  
17 here speaking as a representative for Fresenius Medical  
18 Care. I believe beyond a shadow of a doubt that we provide

19 quality care, efficient care, and effective, safe care for  
20 every one of our patients. That's our culture within the  
21 company, that's what we intend to continue to promote. We  
22 do it now in other our facilities, and that's what we fully  
23 intend to do coming to the Kenai Peninsula.

24 First of all, I want to start with an  
25 introduction speaking about what we have proposed to the

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1 state. We proposed a seven station dialysis clinic, and  
2 within this clinic these services are going to include  
3 in-center hemodialysis, which, you know, I mean, who can  
4 argue with Mr. Caputo that that is needed in this area.  
5 That is a strong need. We've heard it from patients, and  
6 so that's why we want to come here is to meet that need so  
7 that we have a place where patients don't have to go and  
8 relocate to Anchorage. They don't have to go and travel  
9 miles to receive care and dialysis for their condition. So

10 we want to have that here.

11           Within this facility we also want to have  
12 the home hemodialysis, which I have to say, I'm very proud  
13 of our home hemodialysis program. Several things about  
14 this program you'll see, if you look at any of the public  
15 documents. One of our nephrologists, our senior  
16 nephrologist at the time, wrote a letter to the state  
17 informing them that the reason that home hemodialysis has  
18 just started in Alaska was due to the physicians' decision.  
19 For a long period time the physicians did not want to have  
20 home hemodialysis in Alaska. They wanted to grow the PD  
21 program. Having done this recently, the physicians decided  
22 that looking at the nature of the population and the needs  
23 within the state, that it was time to begin a home  
24 hemodialysis program.

25           So we got right on it. We hired a home

1 hemodialysis manager who is here tonight. She's done an

2 exceptional job, and I'm proud of the program. We have  
3 started a patient and caregiver, and we have another one  
4 that's going into the home or may have just the other day,  
5 we have four or five lined up ready to go. They are  
6 trusting our services, and at this time we're providing  
7 that need and meeting that need for them. And we continue  
8 to do so, and we fully intend to do so out of this facility  
9 here so that patients can receive that local training.

10 Home peritoneal dialysis. As you know we  
11 have a strong, strong program in the state of Alaska, and  
12 we have reached all over the state to meet the needs of the  
13 patients who were on home peritoneal dialysis. So we  
14 intend to have that program in this facility as well so  
15 that we can meet that need so that patients don't have to  
16 travel far distances to receive the training and to receive  
17 the back-up support.

18 Of course, visitor dialysis, those of us  
19 that are residents of Alaska and that understand Alaska  
20 know that visitor dialysis in the summer is huge. I see  
21 someone back here laughing. It's so true. Our clinics get  
22 inundated with patients during the summer months, and we're

23 here to meet that need, and here in the Kenai rather than a  
24 visitor patient having to cut their vacation short to go to  
25 Anchorage or try to fit that into their schedule. We fully

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1 intend to offer that here as well.

2           And back-up home dialysis, if a patient  
3 needs to be in-center that's on peritoneal dialysis or that  
4 is on home hemodialysis, we want to provide that here,  
5 again for their convenience and for their life-style to  
6 make it easier for them to receive dialysis.

7           The dialysis need, I've kind of addressed  
8 some of this. The current closest dialysis clinic services  
9 are located in Anchorage with patients commuting and  
10 sometimes having to relocate from the Kenai Peninsula to  
11 Anchorage.

12           The new State certificate of need  
13 methodology, which we respect very much and have followed  
14 every step of the way, support seven stations at this time

15 in the Kenai Peninsula. There is a lot of effort that was  
16 put in by the State to develop this methodology, and that  
17 is what we have used to determine our seven station clinic.

18           Current Kenai Peninsula patients served  
19 through home dialysis services need closer training, which  
20 I alluded to earlier we'll be able to provide, and they  
21 need the support and back-up services. So it's a good  
22 thing that we're doing here and we intend to do by coming  
23 to the Kenai.

24           The Soldotna clinic is part of the FMC  
25 long-range plan to serve Alaskan residents, and being from

1 Alaska for some time now, and several of you out here being  
2 from Alaska for many -- from Alaska for many, many years  
3 know that there is a strong need for our patients to be  
4 able to receive services in remote areas, to be able to  
5 receive services in areas such as the Kenai Peninsula, and

6 they deserve to have it here so that they don't have to  
7 have their lives disrupted. So that's our long-range plan  
8 is to continue to serve.

9           And we recognize the need, and this is a  
10 point that I want to make with you this evening, we  
11 recognize that there was a need for the things that I've  
12 just mentioned to bring the services here. So recognizing  
13 that need, we were the first to submit a certificate of  
14 need application for the Kenai Peninsula as well as the  
15 Anchorage area, because we wanted to meet that need and we  
16 believe that we can do so and we can do so safe and  
17 effectively and efficiently.

18           So I want to give you a brief history of how  
19 we came to be here. Some of the people have been here  
20 forever as far as some of the staff. But the Alaska Kidney  
21 Centers was formed in 1973 in Anchorage. In 1998, a  
22 company called Renal Care Group purchased the Alaska Kidney  
23 Centers. And then in 2006, Fresenius Medical Care -- I  
24 can't ever remember, 2005, 2006, but it's on record now --  
25 but in 2006 Fresenius Medical Care purchased Renal Care

1 Group and through that acquisition we're now Fresenius  
2 Medical Care, and we own these facilities and we're the  
3 ones who plan to come to the Kenai.

4 In '03 we built a state-of-the-art clinic in  
5 Fairbanks. In '04, a beautiful facility, which I would  
6 invite anyone in this room to please come and visit  
7 sometime, we built that facility in '04 in Wasilla.

8 Juneau, we built that facility and we  
9 continue to operate that to take care of those patients up  
10 there because they were in a difficult situation. They  
11 were definitely having to leave home and move to receive  
12 services there. So we wanted to put that facility there,  
13 and that facility is growing, and we're serving a need  
14 there.

15 In '05 the Anchorage facility, which also  
16 includes the home program that this time. And, again, any  
17 one of our facilities, please come and visit them, and  
18 see -- we've got state-of-the-art facilities and they are

19 very clean, well maintained, so I would like for you to  
20 come visit, just let me know and we'll set it up for you.

21           Looking at the map here, we wanted to kind  
22 of show where we have taken care of the residents in  
23 Alaska, and it's not coming out real clear, but we've gone  
24 as far as up to Barrow, and we've gone Southeast Alaska,  
25 and right in here is the Kenai Peninsula. And if you look

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1 at that you can see the number of patients that we've been  
2 committed to serve, and that we will remain committed to  
3 serve in the days ahead. So the map is pretty sobering of  
4 the population of patients that need our services in the  
5 state and that's why we're here tonight.

6           What Fresenius Medical Care -- some past  
7 history. What we have done is we've continued to broaden  
8 the depth of our service, experience systems and  
9 technology, and we have some exciting things on the horizon  
10 with that. We've been providing home dialysis services on

11 the Kenai Peninsula for the residents here for over 15  
12 years. So I think that's a pretty good track record. I  
13 think that's an indication that as a company we understand  
14 what the needs are, and that to this point we've been able  
15 to meet those needs, and with the innovation and technology  
16 of systems in the future we're going to be able to continue  
17 to do so. We've been caring for Kenai Peninsula residents  
18 through the in-center services in Anchorage as well.

19           What we are prepared to do is this. We've  
20 been talking some history, I want to talk the future to you  
21 now. We have a ready team of managers and staff in place  
22 to build a dialysis clinic in Soldotna. Those people are  
23 in place, if we get the certificate of need, we can pull  
24 the trigger and we're ready to go. Soldotna clinic site is  
25 at 304 West Fireweed Street and has completed the lease and

1 contractors are ready to build should we get the

2 certificate of need.

3           So I want to be very clear tonight. We have  
4 this in place, we've just given you a very specific address  
5 where this clinic is. I want to invite you to drive by  
6 that address right there and take a look for yourself. We  
7 looked at several sites in this area when we were looking  
8 to submit our letter of intent and do a certificate of need  
9 application, and several sites looked very nice, but we  
10 wanted to select the best site which was probably going to  
11 be the safest for our patients, which would be most  
12 efficient for their care. And it was a tough decision  
13 because we had to disappoint some people and tell them that  
14 we wouldn't be using their site, we were going to go with  
15 someone else.

16           So in doing this we selected this site which  
17 is right straight across the street from the hospital.  
18 Approximately one block down are other physicians' offices  
19 which make it very convenient for patients to go and see  
20 other health care providers.

21           Going down the street another direction is a  
22 pharmacy. As we know dialysis patients take, some of them  
23 anyway, I wouldn't say all, but many of them take large

24 amounts of medications and it's very convenient for them to  
25 get to the pharmacy.

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1           We also have experienced medical directors  
2 in Anchorage who serve the Alaska residents. They  
3 understand the Alaska needs and they are in close proximity  
4 to provide medical administration services. Those  
5 physicians are very well aware of Alaska needs and can be  
6 there whenever we need.

7           We also have established relationships with  
8 the Central Peninsula Hospital. That's been ongoing, and  
9 that has not happened at the drop of a hat. We've spent  
10 years developing these relationships. We know people at  
11 the hospital, and, I mean, I had a gentleman call me the  
12 other day and he was requesting that we have some  
13 communication started between us and the hospital. I was  
14 able to call the administrator of the hospital, let him

15 know this, because I know his desire is to increase  
16 continuity of care as well as mine, and so we were able to  
17 discuss that, so we want to meet the details of the needs  
18 in people's lives.

19           We have developed systems for emergency  
20 patient treatment. The nice thing about us having the  
21 other facilities in the state should we experience another,  
22 what was it, 1964 earthquake, should we experience another  
23 one of those, I can tell you that there would not be a  
24 disruption in services to the patients. We would be able  
25 to ship our patients to another one of our facilities, get

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1 them in, transfer staff, and provide treatment.

2           We have coordinating integration of other  
3 local medical care, and so that -- when I'm talking about  
4 that, again, we have the facility located close to other  
5 physician offices so that we can have that ongoing care for  
6 them so that we don't lose continuity of care.

7           The latest technology in dialysis machines  
8 and water treatment and quality control of dialysis  
9 treatments is an innovation that we have, and it's been  
10 long standing. We're able to provide these services. One  
11 of them is UltraCare dialysis services, which relies on  
12 this. It's well-trained, experienced staff, it's patient  
13 support for medical, social, financial, and dietary needs.  
14 And all of those things are already in place with Fresenius  
15 in the state of Alaska.

16           We have state-of-the-art dialysis clinics,  
17 and that's what we intend to do here in the Soldotna area  
18 for the Kenai Peninsula patients. They are clean, safe,  
19 with a comfortable environment. Of course, we were already  
20 going to do the heated massage chairs, but we also have a  
21 direct touch television system that's going to be installed  
22 in this clinic. And that will include individual satellite  
23 cable TV access for the patient, every patient, every  
24 chair. Internet access so if they want to surf the Web,  
25 they want to look up something, they want to send some

1 e-mail to family and friends they can do so. They have  
2 access to patient education programs so if they find  
3 themselves thinking, I wonder what this would do if I ate  
4 this, they can pull up that program and take a look and  
5 have those questions answered, as well as games and  
6 entertainment. Las Vegas doesn't have anything on that  
7 except actual money, I think.

8           Our UltraCare dialysis services technology,  
9 we provide ultra pure dialysate which we think is one of  
10 the most important aspects of the treatment, because as the  
11 blood goes through dialyzer, the material that comes in  
12 closest contact with that blood is the dialysate. So we're  
13 very careful to make sure that we provide ultra pure  
14 dialysate to prevent that patient from getting sick.

15           On-line creatinine clearance and monitoring  
16 of adequate dialysis. Our machines have that capability  
17 and we can use that at any time to measure how well we're  
18 cleaning the patient's blood. We also have what we call  
19 amp lights on the machines, and the patients can look at

20 their machine and see if they are receiving adequate  
21 dialysis so we keep them in the loop with that.

22           We have auto flow control on the machine as  
23 well so that it adjusts the dialysate flow according to how  
24 well the treatment is going, which is beneficial for the  
25 patient. And we have single use dialyzers, which means we

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1 purchase a dialyzer, we use it one time on the patient, and  
2 we dispose of that dialyzer, and we believe that is the  
3 safest effective way to provide for our patients.

4           Quality outcomes. We have a monthly system  
5 of quality monitoring for each patient. The staff and the  
6 physician review the patient's lab results monthly. Every  
7 clinical manager schedules a time with their medical  
8 director and the physicians and sits down and goes over the  
9 results. Our standard is to meet or exceed nationally  
10 established goals for patient quality, and we do a very

11 nice job with this.

12           And last of all here, we have a proven track  
13 record of this in Alaska. We've got since 1973 of a proven  
14 track record, and I think that speaks on its own merit.

15           The home dialysis program. We have home  
16 peritoneal dialysis training currently, we intend to do  
17 that from this facility. We have home peritoneal support,  
18 and we're going to shift that over to this facility as  
19 well. Home hemodialysis training and support will also  
20 operate out of the Kenai, and home hemodialysis machines  
21 are available for all of the needs in the Kenai Peninsula.  
22 So the machine -- there isn't a patient that will be denied  
23 access to a machine with us.

24           Superior technology for home dialysis  
25 outcomes, the patients can expect to receive that in our

1 new facility.

2           And the local machine and the home system

3 support staff, so if a patient is dialyzing at home,  
4 something happens, they need support staff, they will be  
5 able to find it in this clinic.

6           So that is a picture of our dialysis K  
7 machine, which we're using in the home application, and I  
8 think I've gone on long enough. I'm going to get out of  
9 here before I get notified, and I'm going to turn it over  
10 to Jean. So thank you for your time.

11           MS. STEVENS: In summary, I'd just like to  
12 point out a few more features that Fresenius is bringing  
13 and will bring to the Soldotna area. I know we've heard a  
14 lot about some of the past as well what we're seeing in the  
15 present, but what Fresenius brings is a future, and part of  
16 the future is the support services that would come to this  
17 area. And as Mitch talked about the emergency back-up  
18 services, we think that, and certainly see that when we're  
19 providing service in a community where this is the only  
20 service, that we don't take that lightly and we make sure  
21 that the service is backed up with available supports from  
22 the Anchorage and Wasilla clinics. And that we are large  
23 network, and so if Alaska would really experience some huge

24 catastrophe, we also are very close with our Pacific

25 Northwest clinics with supplies, emergencies, and

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1 personnel. And then Fresenius has a national disaster  
2 program as well, and so with that we would bring all of  
3 that support services to this area.

4 As I said, Fresenius is invested in the  
5 future as well, and as Mitch pointed out the technology  
6 that we bring to the patients, I would add that Fresenius  
7 is also a technological company where we produce the  
8 products as well the services, and the products that are  
9 produced, some of them are only available in our clinics.

10 So looking at the future we are also looking  
11 at innovating our home dialysis systems with a home dry  
12 dialysate system that's brought into the home where it's a  
13 self-mixing process which is very well for the patient's  
14 treatments.

15 And then what's really on the horizon for us

16 is that Fresenius recently purchased Renal Solution  
17 technology, and so there will be an innovation with a new  
18 alliance -- a home dialysis machine as well as new  
19 technology that will come in where only six liters of tap  
20 water will be required to actually do a dialysis treatment.  
21 So we're looking forward to those kinds of opportunities.

22           And what Fresenius is really moving towards  
23 that we're very excited about is that this technology is  
24 the steps towards a miniaturization of a kidney, and that  
25 Fresenius is looking to put out a miniature wearable

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1 kidney. So we can talk about great clinics and we can talk  
2 about a lot of services, but the future really is how we  
3 can best treat the patient for the kind of innovation that  
4 would promote that kind of freedom where a patient would  
5 not have to come in for a treatment.

6           So that's what we want to propose and what

7 we're bringing to this certificate of need process. So  
8 just in summary, again, I want to thank you for this  
9 evening and thank you for looking at what the proposals  
10 are, but Fresenius is well established here in the state of  
11 Alaska. We have the experienced nephrologists who know  
12 this area, who understand these patients, and who will work  
13 closely with us. We're ready to expand to the Kenai  
14 Peninsula, we have the site, we have the lease, and we're  
15 ready to build. We have a proven long-term commitment to  
16 the residents of Alaska. We've been here, we intend to be  
17 here, and we would not want to start a service in a  
18 community that we could not stand behind, and that's very  
19 important to us. And then we bring the broad resources and  
20 systems of a well established dialysis company. So with  
21 that, thank you very much for your attention, I appreciate  
22 it.

23 MS. LAWFER: For lack of a better  
24 methodology, I'm going to literally just go down the list  
25 as you signed up. If you would like to stand in front of

1 the group, please feel free, we can move a chair if you  
2 would like to sit. The only concern that I have is that  
3 our transcriptionist can hear you, and I think that it's  
4 possible. So if you'd feel more comfortable where you're  
5 at, otherwise feel free to come up, stand up and that type  
6 of thing. First on the list I have Mary Dittrick.

7 MS. DITTRICK: That's me, and I can defer my  
8 comments to the end and let other people go.

9 MS. LAWFER: Regina Russell.

10 MS. RUSSELL: I'm Regina Russell, I'm a  
11 nurse practitioner and I provide care to the dialysis  
12 patients that are in Anchorage and also Wasilla. And  
13 Fresenius gives excellent patient care, and they have  
14 provided great services to Alaska so far.

15 But I think that Liberty can bring a  
16 different type of quality care to Alaska. Not only can it  
17 give a choice to patients, but also to staff that was  
18 mentioned. But as a provider, it will also offer other  
19 types of dialysis treatments that are not available through

20 the services that Fresenius already has, such as NxStage  
21 and also nocturnal dialysis, and especially the KEEP  
22 program is vital in us getting education and screening out  
23 to Alaska so that we can start treating our patients early  
24 so hopefully we can keep them off dialysis or decrease the  
25 progression of the renal disease. And I think this is

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1 going to be a vital quality program that Liberty can offer  
2 to the state of Alaska.

3           Also Liberty brings a different type of core  
4 values to Alaska. It's very patient focused, but also when  
5 it comes to teamwork, research, patient comfort, and  
6 treating patients like people, it may sound a little  
7 extravagant to have the environment like the hotel and have  
8 laptops and things like that, but I think that it's very  
9 important to have all these extra things for patients  
10 because they are husbands, wives, grandfathers, parents,  
11 teachers, professionals, that when they come to dialysis

12 they have other things that they need to do, too. And it's  
13 important that they have all these extra things to make  
14 their treatment at least as comfortable as it can be.

15 I think that if there was a crisis or  
16 anything that happened in Alaska, I came from Indiana and  
17 I've been doing this for over 20 years, and there are  
18 different dialysis companies on every corner. Dialysis  
19 centers, no matter what company, have the same core values  
20 and that patient care comes first. If something happened  
21 here in Alaska I don't even have to think about it a second  
22 that the companies would work together to make sure that  
23 the patients get the best care and that things were taken  
24 care of.

25 The group of providers that are here in

1 Alaska, the nephrologists and nurse practitioners, we all  
2 have the same focus, that the patients get the best care.

3 So whether there is different companies, that only helps  
4 raise the bar for care and options here in Alaska.

5 MS. LAWFER: Thank you. Next I have Deborah  
6 Meyer.

7 MS. MEYER: I'm going wait for a little bit.

8 MS. LAWFER: Tim Schoenberg.

9 MR. SCHOENBERG: I would just like to  
10 comment on the, I don't think Mark brought up the fact  
11 that -- in his presentation that we have two sites  
12 identified in the community, and I would respectfully offer  
13 that we could move as quickly if not more quickly than --  
14 building a new building, because one of our options is  
15 actually to use an existing building. And both of those  
16 locations are right within the community and within blocks  
17 of the hospital and so it would have the same access to all  
18 the services that the Fresenius location would have to  
19 offer. Thank you.

20 MS. LAWFER: Niki Kobes.

21 MS. KOBES: Hi, I'm Niki Kobes. Mitch  
22 alluded to one of those people, some of those people that  
23 have been around forever, I haven't quite been around  
24 forever but I have been working as a nephrology nurse in

25 Alaska for the last 27 years. I currently work for

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1 Fresenius and I'm a manager with that facility. I have  
2 been with the dialysis unit here in Anchorage through  
3 multiple moves, multiple projects, and including starting  
4 dialysis services in Fairbanks, have assisted with the  
5 Wasilla and Juneau projects, and it has long been known  
6 that there needed to be dialysis services on the Kenai  
7 Peninsula for the last 22 years that I've been working in  
8 chronic care. It's been discussed, and Fresenius has been  
9 the company that has been the first to move on that  
10 development of those services. I just wanted to say as the  
11 manager for Fresenius, that I'm anxious and excited to help  
12 with this project and move it forward for the Kenai  
13 Peninsula, thank you.

14 MS. LAWFER: Next we have Gene Dyson. Would  
15 you like --

16 MR. DYSON: Am I the last?

17 MS. LAWFER: No.

18 MR. DYSON: I'll wait till later.

19 MS. LAWFER: Kris Sizemore.

20 MS. SIZEMORE: Hi, I'm Kris Sizemore, I'm

21 the home hemodialysis manager for the State of Alaska. We

22 have quite a commitment to the state in offering this

23 program, it's been pretty exciting to get started. The

24 state-of-the-art equipment, as Jean talked about, we

25 recently purchased the Alliance, and I'm really excited to

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1 see that up and going. Our hemodialysis home hemoprogram

2 consists of extensive and individualized caregiver and

3 patient training. With, like I said, the state-of-the-art

4 equipment that we have right now is quite user friendly.

5 We already have an infrastructure in place

6 here in Alaska that enables us to provide these services

7 throughout the state. We are -- our program is in full

8 swing. We have two patients trained with five ready for  
9 training. I know a lot of familiar faces here. I lived  
10 down here for five years and worked at Soldotna hospital,  
11 so I got to know a lot of the needs of the community. We  
12 provided and have provided for quite a few years a clinic  
13 down here on the Kenai where we saw peritoneal patients  
14 once a month and we're still providing that. We're able to  
15 fly down here or drive down whenever we're needed for  
16 cultures or whatever. In closing, I'd like to say that  
17 we're here and committed for the future of dialysis in  
18 Alaska.

19 MS. LAWFER: Next I have Henry Krull.

20 DR. KRULL: Hi, I'm Henry Krull and I'm  
21 going to wear a few different hats tonight. As a medical  
22 doctor here I just want to put a plug in for a CON to be  
23 approved for this community. I don't participate in the  
24 care of dialysis patients but I know through my dealings  
25 with the hospital as the chief of staff and other roles in

1 the hospital, that there is a definite community need for  
2 it.

3 I also know, as a community member, of  
4 several people, friends of friends, who have visited this  
5 area for many years and have had to stop coming here  
6 because there is a lack of dialysis facilities. And so  
7 anecdotal, but it's three people that I know would love to  
8 be able to come back to this community and have dialysis  
9 care available. So, please, award a CON. Do it soon,  
10 because it's going to be good for the community, whoever it  
11 goes to.

12 But I'm also going to put a plug in for  
13 Fresenius tonight, that's my other hat I'm wearing. As a  
14 developer, I own the piece of land that they are looking  
15 at, which is right across the street from the hospital.  
16 And my partners and I have ambitions to develop it and  
17 would love to see a dialysis facility go in there. It's  
18 located a block away from the Internal Medicine Group.  
19 It's located immediately across the street from the  
20 hospital, it's spitting distance away, so to speak. It's a

21 perfect location. It's in the heart of the medical  
22 community. It's -- we have plans to build a very nice,  
23 very patient-oriented building. It will be designed after  
24 our existing medical office, and for those of you maybe  
25 that have been there, it's not just my opinion, but the

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1 opinion -- I hear from patients every day, it's one of the  
2 prettiest not only medical offices but business offices in  
3 the whole community. So the dialysis center will be  
4 patterned after that. It's going to be built as a dialysis  
5 center, not a building that's going to be turned into a  
6 dialysis center, and it's going to be very, very patient  
7 oriented.

8           So just to say a few things about Fresenius.  
9 I first met Mitch a year, year-and-a-half ago, I think, had  
10 been in communication with he and other members of the  
11 organization. They are a very good group to work with,

12 they are very professional, they are easy to work with as  
13 far as business issues. We have actually negotiated a  
14 lease already to build this building and to have Fresenius  
15 lease it for the long term, that's expected to be signed  
16 this week. We are ready to begin design work any time and  
17 hope to have construction complete if Fresenius is awarded  
18 the CON. So they have been a very good company to work  
19 with.

20 I had some trepidation initially about, you  
21 know, small town county doctor here going against these big  
22 boys, national company, and I just thought it would be very  
23 difficult to do things like negotiate a lease and a letter  
24 of intent and such, but it's been far from that, it's been  
25 very, very easy. They are very eager to come here, and I

1 think they are eager to continue the quality of care that  
2 they have been delivering in Anchorage and other parts of  
3 Alaska. So that's all I have to say, thank you.

4 MS. LAWFER: Next is Ryan Smith.

5 MR. SMITH: Every time I've seen Lenny the  
6 past year I've had to raise my right hand and give an oath,  
7 so it's nice to see him without having to do that.

8 My name is Ryan Smith, I'm the CEO at  
9 Central Peninsula Hospital, and I guess I have two  
10 messages. One for the department is from a strategic  
11 planning standpoint at the hospital. One of the things  
12 that's been identified for us, of course, is to provide  
13 dialysis services for our residents in our community here.  
14 And so we do believe that dialysis is needed on the  
15 Peninsula, and we encourage David, for you to give your  
16 recommendation to the commissioner in 45 days, and then we  
17 also encourage Commissioner Jackson to give her decision in  
18 45 days because we really want to see this service being  
19 offered on the Peninsula for the patients in this  
20 community. So we're highly in support of bringing the  
21 service here.

22 As a hospital, you know, we figure that's  
23 one of the areas. We've done two studies, and I think they  
24 are probably pretty well represented in both of the

25 applications. One was done in 2004 by a service area board

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1 in town here, which Jean is a member of the service area  
2 board through a company called PHRG out of Maine, and  
3 dialysis was identified as a service that needed to be done  
4 here. And then we did a community survey with a company  
5 called CRG just in 2006 and, again, the same thing came out  
6 of that survey is that this is something highly requested  
7 by residents here.

8           And as a hospital provider without really  
9 being able to bring a nephrologist to the community, this  
10 is something we realize that we would need to either  
11 partner with or help facilitate and bring to the Peninsula.

12           So about a year ago we -- I think I  
13 contacted Mitch because I knew Fresenius was in the state  
14 of Alaska and providing services in the Valley and Juneau  
15 and Anchorage, and I think it was kind of one of those  
16 experiences where Mitch said, it's funny you should contact

17 me because we're putting in an application for dialysis  
18 services on the Peninsula.

19           So it just happened to work out that way  
20 that we were able to work with Fresenius basically for the  
21 last year to help identify some site locations potentially  
22 for them to put dialysis here. And Mitch and the Fresenius  
23 group have been great to answer questions of the physicians  
24 as they have come up and as some of the surgical staff and  
25 the hospital, and so we've worked with them to do this.

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1           A couple things that I have done, I know  
2 that the service needs to be provided here on the  
3 Peninsula. We do quarterly updates to the assembly in  
4 these chambers here and so we've been able to -- and I have  
5 provided updates on dialysis applications to the assembly,  
6 talked about my interactions with Mitch early on. And I  
7 didn't know about Liberty or that there were other

8 providers of the service. So when Liberty filed a letter  
9 of intent just to say we also notified the assembly that  
10 had happened and that there was possibly an application  
11 coming from them, and then they did submit an application.

12           And so at the December meeting to the  
13 assembly, we did let them know that there were two  
14 applications and there would be this public hearing. And  
15 so I don't -- I really can't stand up here and comment on  
16 the things that are differentiating the services, that will  
17 be for the department to decide. I will stand up here and  
18 say that I have worked in the community of Somerset,  
19 Kentucky where there was a -- where Fresenius built a new  
20 dialysis center there and worked with Fresenius to contract  
21 for services at that hospital. Those were positive  
22 experiences of course, you know, when hospitals are going  
23 against dialysis services for rates at the hospital it's  
24 always friendly sparring, but they were good to work with  
25 and we were able to negotiate an agreement there and they

1 built a very nice dialysis center there.

2 I don't have a lot of experience with  
3 Liberty, not to say that they are not a great company or  
4 that they don't do these things, I just -- since we started  
5 this process I really have been dealing with Mitch and  
6 Fresenius and would say that they have done a great job  
7 answering our questions and helping facilitate bringing  
8 that service to the Peninsula, which is our ultimate goal  
9 is to see that being offered here.

10 So I will leave that with you David and  
11 hopefully you'll expedite getting these decisions made so  
12 that we can offer those services to patients here on the  
13 Peninsula. Perhaps if Fresenius does do this and builds on  
14 304 West Fireweed Street the only disappointed participants  
15 in this community will be a moose because that is some more  
16 habitat that will be taken out of the equation. So I hope  
17 you guys can sleep at night over there if you do that.  
18 I'll leave my comments there. Thank you.

19 MS. LAWFER: Sandra Vozar-Ginavan.

20 MS. VOZAR-GINAVAN: Hi, I'm Sandra

21 Vozar-Ginavan. I'm a full-time caregiver and I do mean  
22 full time. My husband is 85, he's got a stroke, he's got a  
23 pacemaker, defibrillator, and we are probably the first  
24 people on the thing there that did home hemodialysis.  
25 We're doing it here in Kenai, and it ain't easy. My

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1 husband is retired military, when we've had problems, we've  
2 had to come down here to the hospital, not with  
3 hemodialysis but with his illnesses, and Elmendorf sends a  
4 heli down here to pick him up and take him up to Elmendorf.  
5 Elmendorf doesn't do hemo, I'm driving up the highway, they  
6 are sending him over to Providence, so it would be great to  
7 have a facility here.

8 As far as Fresenius, I can't ever say that  
9 word right, they ought to make their name easier. Renal  
10 Care Group I remember because I've been involved with that  
11 for about ten years. I had a friend that went there, and I  
12 know a lot of it, but I've seen a lot of the same staff

13 people so I know they have had their same staff or a lot of  
14 their same staff. And I will have to say that Fresenius  
15 is -- I have their machine, I get supplies like a thousand  
16 pounds I just got last week, Lynden carries it in, sets it  
17 in the spot for me because I can't pick up those big things  
18 and big gallons of things. And they are Johnny-on-the-spot  
19 calling me up to tell me that I've got to order more  
20 supplies. And I'm thinking I've just got a thousand  
21 pounds, I don't need anymore, but it goes pretty fast. And  
22 Kris Sizemore has been my nurse mentor. I had a cell phone  
23 to reach her, and believe me I have used it. My machine  
24 goes beep, beep, beep, making all these noises at me, and  
25 I'm a cook so I don't pay much attention to timers. I just

1 kind of go over there, and I had her over the phone, she  
2 said, turn that machine on mute. And I'm saying, that  
3 machine isn't bothering me. I've got a problem right now,

4 and she'll answer the problem for me, and she'll stop me  
5 because I just get all discombobulated, and she'll stop me,  
6 and, okay, this is the way we do it.

7           And we've handled several issues and  
8 problems over the phone long distance. Now, it would be  
9 great for it to be right here in Soldotna, and I certainly  
10 hope that the State, or whichever one you guys is it, that  
11 you give the certificate of need, because I've lived in  
12 this community for 40 years, and I've known a lot of people  
13 that have had to leave the community, go up to Anchorage,  
14 and I'm telling you that drive up past Turnagain Arm in the  
15 wintertime is not what somebody wants to do. And after a  
16 person gets done going through dialysis they are just wiped  
17 out. Then to have to drive three more hours to get back  
18 home again and get in bed and then turn around and go back  
19 two days later or a day-and-a-half later, it's incredible.  
20 I mean, I wouldn't want to wish it on my worst enemy.

21           But I will have to say that Fresenius has  
22 been right there. I had issues with my machine, technician  
23 flew right down, he took care of the problem, he went back  
24 and he said, okay, if you're going to do dialysis a  
25 day-and-a-half from now I'm going to have reservations to

1 get on the plane if you have an issue, so you call me. And  
2 he had his reservations all ready. And I have to say it's  
3 not the machine, it's the operator, it's not the machine.  
4 And I went through eight or ten weeks of putting it  
5 together this way, put it together that way, and I know it,  
6 and it ain't the machine's fault, it's mine. But the  
7 machine seems to be a very good machine, but it's all  
8 computers, you can buy a brand new one and you can quit in  
9 24 hours.

10 But I would like to see Fresenius get their  
11 certificate of need, and I think that they have been a very  
12 supportive company to do business with. I've had my  
13 frustrations, and I've been able to go and talk to whomever  
14 it is there to say -- I'm the first one to get in their  
15 face and say, hey, what's going on here. And they will  
16 say, wait a minute, and they will explain to me and tell me

17 what's going on, because I don't understand, I don't know  
18 this kidney stuff. I have no medical training whatsoever,  
19 although you wouldn't believe it now.

20 But I would like to see the certificate of  
21 need, and I think that they have been -- they are committed  
22 to here in Alaska. They have got the facility in  
23 Anchorage. It's people in Kenai, we like to go up to  
24 Costco and do our shopping and so forth, and it would be  
25 lots easier if we could just go up or even if we had the

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1 facility here, to bring my husband here to give me a break.

2 I really do need it.

3 I think it was, I can't remember who, one of  
4 the president's wives that said there is three kinds of  
5 people in the world, one is a caregiver, another one is  
6 somebody getting care, and another one is those that are  
7 going to need care. That's all there is, is three kinds of  
8 people. And it's a big job and to have a company like

9 Fresenius help and be on that edge.

10           My husband wanted to go to Las Vegas. We  
11 went down to Las Vegas and we went into a Fresenius office  
12 there, they took care of him the whole week, Monday,  
13 Wednesday, Friday. I had problems with the cab company  
14 getting there, we didn't have any problems with Fresenius  
15 once I got there. It went like clockwork. So I have to  
16 say it's really easy when you have a company that has all  
17 these little satellite offices or has offices that you can  
18 go somewhere, go on vacation. And I know when people come  
19 down here they love to be able to come in because we have  
20 lots of visitors that like to come. We definitely need it  
21 down here. Just walk in my shoes for 24 hours and you'll  
22 agree to it. Thank you.

23           MS. LAWFER: I'm going back up on the top of  
24 the list, Mary.

25           MS. DITTRICK: Well, I think most of the

1 important points have been said. I'd just like to comment  
2 on a few things. I think there is some attention brought  
3 to the fact that the medical directors -- that Fresenius  
4 works with local physicians, and that would be the  
5 intention of Liberty as well. The nephrologists in the  
6 community would treat and admit and administer to patients  
7 within the Liberty unit as well. That wouldn't be  
8 different, and I intend to practice medicine in Alaska  
9 should a CON be granted to Liberty.

10           As far as infrastructure and emergency  
11 preparedness, I think Regina commented on this. The hope  
12 in an emergency is that all providers would work together,  
13 so the fact that there is not multiple Liberty clinics  
14 throughout the state I don't think should be a show  
15 stopper. If there was an emergency we all would work  
16 together towards preserving patient care.

17           I work with Liberty in Idaho, and it is a  
18 fantastic company. It's a great place to be a doctor, and  
19 my belief is it's a great place to be a patient. And I  
20 think this community would be very well served by a  
21 terrific and innovative and patient-focused company.

22 MS. LAWFER: Next would be Deborah Meyer.

23 MS. MEYER: My name is Debbie Meyer, and

24 I've worked in dialysis for 24 years and I've worked 18

25 years in Alaska. I just recently went to work for Liberty,

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1 and they are committed to hiring very experienced staff to

2 get their programs going. I think that, once again, the

3 most important thing is that a CON is awarded here. The

4 patients, it's long overdue, a unit down here, the expense

5 and stress of people traveling back and forth to Anchorage

6 has been a concern for a long time.

7 I think that, you know, you've heard about

8 competition coming in, and I think that a second provider

9 for dialysis in Alaska would be a very good thing. It

10 gives patients first and foremost choice, it gives

11 employees choice, it gives insurance payers choice as well.

12 I have found Liberty to be a very supportive

13 company. They have good policies and procedures, they have  
14 just a great staff to work with, so I think that they would  
15 be a good addition to Alaska.

16 They have a little different philosophy in  
17 their business keeping things very local and each unit  
18 being a sort of entity of its own. I think that Alaskans  
19 like doing business like that. They like the community  
20 investature and the local ownership, project ownership of  
21 the facilities. So I think that Liberty will be a  
22 refreshing addition to business in Alaska, so thank you.

23 MS. LAWFER: Now Mr. Dyson.

24 MR. DYSON: I wasn't going to talk but I  
25 decided since all I hear is these wonderful things from

1 both companies I thought I'd like to comment on a couple of  
2 things I feel. And I'm going to talk at the human end of  
3 it. And I'll tell you a couple stories and then we can  
4 work from there.

5           They mentioned Vegas, and I was coming back  
6 from Vegas and I hit Keno, I hope you're glad for me. But  
7 basically I came into Anchorage and I came in early so I  
8 was on standby. And when I was at standby I noticed a gal  
9 in a wheelchair, and I recognized the gal. And here is a  
10 gal that was going to Anchorage three times a week on hemo  
11 flying all the way to Kenai living in Nikiski, and I don't  
12 know how many years this has been transpiring, but one year  
13 is too much. We're talking about all this and all this  
14 great things that's coming down the pike, but one person is  
15 too much to go through that. You can't believe how she had  
16 to go up the stairs and come down the stairs. And  
17 somewhere along the way, I don't know if it's the bottom  
18 line, but this shouldn't happen. And like I said, it  
19 bothered me. Here she is, I met her because I had the  
20 privilege of going three months three times a week to  
21 Anchorage for hemo, and finally my wife said enough is  
22 enough. And somewhere along the way we are coming up with  
23 all these grand plans, why couldn't this have been two  
24 years ago or whatever, because certificate of needs and all  
25 this mumbo jumbo about doctor and stuff like that. Hey,

1 listen, one person is enough that has to travel all the way  
2 from Anchorage to Kenai on Era, to have the privilege to  
3 get treated in Anchorage. So basically that's one of my  
4 biggest problems.

5           The other problem is we're talking about all  
6 this communications between, I can say Mitch, first name  
7 basis now, Mitch? I'm a caregiver, so I had the privilege,  
8 and my wife was in two times in the last month to bring the  
9 solution to the hospital, bring it upstairs, hook up the  
10 machines so my wife could be serviced overnight. If there  
11 was such a communication, am I missing something? But  
12 basically, I got to rephrase myself.

13           Ryan knows me, so it's not personal. But as  
14 caregiver that bothers me. And I'm lucky, I'm only 74, I  
15 can imagine what would happen if this guy was 85. He'd  
16 still be drudging up with the boxes, heavy boxes and stuff  
17 like that. So somewhere along the way I didn't hear

18 anything about communications between the CEO of the  
19 hospital or their organization, and there has to be a  
20 communication. And not, you know, hi buddy, how you doing  
21 and all that. Somewhere it has to be concrete. And this  
22 is another thing that bothers me.

23           So basically, you know, we can go back and  
24 forth, we can talk about, you know, all this stuff, and but  
25 basically when we get down to the nitty-gritty we're

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1 talking about a person. And this poor person, like I was  
2 saying, has been traveling a year, year-and-a-half to  
3 Nikiski to Anchorage and back. So basically, like I said,  
4 service is important. And like I said, it's not -- well,  
5 it is, it's a negative deal. But to me when I have someone  
6 call me and ask me how my wife is and it turns out my wife  
7 is in the hospital, that bothers me. So that means we have  
8 a communication problems. And I've talked to Mitch about

9 that, we're going to have to improve.

10 So basically I can go on and on, but we do  
11 need it, and I just hope the commission realizes that we  
12 have doctors. I know my wife's doctor goes to Juneau and  
13 goes to the Valley, that the doctor problem is not a  
14 problem. The problem is coming down here and make sure  
15 that people down here get service, not once a month or  
16 whatever, but basically, you know, they need the service.  
17 And like I said, I can ramble on and on, but I hope both of  
18 you think that -- we didn't really get down to the personal  
19 end of it, and this is where I hope you both do, if you do  
20 come aboard, because, you know, we need to do it. Okay,  
21 good.

22 MS. LAWFER: I have everyone that has signed  
23 up, but someone else came in.

24 SPEAKER: I'm on the wrong committee, sorry  
25 about that.

1 MS. LAWFER: Oh, okay.

2 MS. CORANA: And I didn't sign up but I'd  
3 just like to say something.

4 MS. LAWFER: I'll have you sign up later.  
5 But now you have to introduce yourself.

6 MS. CORANA: My name is Jodie Corana, I'm  
7 with Fresenius and I've had the privilege over the past 20,  
8 25 years of probably sitting in meetings like this one in  
9 well over a hundred communities throughout the Northwest.  
10 So I might live in Seattle, but I understand what it means  
11 to have access issues and concerns, and I feel the need to  
12 set the record straight.

13 With all due respect to Liberty, this is not  
14 about competition. The State's methodology says -- the  
15 State's rules say that no facility should be less than six  
16 stations. Liberty runs the methodology, Fresenius runs the  
17 methodology. There will be one facility in this community,  
18 not two, and for all the reasons that Mr. Dyson testified,  
19 just spoke about, there won't be choice, people won't  
20 choose to continue to go to Anchorage if there is a  
21 dialysis unit in this community. The difference in the

22 quality of life will be extraordinary. So there will be  
23 one unit in this community, and I think the community needs  
24 to understand that, and really take a look at these  
25 applications and see what they are proposing.

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1           With Fresenius, you get a proven network.  
2 There was information up on the slides when Liberty made  
3 their presentation about charity care, these are things  
4 that are very important to the state. If you take a look  
5 at Liberty's performance, zero dollars for charity care in  
6 years one and two. In year three they indicate that they  
7 will provide charity care to one patient but it's not  
8 reflected in the performance.

9           You take a look at costs, the State  
10 certificate of need exists in Alaska because the State  
11 wants to manage Medicaid expenditures and health care  
12 costs. Liberty's costs in year one are 72 percent higher  
13 than Fresenius's. In year two they are 56 percent higher

14 and year three they're 45 percent.

15 Not one person in this room testified

16 tonight that quality of care would be any different.

17 You've got two quality organizations, you have two

18 providers that offer a broad scope of services. This is

19 about making sure that the provider you get is going to

20 stay here, be committed to this community, and be able to

21 offer services that meet State requirements, and I think at

22 the end there is really one choice, and that's Fresenius,

23 thank you.

24 MS. LAWFER: Is there anyone else who has

25 not signed up who wishes to testify? Well, I want to thank

1 you for coming, I hope that everyone has a very safe

2 journey home. I'm not used to these icy roads and I

3 appreciate you taking the time to help us in this decision,

4 thank you very much.

5 (Off the record.)

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1                   CERTIFICATE

2       I, LEONARD J. DiPAOLO, Registered Professional  
3 Reporter and Notary Public in and for the State of Alaska,  
4 do hereby certify:

5       That the proceedings were then taken before me at the  
6 time and place herein set forth; that the testimony and  
7 proceedings were reported stenographically by me and later  
8 transcribed under my direction by computer transcription;  
9 that the foregoing is a true record of the testimony and  
10 proceedings taken at that time; and that I am not a party  
11 to nor have I any interest in the outcome of the action  
12 herein contained.

13       IN WITNESS WHEREOF, I have hereunto set my  
14 hand and affixed my seal this \_\_\_\_\_ day  
15 of \_\_\_\_\_, 2007.

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LEONARD J. DiPAOLO  
Notary Public for Alaska  
My Commission Expires: 2-3-2008

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