

Original

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT

11-066

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

RECEIVED

This Section must be completed for all projects.

AUG 22 2011

Facility/Project Identification

Facility Name: Driftwood Dialysis	HEALTH FACILITIES & SERVICES REVIEW BOARD	
Street Address: 1808 South West Avenue		
City and Zip Code: Freeport, Illinois 61032-6712		
County: Stephenson	Health Service Area: I	Health Planning Area:

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: DaVita, Inc.
Address: 601 Hawaii Street, El Segundo, California 90245
Name of Registered Agent: Illinois Corporation Service Company
Name of Chief Executive Officer: Kent J. Thiry
CEO Address: 601 Hawaii Street, El Segundo, California 90245
Telephone Number: (310) 536-2500

Type of Ownership of Applicant/Co-Applicant

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing.**
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive all correspondence or inquiries during the review period]

Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli Shughart PC
Address: 161 N. Clark Street, Suite 4200, Chicago, Illinois 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: 312-873-2939

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name: Mary J. Anderson
Title: Group Regional Operations Director
Company Name: DaVita, Inc.
Address: 1131 North Galena, Dixon, Illinois 61021
Telephone Number: 815-715-4427
E-mail Address: mary.j.anderson@davita.com
Fax Number: 866-594-1131

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City and Zip Code: Freeport, Illinois 61032-6712		
County: Stephenson	Health Service Area	Health Planning Area:

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Telephone Number: 815-715-4427
E-mail Address: mary.j.anderson@davita.com
Fax Number: 866-594-1131

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960

Name: Mary J. Anderson
Title: Group Regional Operations Director
Company Name: DaVita, Inc.
Address: 1131 North Galena, Dixon, Illinois 61021
Telephone Number: 815-715-4427
E-mail Address: mary.j.anderson@davita.com
Fax Number: 866-594-1131

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Frontier Real Estate Co.
Address of Site Owner: 920 Milwaukee Road, Libertyville, Illinois 60048
Street Address or Legal Description of Site: 1808 South West Avenue, Freeport, Illinois 61032 Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS <u>ATTACHMENT-2</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: Freeportbay Dialysis, LLC d/b/a Driftwood Dialysis
Address: 601 Hawaii Street, El Segundo, California 90245
<input type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input checked="" type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.
APPEND DOCUMENTATION AS <u>ATTACHMENT-3</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Flood Plain Requirements

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at www.FEMA.gov or www.illinoisfloodmaps.org. **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Historic Resources Preservation Act Requirements

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

DESCRIPTION OF PROJECT**1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

Part 1110 Classification:

- Substantive
 Non-substantive

Part 1120 Applicability or Classification:
[Check one only.]

- Part 1120 Not Applicable
 Category A Project
 Category B Project
 DHS or DVA Project

2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

Davita, Inc. and Freeportbay, LLC (the "Applicants") seek authority from the Illinois Health Facilities and Services Review Board (the "State Board") to establish a 10-station dialysis facility to be located at 1808 South West Avenue, Freeport, Illinois (the "Project"). The proposed Project will be housed within an existing building and will consist of approximately 4,985 gross square feet for in-center hemodialysis.

The Project is considered non-substantive, category B because it involves the in-center hemodialysis category of service.

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	\$536,662		\$536,662
Contingencies	\$53,000		\$53,000
Architectural/Engineering Fees	\$48,000		\$48,000
Consulting and Other Fees	\$84,500		\$84,500
Movable or Other Equipment (not in construction contracts)	\$431,576		\$431,576
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	\$734,619		\$734,619
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$1,888,357		\$1,888,357
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$1,153,738		\$1,153,738
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	\$734,619		\$734,619
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$1,888,357		\$1,888,357
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Related Project Costs

Provide the following information, as applicable, with respect to any land related to the project that will be or has been acquired during the last two calendar years:

Land acquisition is related to project	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Purchase Price: \$	_____	
Fair Market Value: \$	_____	

The project involves the establishment of a new facility or a new category of service
 Yes No

If yes, provide the dollar amount of all **non-capitalized** operating start-up costs (including operating deficits) through the first full fiscal year when the project achieves or exceeds the target utilization specified in Part 1100.

Estimated start-up costs and operating deficit cost is \$ _____.

Project Status and Completion Schedules

Indicate the stage of the project's architectural drawings:

<input type="checkbox"/> None or not applicable	<input checked="" type="checkbox"/> Preliminary
<input type="checkbox"/> Schematics	<input type="checkbox"/> Final Working

Anticipated project completion date (refer to Part 1130.140): June 30, 2013

Indicate the following with respect to project expenditures or to obligation (refer to Part 1130.140):

<input type="checkbox"/> Purchase orders, leases or contracts pertaining to the project have been executed.
<input type="checkbox"/> Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies
<input checked="" type="checkbox"/> Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:

<input type="checkbox"/> Cancer Registry
<input type="checkbox"/> APORS
<input checked="" type="checkbox"/> All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
<input checked="" type="checkbox"/> All reports regarding outstanding permits

Failure to be up to date with these requirements will result in the application for permit being deemed incomplete.

Cost Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Facility Bed Capacity and Utilization NOT APPLICABLE

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. Include **observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

FACILITY NAME:		CITY:			
REPORTING PERIOD DATES:		From:		to:	
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify))					
TOTALS:					

CERTIFICATION

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of Freeportbay Dialysis, LLC * in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

Kent Thiry
SIGNATURE

Kent Thiry
PRINTED NAME

Chief Executive Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 5th day of AUGUST 2011

Theresa Moran
Signature of Notary

Seal


*Insert EXACT legal name of applicant

[Signature]
SIGNATURE

Dennis Lee Kogod
PRINTED NAME

Chief Operating Officer
PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this ____ day of ____

[Signature]
Signature of Notary

Seal
See attached

CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

1
2
3
4
5
6

[Handwritten signature]

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

State of California

County of LOS ANGELES

Subscribed and sworn to (or affirmed) before me

on this 15 day of AUG, 2011,
by Dennis Lee Kears
Date Month Year

(1) Dennis Lee Kears
Name of Signer

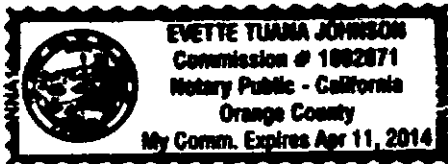
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) ~~(1)~~

~~and~~

(2) _____
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature [Handwritten Signature]
Signature of Notary Public



Place Notary Seal and/or Stamp Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Further Description of Any Attached Document

Title or Type of Document: Certificate of Need -

Document Date: 15 Aug 11 Number of Pages: 2

Signer(s) Other Than Named Above: Kent Thilly

RIGHT THUMBPRINT OF SIGNER #1
Top of thumb here


RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here

CERTIFICATION

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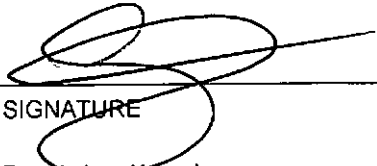
 SIGNATURE

 Kent Thiry

 PRINTED NAME

 Chief Executive Officer

 PRINTED TITLE



 SIGNATURE

 Dennis Lee Kogod

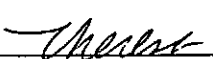
 PRINTED NAME


 Chief Operating Officer

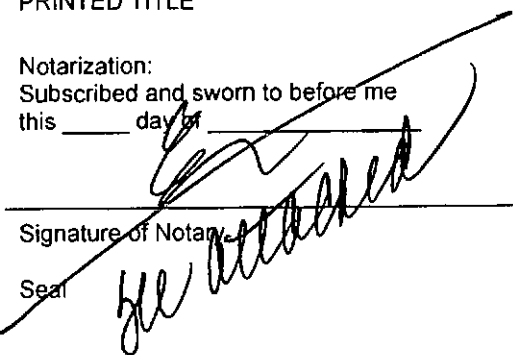
 PRINTED TITLE

Notarization:
 Subscribed and sworn to before me
 this 5th day of AUGUST 2011

Notarization:
 Subscribed and sworn to before me
 this _____ day of _____



 Signature of Notary
 Seal




 Signature of Notary
 Seal

*Insert EXACT legal name of the applicant

SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. **Failure to provide such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS ATTACHMENT-11, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

NOTE: Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS ATTACHMENT-12, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

ALTERNATIVES

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
 - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
 - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
 - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION IV - PROJECT SCOPE, UTILIZATION, AND UNFINISHED/SHELL SPACE

Criterion 1110.234 - Project Scope, Utilization, and Unfinished/Shell Space

READ THE REVIEW CRITERION and provide the following information:

SIZE OF PROJECT:

1. Document that the amount of physical space proposed for the proposed project is necessary and not excessive. This must be a narrative.
2. If the gross square footage exceeds the BGSF/DGSF standards in Appendix B, justify the discrepancy by documenting one of the following:
 - a. Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
 - b. The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix B;
 - c. The project involves the conversion of existing space that results in excess square footage.

Provide a narrative for any discrepancies from the State Standard. A table must be provided in the following format with Attachment 14.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?

APPEND DOCUMENTATION AS ATTACHMENT-14, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

PROJECT SERVICES UTILIZATION:

This criterion is applicable only to projects or portions of projects that involve services, functions or equipment for which HFSRB has established utilization standards or occupancy targets in 77 Ill. Adm. Code 1100.

Document that in the second year of operation, the annual utilization of the service or equipment shall meet or exceed the utilization standards specified in 1110. Appendix B. A narrative of the rationale that supports the projections must be provided.

A table must be provided in the following format with Attachment 15.

UTILIZATION					
	DEPT./ SERVICE	HISTORICAL UTILIZATION (PATIENT DAYS) (TREATMENTS) ETC.	PROJECTED UTILIZATION	STATE STANDARD	MET STANDARD?
YEAR 1					
YEAR 2					

APPEND DOCUMENTATION AS ATTACHMENT-15, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

UNFINISHED OR SHELL SPACE:

Provide the following information:

1. Total gross square footage of the proposed shell space;
2. The anticipated use of the shell space, specifying the proposed GSF to be allocated to each department, area or function;
3. Evidence that the shell space is being constructed due to
 - a. Requirements of governmental or certification agencies; or
 - b. Experienced increases in the historical occupancy or utilization of those areas proposed to occupy the shell space.
4. Provide:
 - a. Historical utilization for the area for the latest five-year period for which data are available; and
 - b. Based upon the average annual percentage increase for that period, projections of future utilization of the area through the anticipated date when the shell space will be placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-16, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

ASSURANCES:

Submit the following:

1. Verification that the applicant will submit to HFSRB a CON application to develop and utilize the shell space, regardless of the capital thresholds in effect at the time or the categories of service involved.
2. The estimated date by which the subsequent CON application (to develop and utilize the subject shell space) will be submitted; and
3. The anticipated date when the shell space will be completed and placed into operation.

APPEND DOCUMENTATION AS ATTACHMENT-17, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SECTION VII - SERVICE SPECIFIC REVIEW CRITERIA

This Section is applicable to all projects proposing establishment, expansion or modernization of categories of service that are subject to CON review, as provided in the Illinois Health Facilities Planning Act [20 ILCS 3960]. It is comprised of information requirements for each category of service, as well as charts for each service, indicating the review criteria that must be addressed for each action (establishment, expansion and modernization). After identifying the applicable review criteria for each category of service involved, read the criteria and provide the required information, AS APPLICABLE TO THE CRITERIA THAT MUST BE ADDRESSED:

G. Criterion 1110.1430 - In-Center Hemodialysis

1. Applicants proposing to establish, expand and/or modernize In-Center Hemodialysis must submit the following information:
2. Indicate station capacity changes by Service: Indicate # of stations changed by action(s):

Category of Service	# Existing Stations	# Proposed Stations
<input checked="" type="checkbox"/> In-Center Hemodialysis	0	10

3. READ the applicable review criteria outlined below and submit the required documentation for the criteria:

APPLICABLE REVIEW CRITERIA	Establish	Expand	Modernize
1110.1430(b)(1) - Planning Area Need - 77 Ill. Adm. Code 1100 (formula calculation)	X		
1110.1430(b)(2) - Planning Area Need - Service to Planning Area Residents	X	X	
1110.1430(b)(3) - Planning Area Need - Service Demand - Establishment of Category of Service	X		
1110.1430(b)(4) - Planning Area Need - Service Demand - Expansion of Existing Category of Service		X	
1110.1430(b)(5) - Planning Area Need - Service Accessibility	X		
1110.1430(c)(1) - Unnecessary Duplication of Services	X		
1110.1430(c)(2) - Maldistribution	X		
1110.1430(c)(3) - Impact of Project on Other Area Providers	X		
1110.1430(d)(1) - Deteriorated Facilities			X
1110.1430(d)(2) - Documentation			X
1110.1430(d)(3) - Documentation Related to Cited Problems			X
1110.1430(e) - Staffing Availability	X	X	
1110.1430(f) - Support Services	X	X	X
1110.1430(g) - Minimum Number of Stations	X		
1110.1430(h) - Continuity of Care	X		
1110.1430(j) - Assurances	X	X	X

APPEND DOCUMENTATION AS ATTACHMENT-26, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

4. Projects for relocation of a facility from one location in a planning area to another in the same planning area must address the requirements listed in subsection (a)(1) for the "Establishment of Services or Facilities", as well as the requirements in Section 1110.130 - "Discontinuation" and subsection 1110.1430(i) - "Relocation of Facilities".

APPEND DOCUMENTATION AS ATTACHMENT-27, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: Indicate the dollar amount to be provided from the following sources:

\$1,153,738	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
\$734,619	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$1,888,357	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

IX. 1120.130 - Financial Viability

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

Financial Viability Waiver

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion. When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

2. Variance

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility

This section is applicable to all projects subject to Part 1120.

A. Reasonableness of Financing Arrangements

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

- 1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE												
Department (list below)	A	B	C		D		E		F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)		Mod. \$ (B x E)			
Contingency												
TOTALS												
* Include the percentage (%) of space for circulation												

D. Projected Operating Costs

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

E. Total Effect of the Project on Capital Costs

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XI. Safety Net Impact Statement

SAFETY NET IMPACT STATEMENT that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

XII. Charity Care Information

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

Charity care" means care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer. (20 ILCS 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Section I, Identification, General Information, and Certification
Applicants

Certificates of Good Standing for DaVita, Inc. and Freeportbay Dialysis, LLC are attached at Attachment - 1. As the person with final control over the operator, DaVita, Inc. is named as an applicant for this CON application. DaVita, Inc. does not do business in the State of Illinois. A Certificate of Good Standing for DaVita, Inc. from the state of its incorporation, Delaware is attached.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

FREEMPORTBAY DIALYSIS, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 21, 2011, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1120801062

Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of JULY A.D. 2011 .

Jesse White

SECRETARY OF STATE

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DAVITA INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRTIETH DAY OF NOVEMBER, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA INC." WAS INCORPORATED ON THE FOURTH DAY OF APRIL, A.D. 1994.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.


AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2391269 8300

101133217

You may verify this certificate online
at corp.delaware.gov/authver.shtml




Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 8386715

DATE: 11-30-10

Section I, Identification, General Information, and Certification
Site Ownership

The letter of intent between Frontier Real Estate, Co. and Freeportbay Dialysis, LLC to lease the facility located at 1808 South West Avenue, Freeport, Illinois 61032 is attached at Attachment – 2.



USI REAL ESTATE BROKERAGE SERVICES INC.

A USI COMPANY

2215 YORK RD, SUITE 110
OAKBROOK, IL 60523

TELEPHONE: 630-990-3658
FACSIMILE: 630-990-2300

August 4, 2011

Mike Woldman
Element Commercial Group
6334 E. Riverside Boulevard
Suite E-2
Loves Park, IL 61111

RE: Letter of Intent
1808 S West Avenue, Freeport, IL

Dear Mike:

USI Real Estate Brokerage Services Inc. has been exclusively authorized by Total Renal Care, Inc. – a subsidiary of DaVita Inc. ("Tenant") to provide the following non-binding letter of intent for the above property.

- LOCATION:** 1808 S. West Avenue, Freeport, IL
- TENANT:** "Total Renal Care, Inc. or related entity to be named",
- LANDLORD:** Frontier Real Estate Co.
- SPACE REQUIREMENT:** Approximately 5,000 contiguous rentable square feet.
- PRIMARY TERM:** 11 year term.

POSSESSION AND COMMENCEMENT:

Tenant shall take possession of the premises upon the later of completion of Landlord's required work (if any) or mutual lease execution. In any event, the rent and term shall commence the earlier of seven (7) months from possession or until:

- a. Leasehold Improvements within the Premises have been completed in accordance with the final construction documents (except for nominal punch list items); and
- b. A Certificate of Occupancy for the Premises has been obtained from the City of Freeport, IL; and
- c. Tenant has obtained all necessary licenses and permits.

FAILURE TO DELIVER PREMISES:

If Landlord has not delivered the premises to Tenant with all base building items substantially completed by ninety (90) days from lease execution, Tenant may elect to terminate the lease by written notice to Landlord.

LEASE FORM:

Tenant's standard lease form shall be used.

SUBLEASE/ASSIGNMENT:

Tenant will have the right at any time to sublease or assign its interest in this Lease to any majority owned subsidiaries or related entities of DaVita Inc. without the consent of the Landlord.

GOVERNMENTAL COMPLIANCE:

Landlord shall represent and warrant to Tenant that Landlord, at Landlord's sole expense, will cause Tenant's Premises, the Building and parking facilities to be in full compliance with any governmental laws, ordinances, regulations or orders relating to, but not limited to, compliance with the Americans with Disabilities Act (ADA), and environmental conditions relating to the existence of asbestos and/or other hazardous materials, or soil and ground water conditions, and shall indemnify and hold Tenant harmless from any claims, liabilities and cost arising from environmental conditions not caused by Tenant(s).

ROOF RIGHTS:

If the building does not have cable television service, then Tenant will need the right to place a satellite dish on the roof at no additional fee.

RADIUS RESTRICTION:

Landlord shall not lease space in the development to any other business whose primary use is the operation of a Dialysis Clinic so long as Tenant is in good standing and not in default of any kind.

SECURITY DEPOSIT:

No security deposit will be required.

TERMINATION OPTION:

Tenant shall have the right to terminate the Lease at any time after the Eighth (8th) year along with a payment equal to one-quarter (1/4) of Tenant's monthly base rental obligations for the remaining portion of the current lease term in addition to any unamortized improvements and brokerage commissions.

CORPORATE GUARANTEE:

DaVita Inc. shall guarantee the lease for a maximum of ten (10) years.

CONTINGENCIES:

Tenant will need to apply for a Certificate of Need for the final location. If Tenant does not get the Certificate of Need by December 31, 2011, the Lease will be null and void. If they do get the Certificate of Need, then they will go forward with the lease based on satisfying the other contingencies that are in their standard Lease Document.

Tenant CON Obligation: Landlord and Tenant understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, the Tenant cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). Tenant agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, Tenant does not expect to receive a CON permit prior to December 31, 2011. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON

permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award Tenant a CON permit to establish a dialysis center on the Premises by December 31, 2011, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

BROKERAGE FEE:

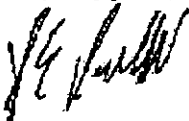
Landlord agrees that it recognizes USI Real Estate Brokerage Services Inc. as the client's sole representatives. Commissions to be paid per a separate agreement between USI Real Estate Brokerage Services Inc. and Ownership.

It should be understood that this non-binding letter of intent is subject to the terms of Exhibit A attached hereto.

If you are in agreement with the above, please sign and send back to me. I will have DaVita countersign so we can have the lease document drafted by DaVita's legal.

Thank you for your time and cooperation in this matter.

Very truly yours,



Emmet Purcell
Senior Vice President, Real Estate Services
USI Real Estate Brokerage Services Inc.

Cc: Jim Burke - DaVita, Inc.

Agreed to and accepted this: 9th Day of Aug 2011

By: [Signature]
Frontier Real Estate Invest Co.
Landlord

Agreed to and accepted this 4th Day of August 2011

By: [Signature] VP
On behalf of Total Renal Care, Inc. a wholly owned subsidiary of DaVita, Inc. ("Tenant")

EXHIBIT A**NON-BINDING NOTICE**

NOTICE: THE PROVISIONS CONTAINED IN THIS NON-BINDING LETTER OF INTENT ARE AN EXPRESSION OF THE PARTIES' INTEREST ONLY. SAID PROVISIONS TAKEN TOGETHER OR SEPERATELY ARE NEITHER AN OFFER WHICH BY AN "ACCEPTANCE" CAN BECOME A CONTRACT, NOR A CONTRACT. BY ISSUING THIS REQUEST FOR A PROPOSAL, NEITHER TENANT NOR LANDLORD (OR USI) SHALL BE BOUND TO ENTER INTO ANY (GOOD FAITH OR OTHERWISE) NEGOTIATIONS OF ANY KIND WHATSOEVER. TENANT RESERVES THE RIGHT TO NEGOTIATE WITH OTHER PARTIES. NEITHER TENANT, LANDLORD OR USI INTENDS ON THE PROVISIONS CONTAINED IN THIS REQUEST FOR A PROPOSAL TO BE BINDING IN ANY MANNER, AS THE ANALYSIS FOR AN ACCEPTABLE TRANSACTION WILL INVOLVE ADDITIONAL MATTERS NOT ADDRESSED IN THIS LETTER, INCLUDING, WITHOUT LIMITATION, THE TERMS OF ANY COMPETING PROJECTS, OVERALL ECONOMIC AND LIABILITY PROVISIONS CONTAINED IN ANY LEASE DOCUMENT AND INTERNAL APPROVAL PROCESSES AND PROCEDURES. THE PARTIES UNDERSTAND AND AGREE THAT A CONTRACT WITH RESPECT TO THE PROVISIONS IN THIS REQUEST FOR A PROPOSAL WILL NOT EXIST UNLESS AND UNTIL THE PARTIES HAVE EXECUTED A FORMAL, WRITTEN LEASE AGREEMENT APPROVED IN WRITING BY THEIR RESPECTIVE COUNSEL. USI IS ACTING SOLELY IN THE CAPACITY OF SOLICITING, PROVIDING AND RECEIVING INFORMATION AND PROPOSALS AND NEGOTIATING THE SAME ON BEHALF OF OUR CLIENTS. UNDER NO CIRCUMSTANCES WHATSOEVER DOES USI HAVE ANY AUTHORITY TO BIND OUR CLIENTS TO ANY ITEM, TERM OR COMBINATION OF TERMS CONTAINED HEREIN. THIS REQUEST FOR A PROPOSAL IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGE OF PRICE, RENTAL OR OTHER TERMS; ANY SPECIAL CONDITIONS IMPOSED BY OUR CLIENTS; AND WITHDRAWAL WITHOUT NOTICE. WE RESERVE THE RIGHT TO CONTINUE SIMULTANEOUS NEGOTIATIONS WITH OTHER PARTIES ON BEHALF OF OUR CLIENT. NO PARTY SHALL HAVE ANY LEGAL RIGHTS OR OBLIGATIONS WITH RESPECT TO ANY OTHER PARTY, AND NO PARTY SHOULD TAKE ANY ACTION OR FAIL TO TAKE ANY ACTION IN DETRIMENTAL RELIANCE ON THIS OR ANY OTHER DOCUMENT OR COMMUNICATION UNTIL AND UNLESS A DEFINITIVE WRITTEN LEASE AGREEMENT IS PREPARED AND SIGNED BY TENANT AND LANDLORD

Section I, Identification, General Information, and Certification
Operating Entity/Licensee

The Illinois Certificate of Good Standing for Freeportbay Dialysis, LLC is attached at Attachment – 3.



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

FREPORTBAY DIALYSIS, LLC, A DELAWARE LIMITED LIABILITY COMPANY HAVING OBTAINED ADMISSION TO TRANSACT BUSINESS IN ILLINOIS ON JULY 21, 2011, APPEARS TO HAVE COMPLIED WITH ALL PROVISIONS OF THE LIMITED LIABILITY COMPANY ACT OF THIS STATE, AND AS OF THIS DATE IS IN GOOD STANDING AS A FOREIGN LIMITED LIABILITY COMPANY ADMITTED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



Authentication #: 1120801062

Authenticate at: <http://www.cyberdriveillinois.com>

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 27TH day of JULY A.D. 2011 .

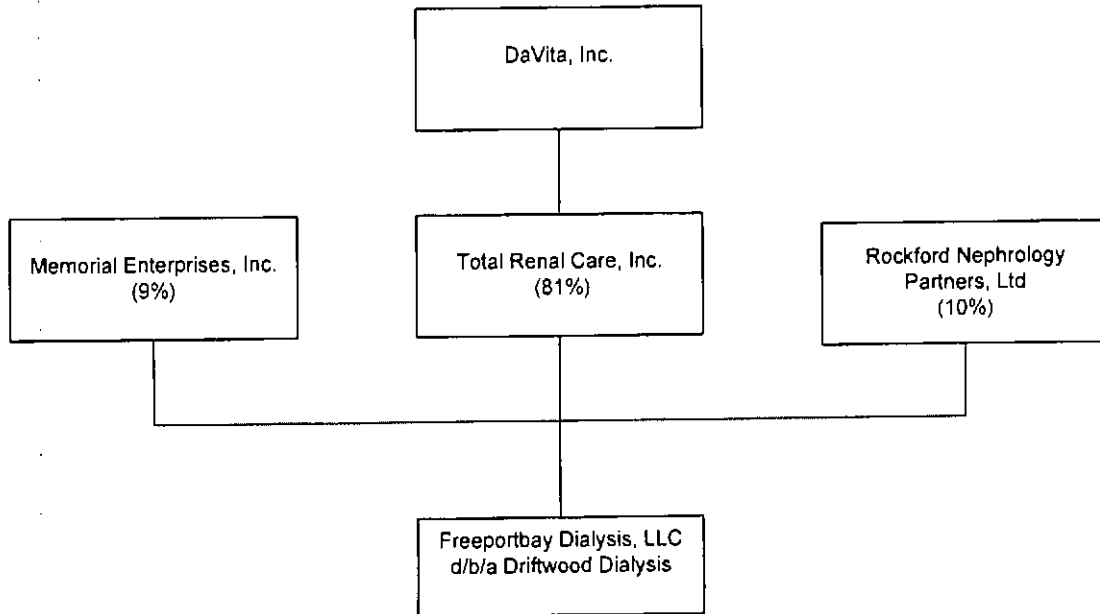
Jesse White

SECRETARY OF STATE

Section I, Identification, General Information, and Certification
Organizational Relationships

The organizational chart for DaVita, Inc. and Freeportbay Dialysis, LLC is attached at Attachment – 4.

Driftwood Dialysis Organizational Chart



Section I, Identification, General Information, and Certification
Flood Plain Requirements

The site of the proposed dialysis facility complies with the requirements of Illinois Executive Order #2005-5. The proposed dialysis facility will be located at 1808 South West Avenue, Freeport, Illinois 61032. As shown on the FEMA flood plain map attached at Attachment – 5, the site of the proposed dialysis facility is located outside of a flood plain.



MAP SCALE 1" = 500'



NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0319C

FIRM
FLOOD INSURANCE RATE MAP
STEPHENSON COUNTY,
ILLINOIS
AND INCORPORATED AREAS

PANEL 319 OF 500
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS	NUMBER	PANEL	SUFFIX
COMMUNITY	170840	0319	C
FREERPORT, CITY OF	170839	0319	C
STEPHENSON COUNTY			

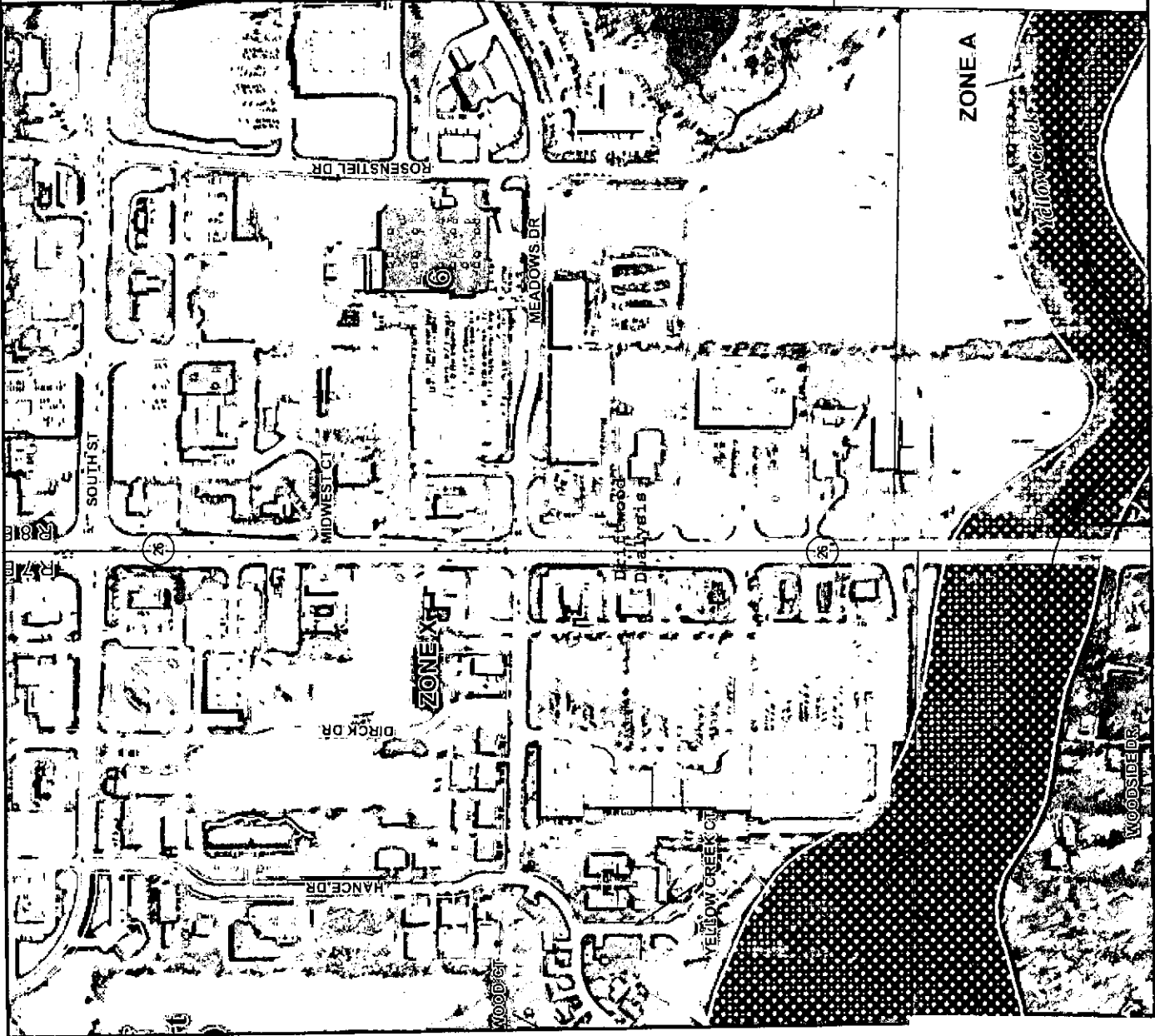
Notice to User: The Map Number shown below should be used when placing new orders. The Community Number shown above should be used on insurance applications for the subject community.



MAP NUMBER
17177C0319C
EFFECTIVE DATE
MARCH 3, 2011

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov



Section I, Identification, General Information, and Certification
Historic Resources Preservation Act Requirements

The Historic Resources Preservation Act determination from the Illinois Historic Preservation Agency is attached at Attachment - 6.



**Illinois Historic
Preservation Agency**

FAX (217) 782-8161

1 Old State Capitol Plaza • Springfield, Illinois 62701-1512 • www.illinois-history.gov

Stephenson County
Freeport

CON - Establish a 10 Station Dialysis Facility
1808 S. West Ave.
IHPA Log #004072911

August 10, 2011

Anne Cooper
Polsinelli Shughart
161 N. Clark St., Suite 4200
Chicago, IL 60601

Dear Ms. Cooper:

This letter is to inform you that we have reviewed the information provided concerning the referenced project.

Our review of the records indicates that no historic, architectural or archaeological sites exist within the project area.

Please retain this letter in your files as evidence of compliance with Section 4 of the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420/1 et. seq.). This clearance remains in effect for two years from date of issuance. It does not pertain to any discovery during construction, nor is it a clearance for purposes of the Illinois Human Skeletal Remains Protection Act (20 ILCS 3440).

If you have any further questions, please contact me at 217/785-5027.

Sincerely,

Anne E. Haaker
Anne E. Haaker
Deputy State Historic
Preservation Officer

Attachment - 6

Section I, Identification, General Information, and Certification
Project Costs and Sources of Funds

Table 1120.110			
Project Cost	Clinical	Non-Clinical	Total
Modernization Contracts	\$536,662		\$536,662
Contingencies	\$53,000		\$53,000
Architectural/Engineering Fees	\$48,000		\$48,000
Consulting and Other Fees	\$84,500		\$84,500
Moveable and Other Equipment			
Communications	\$61,820		\$61,820
Water Treatment	\$111,230		\$111,230
Bio-Medical Equipment	\$8,885		\$8,885
Clinical Equipment	\$172,385		\$172,385
Clinical Furniture/Fixtures	\$15,798		\$15,798
Lounge Furniture/Fixtures	\$2,815		\$2,815
Storage Furniture/Fixtures	\$5,359		\$5,359
Business Office Fixtures	\$20,925		\$20,925
General Furniture/Fixtures	\$19,859		\$19,859
Signage	\$12,500		\$12,500
Total Moveable and Other Equipment	\$431,576		\$431,576
Fair Market Value of Leased Space	\$734,619		\$734,619
Total Project Costs	\$1,888,357		\$1,888,357

Section I, Identification, General Information, and Certification
Cost Space Requirements

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
CLINICAL							
ESRD	\$1,888,357	4,985			4,985		
Total Clinical	\$1,888,357	4,985	0	0	4,985	0	0
NON REVIEWABLE							
Total Non-Reviewable	\$0	0	0	0	0	0	0
TOTAL	\$1,888,357	4,985	0	0	4,985	0	0

Section III, Background, Purpose of the Project, and Alternatives
Criterion 1110.230(a) – Background, Purpose of the Project, and Alternatives

Background of the Applicant

The Applicants are fit, willing and able, and have the qualifications, background and character to adequately provide a proper standard of health care services for the community. DaVita is a leading provider of dialysis services in the United States and is committed to innovation, improving clinical outcomes, compassionate care, education and empowering patients, and community outreach. A copy of DaVita's 2010 Community Care report, which details DaVita's commitment to quality, patient centric focus and community outreach is attached at Attachment – 11A. The proposed project involves the establishment of a 10-station facility to be located at 1808 South West Avenue, Freeport, Illinois.

DaVita has taken on many initiatives to improve the lives of patients suffering from chronic kidney disease ("CKD") and end stage renal disease ("ESRD"). These programs include the EMPOWER, IMPACT, CathAway, and transplant assistance programs. Information on the EMPOWER, IMPACT and CathAway programs are attached at Attachment – 11B.

There are over 26 million patients with CKD and that number is expected to rise. Current data reveals a troubling trend:

- The prevalence of CKD stages 1 to 4 has increased from 10% to 13.1% between 1988 and 2004¹
- Increasing prevalence of diabetes and hypertension, the two major causes of CKD

Additionally, approximately 65% of CKD Medicare patients (patients 67 and older) have never been evaluated by a nephrologist.² Timely CKD care, however, is imperative because adverse outcomes of CKD can often be prevented or delayed through early detection and treatment. Several studies have shown that early detection, intervention and care of CKD may result in improved patient outcomes:

- Reduced GFR is an independent risk factor for morbidity and mortality,
- A reduction in the rate of decline in kidney function upon nephrologists referrals has been associated with prolonged survival of CKD patients,
- Late referral to a nephrologists has been correlated with lower survival during the first 90 days of dialysis, and
- Timely referral of CKD patients to a multidisciplinary nephrology team may improve outcomes and reduce cost.

A care plan for patients with CKD includes strategies to slow the loss of kidney function, manage comorbidities, and prevent or treat cardiovascular disease and other complications of CKD, as well as ease the transition to kidney replacement therapy. Through the EMPOWER program, DaVita offers educational services to CKD patients that can help patients reduce, delay, and prevent adverse outcomes of untreated CKD. The EMPOWER program encourages CKD patients to take control of their health and make informed decisions about their dialysis care.

The IMPACT program seeks to reduce patient mortality rates during the first 90-days of dialysis through patient intake, education and management, and reporting. In fact, since piloting in October 2007, the program has not only shown to reduce mortality rates by 8 percent but has also resulted in improved patient outcomes.

¹ US Renal Data System, USRDS 2007 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, Bethesda, MD: National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases; 2007.

² Id.

The CathAway program seeks to reduce the number of patients with central venous catheters ("CVC") through arteriovenous fistula ("AV fistula") placement. AV fistulas have superior patency, lower complication rates, improved adequacy, lower cost to the healthcare system, and decreased risk of patient mortality compared to CVCs. In July 2003, the Centers for Medicare and Medicaid Services, the End Stage Renal Disease Networks and key providers jointly recommended adoption of a National Vascular Access Improvement Initiative ("NVAII") to increase the appropriate use of AV fistulas for hemodialysis. The CathAway program is designed to comply with NVAII through patient education outlining the benefits for AV fistula placement and support through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. DaVita is an industry leader in the rate of fistula use and had the lowest day-90 catheter rates among large dialysis providers in 2010.

DaVita's transplant referral and tracking program ensures every dialysis patient is informed of transplant as a modality option and promotes access to transplantation for every patient who is interested and eligible for transplant. The social worker or designee obtains transplant center guidelines and criteria for selection of appropriate candidates and assists transplant candidates with factors that may affect their eligibility, such as severe obesity, adherence to prescribed medicine or therapy, and social/emotional/financial factors related to post-transplant functioning.

In an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is \$210M to \$230M in hospitalization savings to the health care system and the American taxpayer.

Neither the Centers for Medicare and Medicaid Services or the Illinois Department of Public Health has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any of the applicants, or against any Illinois health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application.

1. Health care facilities owned or operated by the Applicants:

A list of health care facilities owned or operated by DaVita in Illinois is attached at Attachment – 11C.

Freeportbay Dialysis, LLC does not own or operate any health care facilities.

Dialysis facilities are not subject to State Licensure.

2. Certification that no adverse action has been taken against any of the Applicants, or against any health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application is attached at Attachment – 11D.

3. An authorization permitting the Illinois Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11D.

DaVita.



:: Community Care ::

{ The DaVita Vision for Social Responsibility }

2010

Our Mission

To be the Provider, Partner and Employer of choice

Our Core Values

Service Excellence & Integrity &
Team & Continuous Improvement &
Accountability & Fulfillment & Fun

Our Vision

To be the greatest healthcare
community the world has ever seen

DaVita

bringing quality to life

The past year has been an especially exciting one for DaVita. We expanded our vision of being the greatest "kidney care company" to being the greatest "healthcare community" the world has ever seen.

In this third edition of Community Care, our annual report on corporate social responsibility, we aim to highlight the ways in which we are striving to achieve that vision in our day-to-day operations at our more than 2,000 caregiving locations, including our 1,600-plus dialysis centers in the U.S.

At the heart of what we do is a profound commitment to behaving as a community first and a company second, and in a healthy community, people thrive. The more than 125,000 patients we serve are part of that community, and we are dedicated to leading innovation to improve the standard of their care, as well as for kidney care patients around the world.

Our 36,500 teammates and physician partners are another vital part of our community, and we continually look for new ways to honor and support them and their families.

As we expand our operations overseas, we feel it is especially important to consider new cultures and the environment as part of our growing community. We must nurture the neighborhoods in which we operate by giving back and behaving responsibly.

We would like to thank all of our patients, teammates, physician partners and other friends for enriching our lives and supporting our efforts to improve the quality of every life we touch.

One for All, and All for One!



Kent J. Thiry

Kent J. Thiry
Chairman and CEO of DaVita Inc.
Mayor of the DaVita Village

96% of patients polled would recommend DaVita to a friend or family member who needed dialysis.*

DaVita has achieved **11** consecutive years of improved clinical outcomes.

\$3.4 million has been raised for nonprofit The Kidney TRUST™ through Tour DaVita® and DaVita Kidney Awareness Run/Walks™.

\$5.7 million has been given to teammates (employees) and their families through DaVita's extensive teammate support programs.

DaVita is the **only kidney care** company recognized by the **EPA** for its sustainability initiatives.

We estimate that DaVita has generated **\$509 million** in healthcare savings through improving care and leading innovation.

Patients who get their medication through DaVita Rx™ have been correlated with prescription adherence rates almost double those of patients who fill their prescriptions elsewhere, and are correlated with

40% fewer hospitalizations.**

* 2009 patient satisfaction survey.

** This data is extrapolated from a survey study, National Kidney Care Survey (NKS), Independent Sample (IS), and Practice (P) (42). Results are statistically significant (p < 0.001).

::: Community Care :::

{ The DaVita Vision for Social Responsibility }

DaVita[®] does dialysis, but is not about dialysis.

DaVita is about life — and improving quality of life for our patients, our teammates and communities around the world. At the core of what we do is a profound commitment to enriching lives through our **Trilogy of Care**.

{ Caring for Our World }

4

- :: Operating sustainably ::
- :: Raising awareness & giving back ::
- :: Generating taxpayer savings ::
- :: Bringing dialysis to global communities ::
- :: Pioneering governance & compliance standards ::

{ Caring for Each Other }

20

- :: Cultivating leaders ::
- :: Building a culture of caring ::
- :: Encouraging a diverse workforce ::
- :: Listening to our teammates ::

{ Caring for Our Patients }

30

- :: Leading clinical outcomes & innovation ::
- :: Integrating care to treat the whole patient ::
- :: Educating & empowering patients ::
- :: Appreciating our patients ::

DaVita[®]

{ About DaVita }

DaVita Inc., a Fortune 500® company, is a leading provider of kidney care in the United States, delivering dialysis services and education to patients with chronic kidney failure and end stage renal disease. As of December 31, 2010, DaVita operated or provided administrative services at 1,612 dialysis facilities, serving approximately 125,000 patients.

In addition to dialysis services, DaVita brings innovation and value to kidney care by helping to prevent or delay kidney failure, increasing access to care and advancing integrated care management.

We aim to be a role model for American healthcare — conserving healthcare dollars by developing models and systems for improvement that may be used in other chronic disease populations.

Beyond our ambition to serve as a catalyst for change in U.S. healthcare, our unabashed goal is to be The Greatest Healthcare Community the World Has Ever Seen. And while “greatest” can indicate the largest, the longest-lasting or the most important, we aspire simply to do the best for those we serve.

This 2010 Community Care report highlights some of the many ways in which DaVita innovates to enrich our patients, our teammates (employees) and our world. By striving endlessly to balance our business goals with our social, educational and environmental ones, we move ever closer to achieving our vision of greatness.

We consider DaVita to be a community first, a company second. As citizens of the “DaVita Village,” our teammates have initiated dozens of goodwill programs that support our Mission, reflect our Core Values and strive to improve the quality of life for our patients, each other and people in communities around the world.



{ About | Chronic Kidney Disease }


A silent epidemic, chronic kidney disease (CKD)

affects approximately 31 million people in the United States — one in six adults — yet most are unaware of their condition until it progresses to kidney failure, or end stage renal disease (ESRD). The Centers for Disease Control and Prevention recognize CKD as a major public health problem that reduces the quality and length of life.

End stage renal disease occurs when kidneys are no longer able to perform their many important functions fully and require dialysis to do the following:

- Remove extra water and wastes from the body
- Help control blood pressure
- Keep body chemicals in balance
- Maintain healthy bones
- Help make red blood cells

Kidney failure happens when the kidneys function at or below 10 to 15 percent, no longer well enough to keep someone alive without dialysis or a kidney transplant.



The chance that an American adult has CKD is 12 times greater than an American woman's risk of getting breast cancer.

Caring for

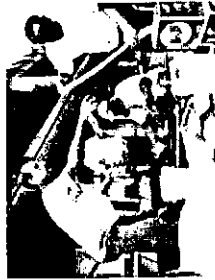


World }

As part of **our commitment** to building a healthy, caring community, DaVita develops, participates in and donates to numerous programs dedicated to **transforming communities** and creating positive, sustainable change for children, families and our environment.



Going green



Giving back



Sharing the gift of life

Just as we care for our patients and are committed to ensuring their well-being, we must care for the environment and commit to its well-being for future generations. **By balancing the two, we give life to both.**



DaVita is the only kidney care company recognized by the EPA for its sustainability initiatives.

- We opened the first **LEED-certified** dialysis center in the United States in 2010.
- Approximately **8.5 million pounds of medical waste are saved** through dialyzer reuse.
- **95% of waste** at DaVita corporate headquarters is diverted through composting and recycling programs.



:: Operating sustainably ::

As a healthcare services provider, DaVita faces the challenge of reconciling our commitment to sustainability with our mandate to provide safe, effective care that saves patients' lives.

While we will never compromise patient care in our quest to be greener, we aggressively pursue innovative solutions in areas where we can reduce our footprint.

In 2010, we formalized our dedication to environmental stewardship in our new Environmental Commitment, which is posted at DaVita.com/communitycare. It sets forth DaVita's goal of being an environmental leader in the healthcare industry by implementing programs to promote conservation, stewardship and sustainability at our more than 2,000 dialysis centers, business offices, labs, pharmacies and other facilities around the U.S.

We have piloted programs around energy and water conservation, renewable energy, environmentally preferable purchasing and green design. We also are members of the Business Roundtable's Sustainable Growth and Climate RESOLVE initiatives to help reduce greenhouse gas emissions within our industry.

DaVita offers teammates in the Denver office a complimentary annual pass for public transportation.



DaVita
Village Green[™]
EARTH FRIENDLY KIDNEY CARE

Building Green

In 2010, DaVita opened the first Leadership in Energy and Environmental Design (LEED®)-certified dialysis center in the U.S., and we are seeking LEED® Gold certification for our new corporate headquarters in Denver.

We also recently executed our first solar thermal application in Scottsburg, Ind., and the DaVita data center in Tacoma, Wash., has undergone extensive retrofits to increase efficiency in heating and cooling loads while also consolidating servers to reduce energy consumption.

Reusing Supplies

Because dialyzer components are made from 100 percent crude oil, the non-degradable parts comprise more than 60 million pounds of medical waste annually. While patients have a choice to select reusable or single-use dialyzers, if we offered only single-use, our contribution to that sum would be 20 million pounds of waste each year. By being a leader in offering dialyzer reuse, we save more than 8.5 million pounds of medical waste annually and help reduce our dependence on foreign oil.

Reducing, Recycling and Composting

- Purchasing dialysis machine cleaning supplies in bulk has reduced waste by 252,000 gallon jugs and 120,000 pounds of cardboard.
- Changing our latex glove packaging from 1,000 to 2,000 per case has saved 350,000 pounds of cardboard.
- Our copier paper contains 30 percent post-consumer materials, and our business cards, letterhead and envelopes use 100 percent post-consumer paper.
- Approximately 400 of the office/janitorial products we purchase contain recycled content.
- DaVita purchases sharps containers made of approximately 82 percent recycled plastic, keeping more than 550,000 pounds of plastic out of landfills.
- For every used remanufactured toner cartridge we return, a \$2 donation is made to The Kidney TRUST. In 2010, this raised more than \$9,000.
- Our interim headquarters currently diverts 95 percent of waste through composting and recycling programs. On Earth Day, teammates launched a composting program at our Lakewood, Colo., location.

The Ripple Effect

The momentum around Village-wide sustainability efforts has inspired teammates to post on the Eureka! forum (an internal online message board) such ideas as turning off lights for one hour, installing energy-efficient lighting on motion sensors, using water-saving faucets and participating in local park-rehabilitation projects. More than 320 dialysis centers participated in a competition to reduce energy consumption.

Reducing Greenhouse Gas Emissions

- In 2011, for the third year in a row, DaVita will offset 100 percent of the energy used at all of our corporate business offices by purchasing green power credits that generate a net zero increase in carbon dioxide emissions.
- Our facilities have reduced overall carbon emissions by eliminating 4,000 medical waste pickups annually. Based on an average of 15 miles for each pickup, we saved more than 60,000 miles and 7,500 gallons of diesel fuel at 8 miles per gallon.

Finding Sustainable Suppliers

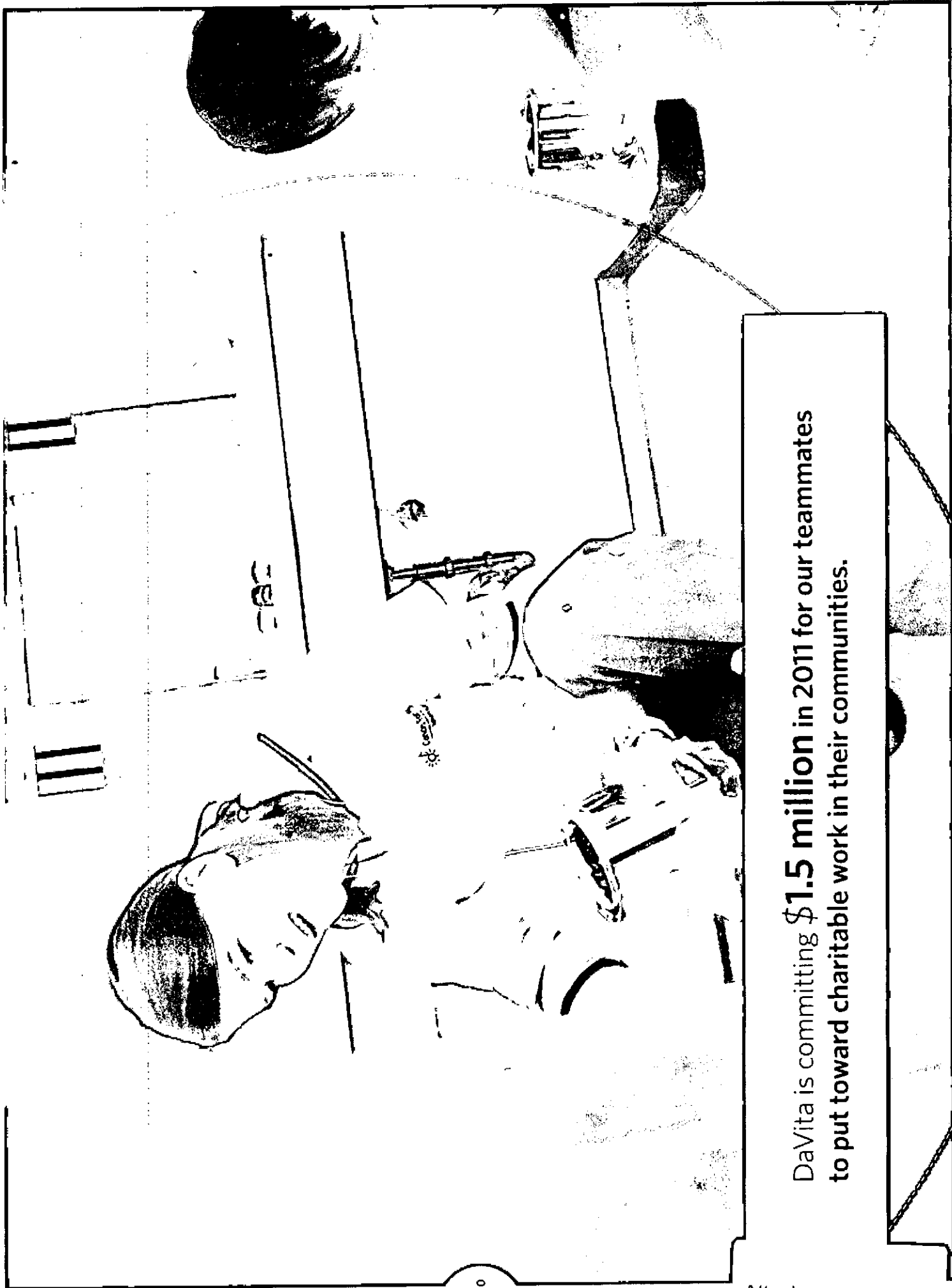
When evaluating potential vendors, we ask if they do the following:

- Reduce packaging, energy consumption and waste in manufacturing and distribution processes
- Promote the use of alternative forms of energy and reduce their overall carbon footprint
- Audit their suppliers' social awareness efforts
- Ensure safe and legal labor conditions in their own and their suppliers' manufacturing plants
- Contribute to the local community where the products are manufactured



DaVita teammates around the country have started recycling and composting programs at their facilities by partnering with local entities, including one in the Phoenix area that **diverts food waste from a landfill through a partnership with a local hog farm.**





DaVita is committing **\$1.5 million** in 2011 for our teammates to put toward charitable work in their communities.

:: Raising awareness & giving back ::

Beyond the millions of dollars in unreimbursed patient care that we absorb each year, DaVita contributes to organizations aimed at improving access to kidney care and is deeply involved in community enrichment initiatives based in our home state of Colorado.

Contributions to Raising Kidney Disease Awareness

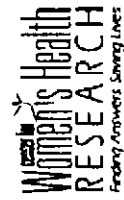
The majority of people living with kidney disease don't know they have it. DaVita made cash contributions totaling more than \$2 million to the following kidney disease-awareness organizations and others in 2010:

- The Kidney TRUST™
- National Kidney Foundation*
- American Kidney Fund*
- Bridge of Life — DaVita Medical Missions™
- Dialysis Patient Citizens
- American Society of Nephrology*
- National Home Infusion Association
- Renal Physicians Association

Home State Community Engagement

In our first full year in its new headquarters state, DaVita placed a high priority on engagement and impact on civic and charitable organizations. Colorado takes a uniquely collaborative approach to addressing the challenges facing so many local and state governments across the country. In this regard, it has proven to be a unique fit for DaVita and its emphasis on engagement and on creating ripples of citizen leadership.

- Provided financial support to more than two dozen charitable organizations in Denver in 2010, including the Latin American Education Fund, Center for Women's Health Research, Denver Museum of Nature and Science and Junior Achievement
- Served on the boards of nearly 40 Colorado business and charitable organizations, from the Denver Chamber of Commerce to the Public Education & Business Coalition to the Humane Society
- "Adopted" Project Angel Heart, which prepares nutritious meals for people with life-threatening illnesses, and conducted a toy drive for Children's Hospital Colorado, collecting hundreds of toys and gift cards over the holidays
- Actively engaged at the executive level in helping Denver and Colorado address public education, business development and recruitment, budget deficits and structural reform
- Hosted numerous state and federal elected officials for thoughtful debate and civil discourse during "Town Hall" meetings at DaVita's interim headquarters



The Kidney TRUST™

Founded by DaVita in 2006, the Kidney TRUST is an independent 501(c)(3) organization that provides public education programs and no-cost, rapid-result kidney screenings in non-medical settings, with the aim of delaying or preventing the progression of CKD to kidney failure. The Kidney TRUST also helps patients retain their insurance coverage by providing financial assistance for co-pays, co-insurance and deductibles.

Kidney Awareness Run/Walk™

In 2010, DaVita held 10 Kidney Awareness Run/Walks across the nation to raise awareness of kidney disease and funds for The Kidney TRUST. In its first five years, approximately 15,000 participants have raised more than \$1 million.

Tour DaVita

Tour DaVita is an annual 250-mile bicycle ride to raise awareness and funds to fight kidney disease. More than 1,200 DaVita teammates, physicians, family members and friends have ridden 250,000 miles collectively and raised more than \$2.3 million to benefit The Kidney TRUST.

A Show of Hands

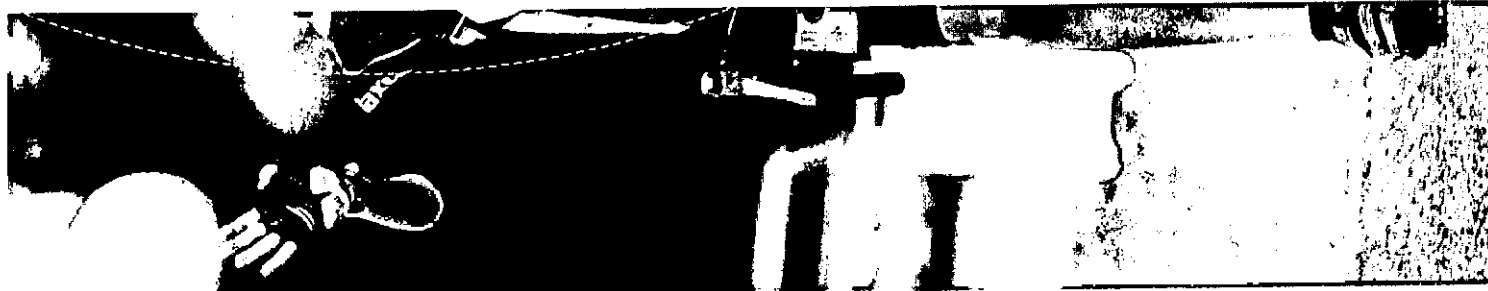
In addition to donating funds and volunteers to support external organizations, DaVita has founded several grassroots programs focused on driving CKD awareness and community enrichment.

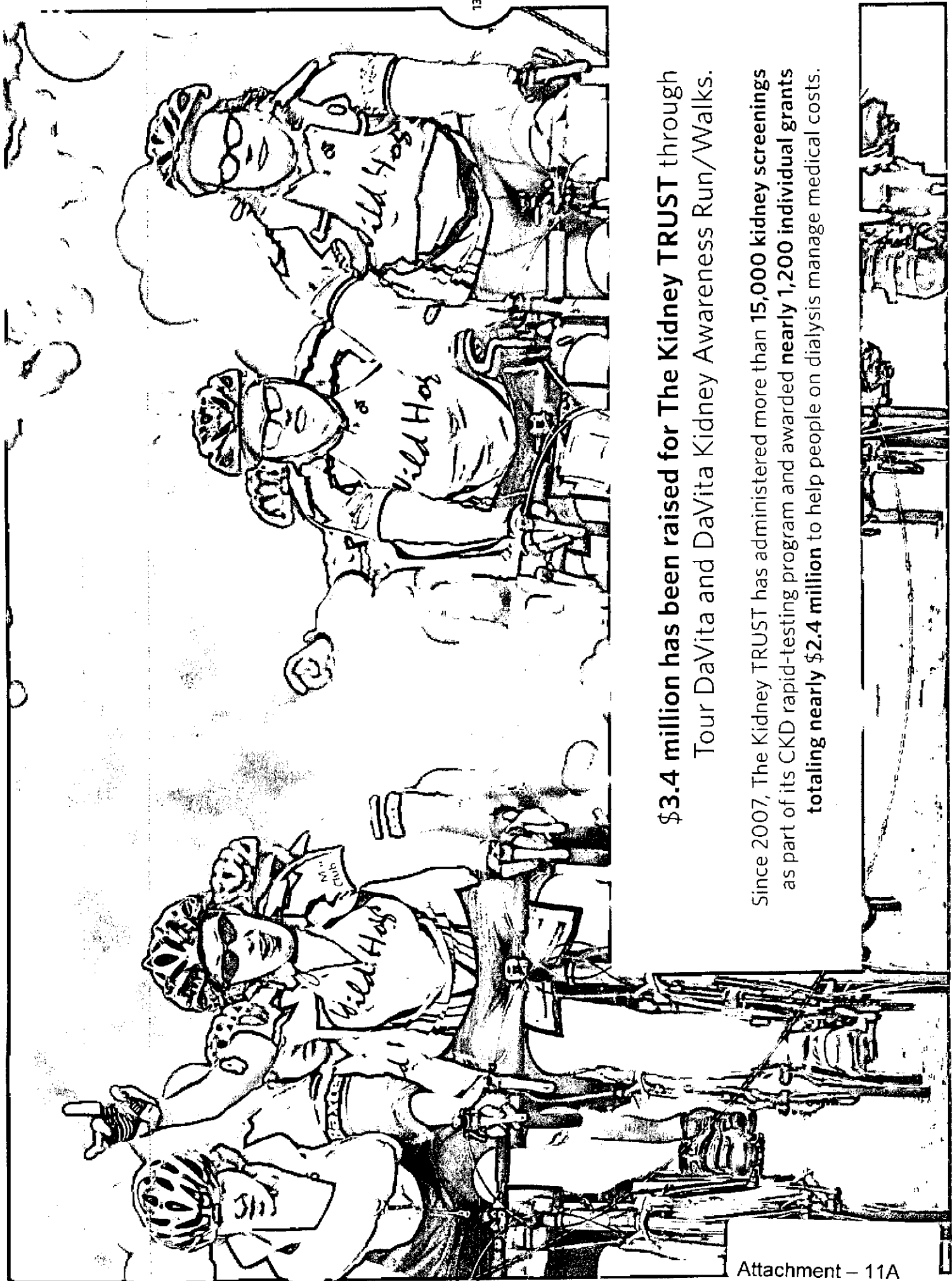
Village Service Days™

More than 2,400 teammates around the country have launched local community service projects, such as building bicycles for children, remodeling a long-term care facility for AIDS patients and preparing supplies for homeless infants. **Teammates have participated in 128 community service projects totaling 19,000-plus hours.**

KT Community Foundation

Funded by Chairman and CEO Kent Thiry and his wife, Denise O'Leary, the KTC Foundation provides assistance to DaVita teammates who engage directly in helping to transform the communities where they live. Fifty-four grants – totaling more than \$145,000 – have been awarded since 2006, including a grant to benefit the Meds & Food for Kids foundation's efforts to improve nutrition among the children of Haiti.

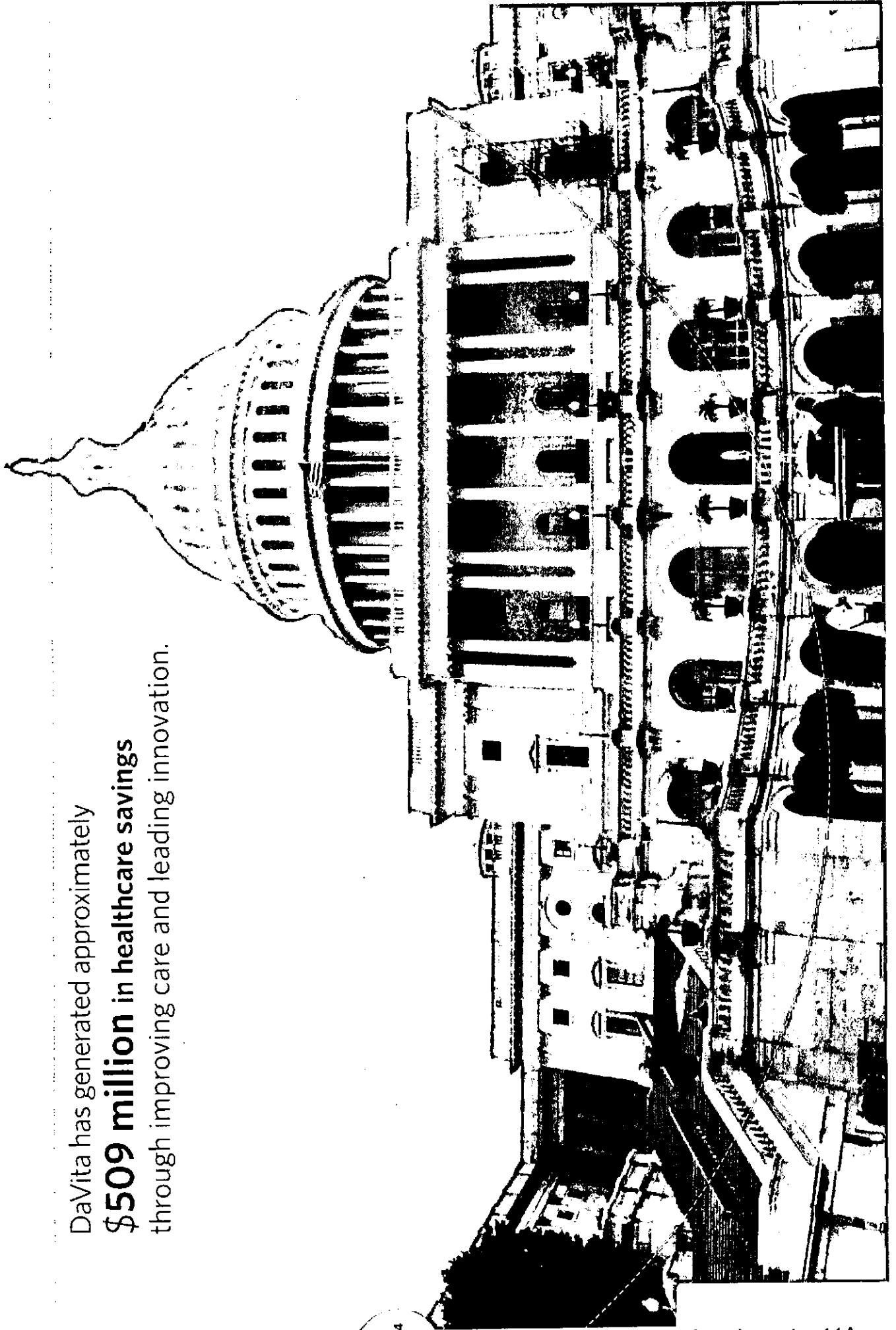




**\$3.4 million has been raised for The Kidney TRUST through
Tour DaVita and DaVita Kidney Awareness Run/Walks.**

Since 2007, The Kidney TRUST has administered more than **15,000 kidney screenings** as part of its CKD rapid-testing program and awarded **nearly 1,200 individual grants** totaling **nearly \$2.4 million** to help people on dialysis manage medical costs.

DaVita has generated approximately
\$509 million in healthcare savings
through improving care and leading innovation.



:: Generating taxpayer savings ::

There are more than 380,000 people in the United States being treated for kidney failure*, the majority of whom rely on Medicare. Fueled by the growing number of people with diabetes and high blood pressure, the leading causes of kidney disease, the incidence of costly kidney care treatment is expected to increase.

DaVita takes extraordinary measures to keep costs low and improve access to care for all patients — not just our own. By reducing hospitalizations through our integrated approach to kidney care, we are generating significant savings to the American healthcare system.

DaVita's Taxpayer Cost-Saving Initiatives

- Investing tens of millions of dollars over several years to experiment with, refine and roll out healthcare cost-savings measures, such as the CathAway™ program to transition patients to a safer form of vascular access
- Advancing more cost-effective treatment options to states for use in their Medicaid programs
- Treating patients' unique health conditions with related services
- Outpatient vascular access centers (Lifeline Vascular Access®)
- Pharmacy services within dialysis centers (DaVita RxSM)
- Disease management assistance (VillageHealth®)
- Recognition of teammates who pursue innovative ways to reduce costs

Advocating for Kidney Care Patients

DaVita's commitment to social responsibility is also demonstrated in our pioneering work in the complex arena of U.S. healthcare reform. In 2010, DaVita was a successful advocate for patients with chronic kidney disease.

We met with officials at the Centers for Medicare and Medicaid Services (CMS) and lawmakers in Congress to educate them about ESRD. Providers, patient groups, politically active teammates and many members of Congress engaged with CMS to advocate for changes that would benefit the kidney care community and ensure that access to high-quality care is preserved.

Surplus Value to Society

As the largest independent provider of kidney care, in 2010 DaVita generated approximately \$509 million in total healthcare savings through improved care and leading innovation initiatives. Added to the company's \$207 million in federal and state taxes, the approximate savings to the healthcare system exceed the company's after-tax profits for 2010 by approximately \$310 million.

*2010 United States Renal Data System Annual Data Report (2008 Data)

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:: Bringing dialysis to global communities ::

Bridge of Life—DaVita Medical Missions™ is helping improve kidney health and save lives around the world by bringing treatment, education and hope to communities in developing countries.

Bridge of Life is a 501(c)(3) nonprofit organization founded by DaVita that operates on donations to bring care to those for whom it is out of reach. In addition to contributing dialysis equipment to the Missions, DaVita participates by encouraging teammates to volunteer to staff Missions and by covering their expenses.

Bridge of Life has provided desperately needed services in Cameroon, India, Ecuador, Guatemala and the Philippines, and has trained more than 45 nurses, technicians, biomed and doctors, who have in turn touched the lives of hundreds.

2010 Bridge of Life Highlights

- Opened a 12-station unit in Plaridel, Bulacan, Philippines
- Provided follow-up Mission support and training in San Carlos, Philippines
- Provided biomed support in Cameroon
- Provided equipment and training at a pediatric dialysis center in Guatemala
- Hosted a doctor who will share his experience learning about the care and treatment of CKD with clinics in Phalodi, India
- Supported a week of programs at the Painted Turtle Camp in California for children with chronic illnesses



- Current Missions
- ▣ Future Missions



Since 2006, **Bridge of Life** has accomplished **18 Missions**,
with more than **75 participating teammates** spending more
than **650 days abroad** sharing the gift of life.





Attachment - 11A

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:: Pioneering governance & compliance standards ::

In 2010, the Board of Directors undertook a thorough evaluation of DaVita's corporate governance structure. In response to shareholder feedback and corporate governance trends, our already strong governance policies and practices were enhanced even further.

DaVita is the only kidney care company to institute a **Clinical Performance Committee**, at the request of management, to advise the Board and management on policies, issues and procedures relating to quality clinical performance.

Our **Chief Compliance Officer, General Counsel** and internal **Compliance Committee** oversee and monitor DaVita's adherence to the laws and regulations affecting our business and industry. DaVita's Compliance Program requires every teammate to complete annual Compliance training and provides the following resources to ensure adherence to regulatory and ethical practices:

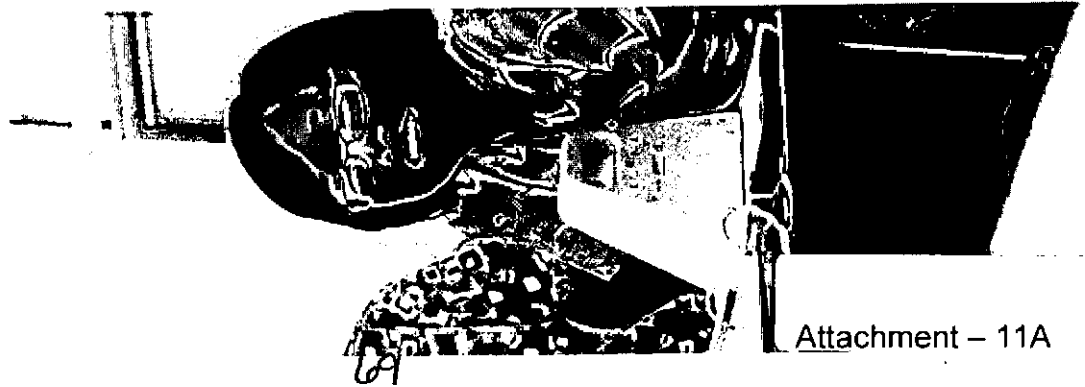
- Code of Conduct
- Compliance Policies and Procedures
- Compliance Guidance
- Board-Level Oversight
- Disclosure Program
- Auditing and Monitoring
- Compliance Hotline
- Code of Ethics

The majority of DaVita's Board of Directors is composed of directors who are independent of the company and management. All members of the Board are required to be elected annually by a majority of votes cast by our stockholders. DaVita established and holds itself to the standards of board-level committees on Audit, Compensation, Nominating and Governance, Compliance, Public Policy and Clinical Performance. Each committee's charter requires it to conduct an annual self-evaluation of the performance of the committee and each of its members.

{ Caring for



Each Other }



DaVita's teammates refer to the company as
"the DaVita Village."

Creating a sense of community was just the start for DaVita; building a community is an ongoing process. It is our fervent conviction that if we create a thriving, sustainable community for our teammates, they in turn create a special clinical and caring community for patients and their families, and are inspired to help others.

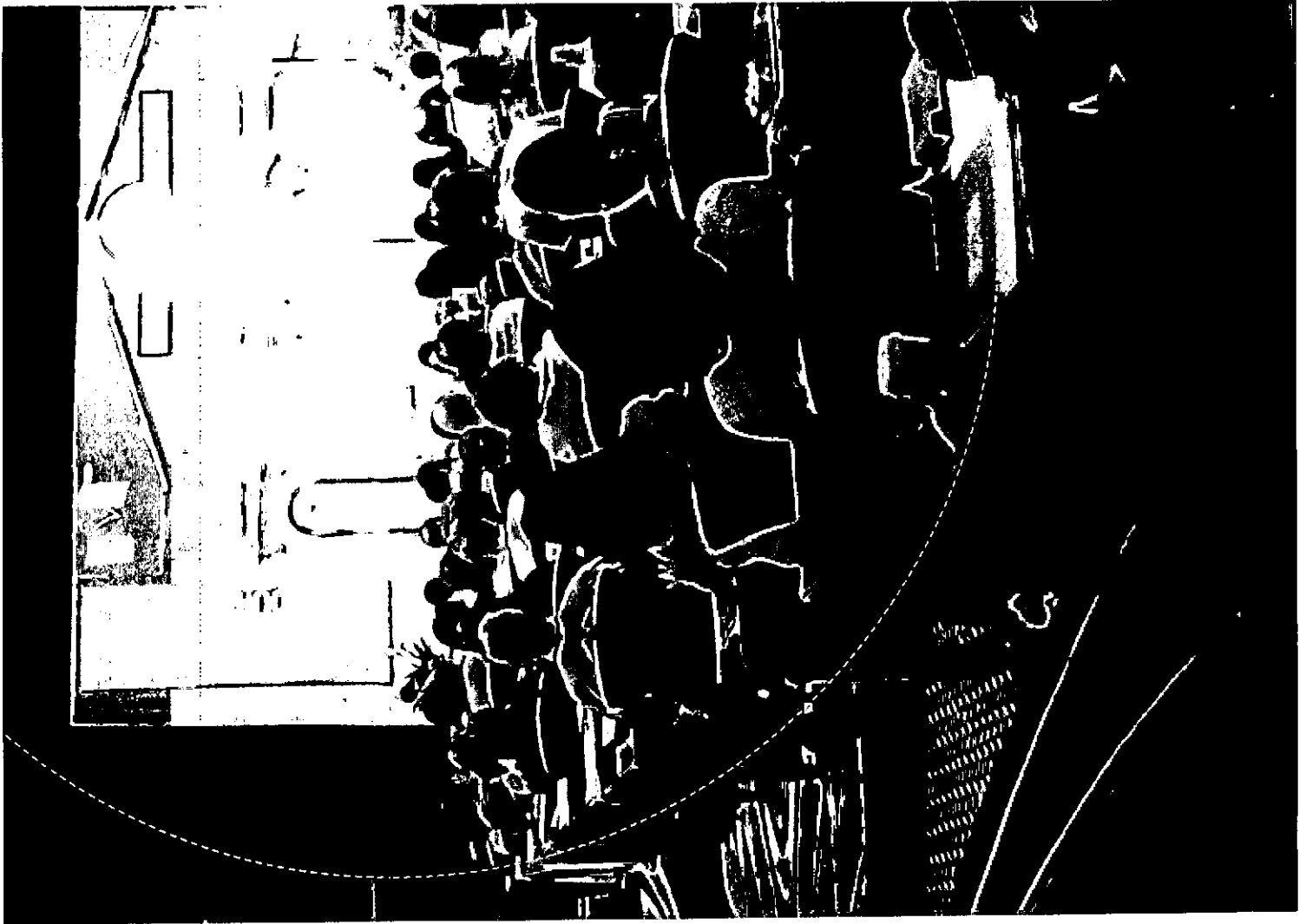


When people feel like they are heard and supported, they are more engaged in their work and their families, and are inspired to give back. This simple concept is the guiding principle behind DaVita's award-winning leadership development programs, open communication channels, scholarships and other financial assistance that we offer teammates in times of need.

DaVita University,
our award-winning leadership, professional
and personal development program,
has provided more than 1 million hours
of training to teammates at all levels.

In 2010, our commitment to development
contributed to **551 of our dialysis
centers having less than 10% turnover,
and 377 of our centers having 0% turnover**
— and our overall turnover rate is below
the national average.

We have invested approximately **one-third
of every dollar of revenue** into teammate
development, compensation and benefits.



:: Cultivating leaders ::

DaVita is committed to helping teammates grow both professionally and personally so that they are better equipped to provide quality and compassionate care for our patients and to be actively engaged in their communities.

We do this because we believe that teammates at any level can choose to be leaders. More than 40,000 teammates have participated in DaVita's award-winning leadership development and clinical training programs over the years. The multi-tiered classroom and online course offerings focus on a range of skills necessary to become a leader.

- **DaVita University Academy:** This two-day leadership and cultural immersion program — offered free to new hires — empowers teammates to be leaders in their community, family and team.
- **DSS LeaderShip:** This six-month program provides high-potential, non-manager teammates training in basic leadership skills.
- **DaVita Way of Managing (DWOM):** Manager-level teammates attend this four-day self-discovery program that assists in mastering the skills, knowledge and expectations required to be a leader at DaVita.
- **DaVita Way of Team (DWOT):** This intensive, three-day program helps foster teamwork and joint accountability in divisional and regional clinical teams, as well as our corporate teams.
- **DaVita Way of Leading (DWOL):** This three-day workshop for directors, vice presidents and senior vice presidents is an in-depth study of personal credibility, values and vision that uses the Five Practices of Exemplary Leadership.
- **Executive Coaching:** Executives have access to a prestigious circle of leadership consultants throughout their careers at DaVita.

- **Nationwide Meeting:** DaVita's largest leadership development program is an annual three-day gathering of approximately 2,500 national and regional teammates. Development topics range from current company needs to new leadership practices.

- **Redwoods Leadership Development Program:** This MBA-oriented program has been recognized by top business schools around the country. Through MBA scholarships, internships, classroom training and intensive job-shadowing experiences, more than 380 participants have grown from inside the company.

- **Reality 101:** This nationally recognized, mandatory immersion program exposes executives to the intellectual, physical and emotional demands faced by kidney care clinicians, as well as the rigors of the dialysis experience for patients, to inspire a more empathetic — and therefore more effective — approach to leadership.

- **Facility Administrator Survival Training (FAST):** New facility administrators must attend this 12-week modular on-boarding session. Through weekly mentoring from experienced leaders, participants learn clinical and financial operations, as well as how to lead a team at DaVita.

- **Preceptor Program:** This three-day, intensive “train-the-trainer” workshop prepares exemplary clinical teammates to become preceptors for a new-hire mentoring program.



\$5.7 million

has been given to teammates and their families through DaVita's extensive teammate support programs.

\$1.1 million

in educational scholarships has been invested in hundreds of Village families through the DaVita Children's Foundation and KT Family Foundation.

:: Building a culture of caring ::

Whether to help a teammate's child through school or to be a safety net in times of crisis, DaVita invests in improving the lives of our community.

Beyond the \$3,000 available to each teammate for general tuition reimbursement per calendar year, our Nurse Today and Nurse Tomorrow scholarship programs provide teammates seeking a career in nursing up to \$5,000 per calendar year for tuition, books and other associated fees.

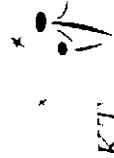
DaVita teammates' children and grandchildren who excel in leadership, community service and academics can earn scholarships of \$1,000 to \$3,000. The DaVita Children's Foundation, funded by DaVita, awards students in college or 12th grade. The KT Family Foundation, funded by Chairman and CEO Kent Thiry and his wife, Denise O'Leary, awards students in grades six through 11. Together, these two programs have invested more than \$1 million in hundreds of Village families.

The DaVita Village Network allows teammates to contribute financial aid to other teammates through payroll deductions during a time of personal crisis, such as a natural disaster, accident or illness. DaVita's intention is to match every local dollar contributed from teammates with a dollar taken from company profits, up to \$250,000 each year. To date, the program has granted \$1.75 million to 723 families in need.

And to support the brave men and women serving our country, DaVita actively recruits veterans to become part of our Village through a variety of media and networking sources specifically targeted at veterans. Additionally, 2,900 teammates have sent more than 1,215 letters and packages to active-duty teammates and their family members on military duty in Iraq and Afghanistan through our Adopt-a-Troop program. In 2010, DaVita also contributed \$5,000 to the Wounded Warrior Project, which helps wounded troops transition back home after overseas duty.



DAVITA
CHILDREN'S
FOUNDATION



KT
Family Foundation



DAVITA Village Network



51% of hires and

promotions in 2010 at the director level or above were women and/or in an ethnic minority group.

4 of 9 members of our

Board of Directors are women or in an ethnic minority group.



:: Encouraging a diverse workforce ::

In the "DaVita Village," we celebrate diversity and make teammates, regardless of background and experience, feel welcomed and respected.

A Culture of Inclusion

In our centers, we care for a diverse population of patients who speak more than 100 different languages. **In addition to encouraging diversity in our workforce**, DaVita sponsors and participates in a number of diversity groups and events, including the following:

- Recruiting from the National Black MBA Association, the American Indian College Fund in Denver and the Consortium for Graduate Study in Management
- Partnerships with the Congressional Black Caucus Foundation, the Women's Vision Foundation and the Congressional Hispanic Caucus Institute
- Through our National Minority Bank Investment Initiative, investing \$3.2 million in four different community banks, with plans to grow the program
- Sponsorship of nationwide kidney screenings and health seminars focused on the disparate impact of ESRD in African American, Hispanic and American Indian populations

Starting with Ourselves

Caring for each other also means caring for ourselves. Our teammate benefits include domestic partner healthcare benefits, emergency backup child and elder care, and adoption assistance through which DaVita reimburses full-time employees 100 percent of eligible expenses, up to \$5,000, for each adopted child.

Our Village Vitality and Village Care wellness programs promote healthy living through free health assessments, gym discounts and weight loss, stress management and tobacco-use cessation programs.



:: Listening to our teammates ::

In the spirit of Continuous Improvement, we have many forums for two-way communication between executives and our 36,500 teammates.

Teammates are invited to join **Voice of the Village** calls every eight to 10 weeks to interact directly with our CEO and other senior leaders. Typically, about 2,000 to 4,000 teammates around the country join the calls to hear about the state of the company and to ask questions about any subject they choose.

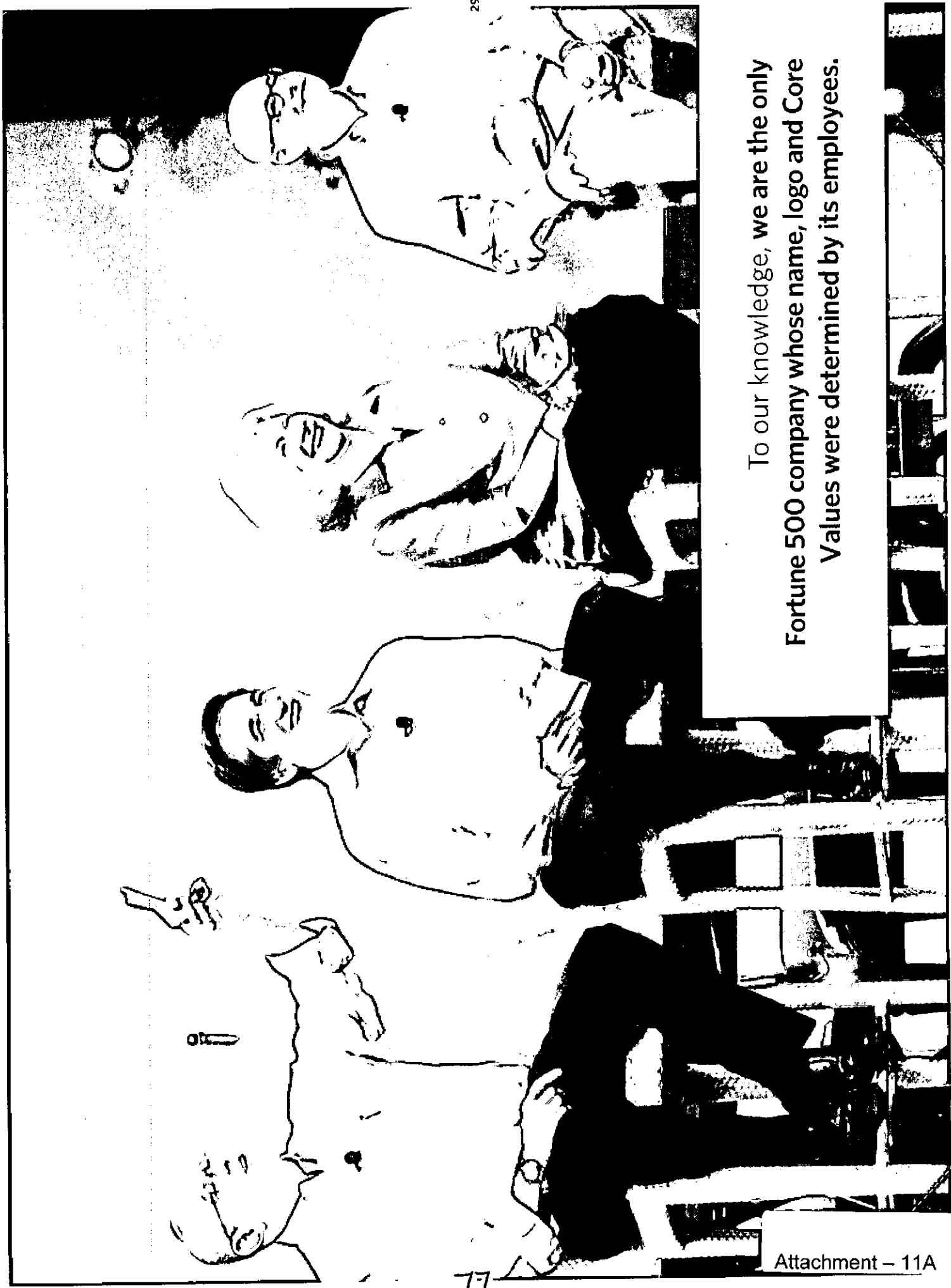
Town Hall Meetings, which are held as often as possible when one of our vice presidents visits a local center or business office, let teammates showcase new programs, recognize individual contributions, share department updates and ask questions about DaVita's business practices.

In 2010 we created the **Eureka! forum**, an online message board for teammates to share feedback and innovative ideas related to improving patient care, resource conservation and awareness-raising initiatives. Ideas that lead to real and sustainable change are rewarded with a spot bonus.

During **People Services Forum** calls, teammates discuss topics related to compensation and benefits with senior leadership once every six weeks.

In addition to soliciting general input and feedback in these venues on an ongoing basis, we involve our teammates in making major decisions as we did in 2000, when more than 1,000 teammates selected the company's name and Core Values. Since then, hundreds of teammates have voted on profit-sharing allocation options and other decisions that would affect the entire Village.





To our knowledge, we are the only Fortune 500 company whose name, logo and Core Values were determined by its employees.

{ Caring for

*"I feel so great these days
with the help of DaVita.
I owe my life to them and
the care they provide."*

Don't let your home

become a hospital. Call 1-800-368-6777 since 2006

Our Patients }

96% of patients polled would recommend DaVita to a friend or family member who needed dialysis.*

97% of affiliated physicians say that DaVita meets or exceeds their expectations as a clinical partner.*



By achieving consistently superior clinical outcomes, providing award-winning training for our caregivers and treating patients' unique health conditions individually and holistically, we aim to help our patients enjoy longer, healthier, fuller lives.

DaVita's clinical outcomes are the best or among the best in virtually every category — and have improved every year since 2000.

The resulting decrease in mortality rates, hospitalizations and infections has reduced taxpayer costs by approximately \$509 million, as 89% of our dialysis patients are served through Medicare and other government programs.



:: Leading clinical outcomes & innovation ::

Through continuous innovation, we are helping our patients feel their best and enabling them to live fuller lives. We also hope that we are raising the bar for quality care.

Thanks to the skill, dedication and inspiration of our physician partners and clinical teams, DaVita leads other large dialysis providers in key performance indicators.

- **Dialysis adequacy (Kt/V) has improved by 60%** in the last 11 years. Adequacy measures how well toxins are removed from the patient's blood.
- **Our ability to manage anemia within target range in our patients has improved year over year and currently leads the industry.** We have the industry's lowest percentage of patients with inadequate anemia management.
- **Our rate of fistulas in use leads the industry.** Fistulas are the preferred form of vascular access because they are less prone to infection and deliver the best dialysis treatment.
- **We lowered our central venous catheter (CVC) rate by 27%** over the last three years, achieving our lowest-ever rate in 2010.
- **Our ability to manage mineral and bone disease (calcium and phosphorus) leads the industry.**
- **As a marker of nutrition, albumin is successfully managed to an adequate level of 3.5 mg/dL in 83.7% of DaVita patients.**
- **DaVita's pneumococcal pneumonia and influenza vaccination rates lead the industry at 90%.**

Sources: National 2009 and Trends Elab Report, 2010 United States Renal Data System Annual Data Report (2008 data), Outcomes Plus, Amgen

“Congratulations, these are very, very impressive results. My compliments to the leaders and teammates that accomplished this.”

Barry Straube, former Centers for Medicare and Medicaid Services Chief Medical Officer and Director of the Office of Clinical Standards & Quality regarding DaVita's vaccination results





In 2010, industry research leader DaVita Clinical Research® had
2,579 active kidney care patients enrolled in
clinical trials, with the goal of advancing
the science and saving taxpayer dollars.

DaVita has invested substantial resources in elective clinical initiatives to improve care for our patients and all patients with kidney disease, and to generate taxpayer healthcare savings.

Inspired by findings from our clinical research team, DaVita's clinical initiatives have improved the quality of thousands of patients' lives by reducing their risk of infection and hospitalization.

- **The DaVita Quality Index (DQI)**, a proprietary benchmarking tool that compares clinical performance among all DaVita facilities, has shown 11 consecutive years of continuous improvement. As DQI scores have improved, mortality and hospitalizations have decreased.
- **Our pioneering CathAway™** program to transition dialysis patients from catheters to fistulas (a much safer and more reliable form of vascular access) achieved the lowest day-90 catheter rates among large dialysis providers in 2010, reducing the risk of hospitalization from infections and blood clots for our patients.
- **Our IMPACT™** care-management program for the first three months of dialysis, when patients are at highest risk for serious and potentially fatal complications, is improving outcomes and reducing mortality rates during this transition.

DaVita Clinical Research (DCR)

DCR is one of the largest kidney research networks in the U.S., and the first and only clinical research program to offer services across the entire drug development lifecycle, from Phase I clinical trials to health economics and outcomes studies. DaVita patients benefit from being the first recipients of DCR's clinical advancements.

VillageHealth® patients averaged an 8% catheter rate in 2010 (compared to the national benchmark of 18%), which is associated with a **35% drop in catheter-related hospital admissions.**

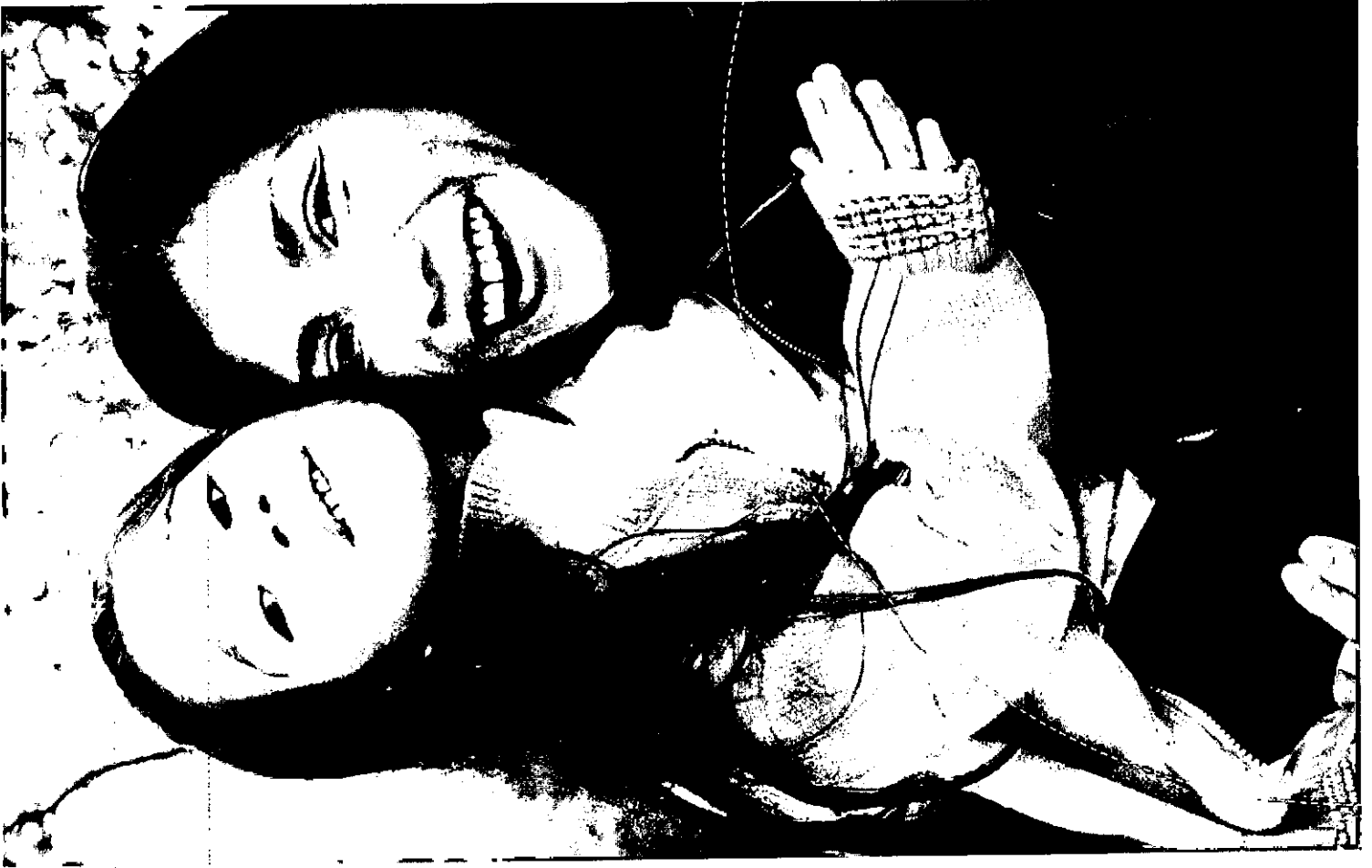
DaVita RxSM patients are correlated with **medication adherence rates greater than 80%**, almost double that of patients who fill their prescriptions elsewhere, and are correlated with **40% fewer hospitalizations*.**

Patients at Lifeline Vascular Access®-managed centers had a **98% overall procedure success rate** in 2010, and 91% of them rated their overall experience as very good or excellent.

*Data is correlated based on a two-year study: National Retailers sample (198), Independents sample (83) and Rx sample (42). Results statistically significant at the p<.01 level.



Paulita, a 31-year-old patient with end stage renal disease, has been dialyzing with DaVita since 2009. With daily 30-minute peritoneal dialysis treatments she can do at home, she has more time for what really matters — her four-year-old daughter. DaVita is a leading provider of home treatment options.



:: Integrating care to treat the whole patient ::

No two kidney care patients are alike, but they all have one thing in common: a desire to feel healthy and enjoy their family life, careers and favorite activities.

Our integrated approach to kidney care involves a network of services that enhance access to care, quality of care and quality of life.

DaVita RxSM

After operating at a loss for its first five years, now approximately 33,000 patients at more than 1,500 centers are getting their critical medications more easily and managing their drug regimens more effectively thanks to DaVita Rx, the first and largest full-service U.S. pharmacy specializing in kidney care. Free delivery to a patient's center or home, flexible payment options, 24-hour access to ESRD pharmacists and assistance with insurance and payment issues make patients' lives easier and the resulting reduction in hospitalizations is saving taxpayers thousands of dollars per patient.

Lifeline Vascular Access¹

DaVita affiliate Lifeline Vascular Access is the nation's leading provider dedicated ESRD vascular access management. Its innovative business model has produced better clinical outcomes and increased patient satisfaction at lower costs than hospitals.

DaVita VillageHealth

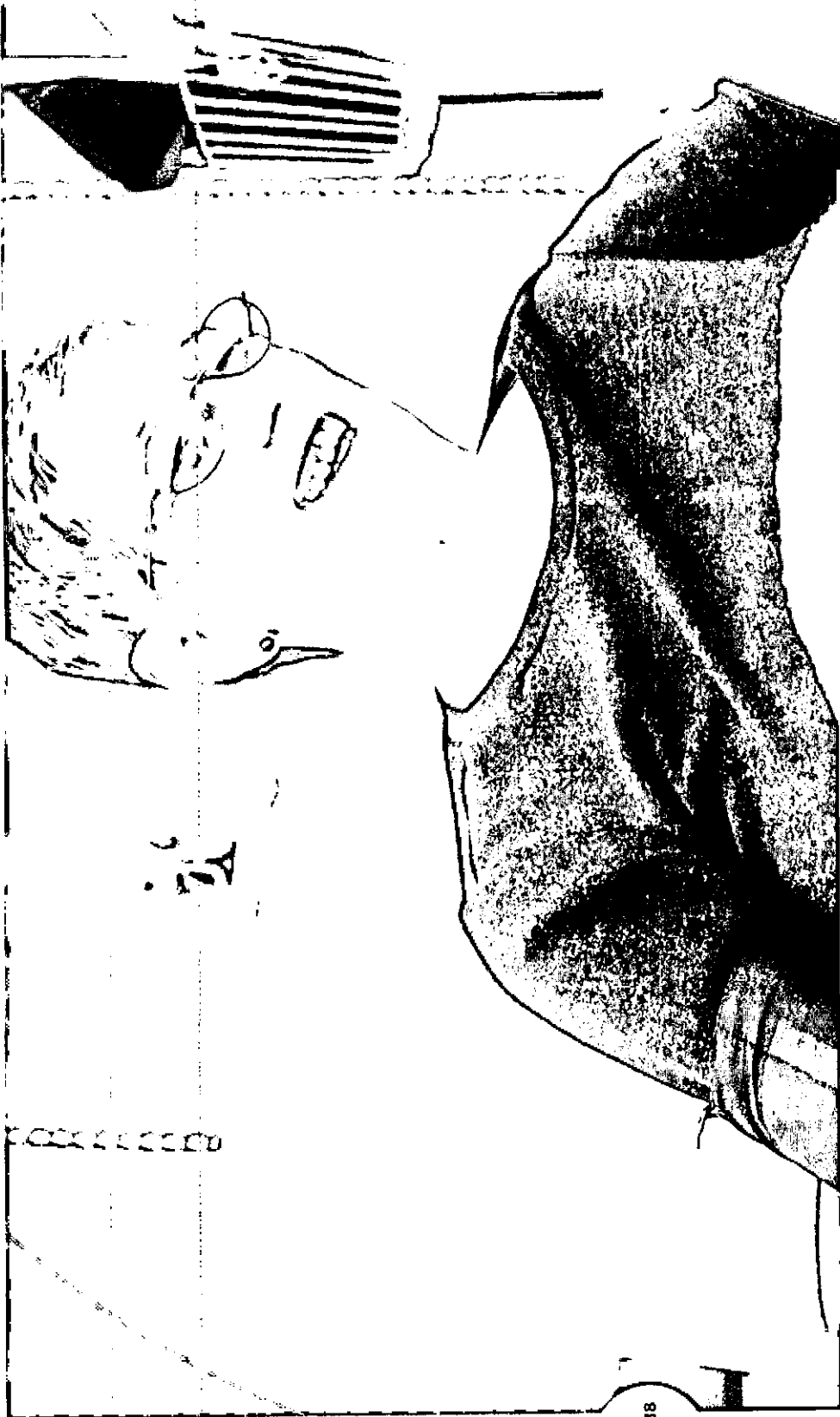
In 2010, more than 5,400 CKD and ESRD patients relied on VillageHealth to help manage the many and complex aspects of their healthcare. As the nation's largest integrated kidney disease management organization, DaVita VillageHealth has worked through commercial and government programs to achieve these results over the last five years**:

- 20% lower mortality rate
- 94% of patients vaccinated for influenza
- 65% reduction in catheter (CVC) use
- 25% better prescription adherence
- 8-16% fewer hospitalizations and 11% lower non-dialysis cost for ESRD care

Treatment Options

Providing treatment options that offer choice, comfort and convenience help patients continue to lead the lives they knew before beginning dialysis. DaVita has the largest home peritoneal dialysis and home hemodialysis programs in the U.S.

**Statistics are from the California ESRD Demonstration Program



With more than 700 kidney-friendly recipes, 300 educational articles, meal-planning tools and travel tips, **Davita.com** is one of the world's best resources for kidney care patients who want to take charge of their health.



:: Educating & empowering patients ::

When patients are informed, they can improve — or even save — their own lives. DaVita provides some of the most comprehensive kidney disease education tools available, so that they can make healthy choices.

DaVita.com

Recently redesigned to be easier to navigate and even more comprehensive, DaVita.com is an award-winning online repository of interactive health and diet tools for CKD patients and their caregivers, regardless of which provider they choose.

DaVita Diet Helper™

Following a kidney-friendly diet can help patients feel healthier and have fewer complications, and can slow the decline of residual kidney function. **More than 27,800 people have registered for DaVita Diet Helper**, an online kidney-related diet-management tool, since its launch in 2007.

Designed for people with Stage 4 or Stage 5 kidney disease, the tool allows patients, healthcare professionals and care partners to plan meals according to the patient's prescription; check nutritional levels for the day and print a food record for the patient's next dietitian visit.

My DaVita

Launched in 2010, this social networking component of DaVita.com lets registered users connect and engage with other dialysis patients for friendship and support, and to share personal stories about kidney health and save recipes and articles.

YourKidneys.com

This user-friendly website helps patients newly diagnosed with CKD find answers to their questions and discover a community of other early-stage CKD patients. The site's Expert Q&A gives visitors direct access to nurses, dietitians, social workers and physicians.

EMPOWER

Our EMPOWER educational program brings a series of free, instructor-led classes to CKD patients in neighborhoods across the country. Classes encourage CKD patients to make healthy choices about their kidney care, with the goal of slowing the progression to dialysis — an outcome that is precisely counter to DaVita's bottom line, but wholly reflective of our values.

:: Appreciating our patients ::

When patients come to DaVita centers for life-saving medical treatments, they're cared for like family. Making our patients feel at home while dialyzing at our centers is uniquely DaVita.

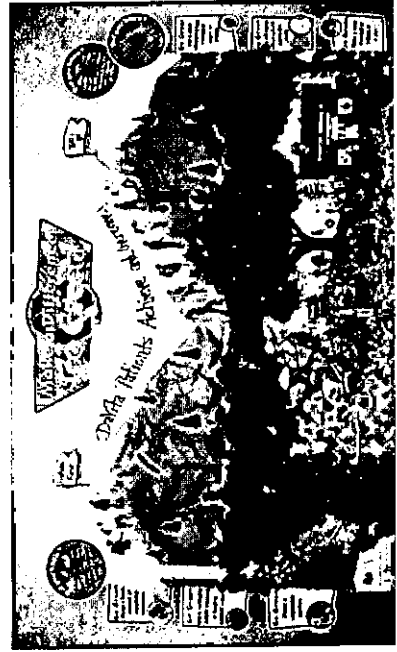
Virtually no chronic patients have more frequent contact with their healthcare providers than those on dialysis. And while it may sound cliché, our patients become like family.

From our highly trained nurses, dietitians and social workers to our insurance specialists, travel planners and Guest Services support specialists, DaVita's teammates aim to form a competent, comforting circle of care around each of the more than 125,000 patients we see.

When entering our dialysis centers, our patients receive a warm welcome from our **volunteers**, called **DaVita Village Greeters**. Oftentimes, these volunteers are fellow patients or their family members.

As part of the **DaVita Circle of Life** program, physicians and teammates help patients and their families address the many end-of-life issues. Teammates also hold memorial services for lost patients at DaVita's annual meeting and locally throughout the year, and DaVita donates funds to The Kidney TRUST™ in honor of patients who have passed away.

Our annual **Wall of Fame** contest encourages patients and teammates in our 1,389 participating facilities to showcase their pictures and fun facts creatively and prominently on the wall.



"I have a great team at DaVita. On the days when I visit the center, I sit at the conference table with all these people around me — my doctor, my nurse, my nutritionist, my social worker — and I'm like the CEO. It's amazing!"

Johnnie, DaVita home
hemodialysis patient since 2009

{ What's Next }

We are proud of what our teammates and partners have accomplished for each other, our communities and our patients in the past year, but there is much more to do to achieve our vision. We have begun work on several new initiatives to build on our momentum.

{ Caring for Our World }

We are expanding our sustainability initiatives in 2011. In May, more than 2,500 teammates at our annual Nationwide Meeting voted on DaVita's top five environmental goals, which we will be finalizing in the coming months.

We are also entering into national agreements with large solid waste disposal vendors serving approximately 400 DaVita facilities. Through these partnerships, we hope to implement more recycling across the Village.

We will replace 8-ounce bottles of hand sanitizer with 12-ounce bottles, reducing the total number of bottles used by 62,000, or 3,900 pounds of plastic.

We are partnering with other vendors to explore new technology that will turn medical waste into reusable plastic. The pilot program started in 2011 at 106 Southern California facilities.

Sharps containers and their contents will be processed through new technology, and the plastic will be cleaned, separated and recycled.

For the first time ever, dialyzers will also run through the new technology in an attempt to mine out the plastic for recycling.

As this report was going to press, we learned that DaVita was one of only three healthcare facilities to receive the Green Leadership Award, for implementing innovative programs to reduce our environmental impact.

{ Caring for Each Other }

In our efforts to become a best-in-class military employer, DaVita visited the White House in 2011 to join the Military Spouse Employment Partnership.

We are also implementing a new policy that provides deployed teammate veterans up to five years of differential pay. At the time of deployment, the DaVita Village Network sends \$5,000 to the families of active-duty military members, and DaVita provides health benefits for up to 24 months to help ease the transition.

Our military-friendly policies have been recognized among the G.I. Jobs Top 100 Military Friendly Employers, the Military Times EDGE Best for Vets and the Civilian-Jobs Most Valuable Employers for Military.

{ Caring for Our Patients }

As the state of American healthcare reform evolves in the years to come, we will remain relentlessly focused on quality healthcare delivery and cost-saving programs. We and our physician partners continually work to deliver better clinical outcomes, treatment options, educational tools and value-added services to help improve patients' quality of life. In the year ahead, our clinical leaders intend to focus on several new areas, including healthcare-acquired infections, which are a leading cause of costly hospitalizations for patients with kidney disease.



GRI Index. The Global Reporting Initiative (GRI) is a network-based organization that pioneered the world's most widely used sustainability reporting framework. The reporting framework sets out the principles and performance indicators that organizations can use to measure and report their economic, environmental and social performance. Using the list of page numbers below, you can find examples of how DAVA follows the GRI framework's Sustainability Reporting Guidelines.

Organizational Profile	2
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Environmental	6-9, 42
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Human Rights	16-17
Society	10-19, 30-43
Product Responsibility	6-9, 42

We are proud of the recognition we receive for our work, including being named among the Fortune World's Most Admired Companies for the last six years. While the inspiration to do great work isn't for the awards, but in helping our patients enjoy better health and better lives, we are honored to be recognized by such well-respected organizations and publications.



{ About This Report }

About kidney disease

DaVita.com

YourKidneys.com

To find a dialysis center near you

DaVita.com/find-a-center

About DaVita's Trilogy of Care

DaVita.com/communitycare

About career opportunities

Careers.DaVita.com

About participating in the DaVita Kidney Rock™

DaVitaKidneyRock.org

About participating in Tour DaVita™

TourDaVita.org

Sustainable Printing

To help compensate for the printing of this report, approximately 450 trees were planted in areas of greatest need through the American Forests Global Releaf fund. This report is printed with low-VOC, vegetable-based ink on FSC-certified recycled sources in the US.

Certification is a part of the paper's production process that ensures that the forests are managed in a sustainable way. FSC-certified paper is made from responsibly managed forests that provide environmental, social and economic benefits. FSC also helps ensure that the forests are managed in a way that meets the needs of the present without compromising the ability of future generations to meet their own needs. For more information, visit www.fsc.org.

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DaVita

:: Community Care ::

{ The DaVita Vision for Social Responsibility }

2010

DaVita.com/CommunityCare

Help Raise Awareness of Chronic Kidney Disease |

DaVita Kidney Rock :: Aug. 6, 2011 :: Denver, CO :: DaVitaKidneyRock.org

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Knowledge is power.

EMPOWER® is an educational program by DaVita®. The program includes a series of free community based classes for patients with chronic kidney disease (CKD). These classes encourage you to take control of your kidney disease and prepare for dialysis by making healthy choices about your kidney care

Taking Control Of Kidney Disease

Learn how to slow the progression of kidney disease.

- Kidney disease and related conditions
- Behavior modification
- Dietary guidelines
- Common medications
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

Making Healthy Choices

Learn how to prepare for dialysis.

- Kidney disease and related conditions
- Behavior modification
- Dietary guidelines
- Common medications
- Treatments that allow you to stay active and continue to work
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

Treatment Choices

An in-depth look at all of your treatment choices.

- Kidney disease and related conditions
- Treatments that allow you to stay active and continue to work
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

To register for a class, call 1-888-MyKidney (695-4363).

EMPOWER®
1-888-MyKidney (695-4363) | DaVita.com/EMPOWER

DaVita



Office of the Chief
Medical Officer (OCMO)
Allen R. Nissenson, MD
Chief Medical Officer
Meredith Mathews, MD
Robert Provenzano, MD
John Robertson, MD
David B. Van Wyck, MD

601 Hawaii Street, El Segundo, CA 90245 | 1-800-313-4672 | www.davita.com/physicians

April 30, 2009

Dear Physicians:

As your partner, DaVita® and OCMO are committed to helping you achieve unprecedented clinical outcomes with your patients. As part of OCMO's Relentless Pursuit of Quality™, DaVita will be launching our top two clinical initiatives; IMPACT and CathAway™, at our annual 2009 Nationwide Meeting. Your facility administrators will be orienting you on both programs upon their return from the meeting in early May.



IMPACT: The goal of IMPACT is to reduce incident patient mortality. IMPACT stands for Incident Management of Patients Actions Centered on Treatment. The program focuses on three components: patient intake, education and management and reporting. IMPACT has been piloting since October 2007 and has demonstrated a reduction in mortality. The study recently presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN. In addition to lower mortality rates, patient outcomes improved - confirming this vulnerable patient population is healthier under DaVita's relentless pursuit of quality care.



CathAway: Higher catheter use is associated with increased infection, morbidity, mortality and hospitalizations ⁽¹⁾⁽²⁾. The 7-step Cathaway Program supports reducing the number of patients with central venous catheters (CVCs). The program begins with patient education outlining the benefits of fistula placement. The remaining steps support the patient through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. For general information about the CathAway program, see the November 2008 issue of QUEST, DaVita's Nephrology Journal.

Here is how you can support both initiatives in your facilities:

- **Assess incident patients regularly in their first 90 days:** Discuss patients individually and regularly. Use the IMPACT scorecard to prompt these discussions.
- **Adopt "Facility Specific Orders":** Create new facility specific orders using the form that will be provided to you.
- **Minimize the "catheter-removal" cycle time:** Review each of your catheter patients with your facility teammates and identify obstacles causing delays in catheter removal. Work with the team and patients to develop action plans for catheter removal.
- **Plan fistula and graft placements:** Start AV placement plans early by scheduling vessel mapping and surgery evaluation appointments for Stage 4 CKD patients. Schedule fistula placement surgery for those patients where ESRD is imminent in the next 3-6 months.

Service Excellence Integrity Team Continuous Improvement Accountability Fulfillment Fun

DaVita.

Launch Kits:

In May, Launch Kits containing materials and tools to support both initiatives will be arriving at your facilities. IMPACT kits will include a physician introduction to the program, step by step implementation plan and a full set of educational resources. FAs and Vascular Access Leaders will begin training on a new tool to help identify root-causes for catheter removal delays.

Your support of these efforts is crucial. As always, I welcome your feedback, questions and ideas. Together with you, our physician partners, we will drive catheter use to all-time lows and help give our incident patients the quality and length of life they deserve.

Sincerely,



Allen R. Nissenson, MD, FACP
Chief Medical Officer, DaVita

- (1) Dialysis Outcomes and Practice Patterns Study (DOPPS): 2 yrs/7 Countries / 10,000 pts.
- (2) Pastan et al: Vascular access and increased risk of death among hemodialysis patients.





Davita.



Dear Physician Partners:

IMPACT™ is an initiative focused on reducing incident patient mortality. The program provides a comprehensive onboarding process for incident patients, with program materials centered on four key clinical indicators—access, albumin, anemia, and adequacy.

Medical Directors: How can you support IMPACT in your facilities?

- Customize the new Standard Admission Order template into facility-specific orders.
Drive use of the standard order with your attending physicians
- Review your facility IMPACT scorecard at your monthly QIFMM meeting
- Talk about IMPACT regularly with your attending physicians

Attending Physicians: How can you support IMPACT in your facilities?

- Use the IMPACT scorecard to assess incident patients
- Educate teammates about the risk incident patients face and how IMPACT can help

How was IMPACT developed? What are the initial results?

From October 2007 to April 2009, IMPACT was piloted in DaVita® centers. Early results, presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN this April, showed an 8% reduction in annualized mortality. In addition to lower mortality, IMPACT patients showed improvements in fistula placement rates and serum albumin levels. The results are so impressive that we are implementing this program throughout the Village.

Your support of this effort is crucial.

If you have not seen the IMPACT order template and scorecard by the end of June, or if you have additional questions about the program, email impact@davita.com. Together we can give our incident patients the quality and length of life they deserve.

Sincerely,

Dennis Kogod
Chief Operating Officer

Allen R. Nissenson, MD, FACP
Chief Medical Officer

Corporate Office | 601 Hawaii Street, El Segundo, CA 90245 | 1.800.313.4872 | Davita.com/physicians



FOR IMMEDIATE RELEASE

DaVita's IMPACT Program Reduces Mortality for New Dialysis Patients

Study Shows New Patient Care Model Significantly Improves Patient Outcomes

El Segundo, Calif., (March, 29, 2009) – DaVita Inc., a leading provider of kidney care services for those diagnosed with chronic kidney disease (CKD), today released the findings of a study revealing DaVita's IMPACT™ (Incident Management of Patients, Actions Centered on Treatment) pilot program can significantly reduce mortality rates for new dialysis patients. The study presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN details how the IMPACT patient care model educates and manages dialysis patients within the first 90 days of treatment, when they are most unstable and are at highest risk. In addition to lower mortality rates, patient outcomes improved - confirming the health of this vulnerable patient population is better supported under DaVita's *Relentless Pursuit of Quality*™ care.

The pilot program was implemented with 606 patients completing the IMPACT program over a 12 month period in 44 DaVita centers around the nation. IMPACT focuses on patient education and important clinical outcomes - such as the measurement of adequate dialysis, access placement, anemia, and albumin levels - monitoring the patient's overall health in the first 90 days on dialysis. Data reflects a reduction in annualized mortality rates by eight percent for IMPACT patients compared with non-IMPACT patients in the DaVita network. Given that DaVita has roughly 28,000 new patients starting dialysis every year, this reduction affects a significant number of lives.

In addition, a higher number of IMPACT patients versus non-IMPACT patients had an arteriovenous fistula (AVF) in place. Research shows that fistulas - the surgical connection of an artery to a vein - last longer and are associated with lower rates of infection, hospitalization and death compared to all other access choices.

Allen R. Nissenson, MD, Chief Medical Officer at DaVita says, "The IMPACT program is about quality patient care starting in the first 90 days and extending beyond. Improved outcomes in new dialysis patients translates to better long term results and healthier patients overall."

Researchers applaud the IMPACT program's inclusion of all patients starting dialysis, regardless of their cognitive ability or health status. Enrolling all patients at this early stage in their treatment allows them to better understand their disease and care needs while healthcare providers work to improve their outcomes. Through this program, DaVita mandates reporting on this particular population to better track and manage patients through their incident period.

Dennis Kogod, Chief Operating Officer of DaVita says, "We are thrilled by the promising results IMPACT has had on our new dialysis patients. DaVita continues to be the leader in the kidney care community, and we look forward to rolling out this program to all facilities later this year, to improve the health of all new dialysis patients."

DaVita, IMPACT and *Relentless Pursuit of Quality* are trademarks or registered trademarks of DaVita Inc. All other trademarks are the properties of their respective owners.

Poster Presentation
NKF Spring Clinical Meeting
Nashville, TN
March 26-28, 2009

Incident Management of Hemodialysis Patients: Managing the First 90 Days

John Robertson¹, Pooja Goel¹, Grace Chen¹, Ronald Levine¹, Debbie Benner¹, and Amy Burdan¹
¹DaVita Inc., El Segundo, CA, USA

IMPACT (Incident Management of Patients, Actions Centered on Treatment) is a program to reduce mortality and morbidity in new patients during the first 3 months of dialysis, when these patients are most vulnerable. IMPACT was designed to standardize the onboarding process of incident patients from their 0 to 90-day period. We report on an observational (non-randomized), un-blinded study of 606 incident patients evaluated over 12 months (Oct77-Oct08) at 44 US DaVita facilities.

The study focused on 4 key predictive indicators associated with lower mortality and morbidity—**anemia, albumin, adequacy and access (4As)**. IMPACT consisted of:

- (1) Structured New Patient Intake Process with a standardized admission order, referral fax, and an intake checklist;
- (2) 90-day Patient Education Program with an education manual and tracking checklist;
- (3) Tools for 90-day Patient Management Pathway including QOL; and
- (4) Data Monitoring Reports.

Data as of July, 2008 is reported. Patients in the IMPACT group were 60.6 ± 15.1 years old (mean±SD), 42.8% Caucasian, 61% male with 25% having a fistula. Results showed a reduction in 90-day mortality almost 2 percentage points lower (6.14% vs. 7.98%; $p < 0.10$) among IMPACT versus nonIMPACT patients. Changes among the 4As showed higher albumin levels from 3.5 to 3.6 g/dL (note that some IMPACT patients were on protein supplementation during this period) and patients achieving fistula access during their first 90-days was 25% vs. 21.4%, IMPACT and nonIMPACT, respectively ($p \leq 0.05$). However, only 20.6% of IMPACT patients achieved Hct targets ($33 \leq \text{Hb} \leq 36$) vs. 23.4% for controls ($p < 0.10$); some IMPACT patients may still have >36 -level Hcts. Mean calculated Kt/V was 1.54 for IMPACT patients vs. 1.58 for nonIMPACT patients ($p \leq 0.05$).

IMPACT is a first step toward a comprehensive approach to reduce mortality of incident patients. We believe this focus may help us to better manage CKD as a continuum of care. Long-term mortality measures will help determine if this process really impacts patients in the intended way, resulting in longer lives and better outcomes.

IMPACT Tools

Here's how the IMPACT program will help the team record data, educate patients and monitor their progress in your facilities.

- 1 Standard Order Template, a two-page form with drop-down menus that can be customized into a center-specific template
- 2 Intake Checklist to gather registration and clinical data prior to admission
- 3 Patient Announcement to alert teammates about new incident patients
- 4 Patient Education Book and Flip Chart to teach patients about dialysis
- 5 Tracking Checklist for the team to monitor progress over the first 90 days
- 6 IMPACT Scorecard to track monthly center summary and patient level detail for four clinical indicators: access, albumin, adequacy, anemia

1

Standard Order Template form with multiple sections for patient information, orders, and notes.

2

Intake Checklist form with sections for patient information, registration, and clinical data.

3

Attention, teammates!
A new IMPACT patient is about to step up to the plate.
Let's become their biggest fans, let's catch and encourage them. And let's cheer them along every step of their first 90 days.



4

Graphic showing a patient education book and flip chart with the 'Spring Training' logo.

6

IMPACT SCORECARD form showing facility information, patient statistics, and a table for tracking clinical indicators (Access, Albumin, Adequacy, Anemia) over 90 days.

5

IMPACT Management Checklist form with a table for tracking patient progress over 90 days across various clinical indicators.

DaVita



Headquarters
1627 Cole Blvd, Bldg 18
Lakewood CO 80401
1-888-200-1041

IMPACT

For more information, contact
1-800-400-8331

DaVita.com

Our Mission
To be the Provider,
Partner and Employer
of Choice

Core Values
Service Excellence
Integrity
Team
Continuous Improvement
Accountability
Fulfillment
Fun

TITLE: TRANSPLANT REFERRAL AND TRACKING PROCESS

PURPOSE: DaVita has created this policy to serve as a guide for the education, referral and tracking of patient transplant status. The goal is to inform every patient of transplant as a modality option and to promote access to transplantation for every patient who is both interested and eligible.

POLICY:

1. The Social Worker or designee must obtain the transplant center's guidelines and criteria for selection of appropriate candidates. The transplant center evaluates and determines the patient status as a transplant candidate.
2. Patients that are considering kidney transplantation may be referred by their nephrologists, the dialysis facility, or self-referral.
3. Active and on-going communication is required between the transplant team and the facility interdisciplinary team in order to maintain continuity of care throughout the transplant process.
4. Patients may be listed at more than one (1) transplant center. The Social Worker will verify the patient's listing with the transplant center when patient has been placed on the transplant list.
5. Each patient's facility interdisciplinary team (IDT) will assist transplant candidate patients with factors that may affect their eligibility for transplant and document within the patient's plan of care. Such factors may include addressing severe obesity, reinforcing adherence to prescribed medication or therapy, and addressing social/emotional/financial factors related to the ability to function post transplant.
6. Facilities will allow Transplant Coordinators to have access to patients in the facility in order to perform transplant-related evaluation activities.
 - a. Transplant Coordinators sign in at the front desk in accordance with DaVita's *Facility Visitation Policy* found in DPP&G, Vol. 3.
 - b. Transplant Coordinators may observe patients during their dialysis.
 - c. Facility teammates may provide transplant coordinators with copies of patient information as needed to perform transplant evaluation activities.

- d. Transplant Coordinators will respect patients' privacy and reasonably protect against any unauthorized disclosure of patient information.
7. The dialysis facility Social Worker or designee shall provide modality education to all patients and include kidney transplantation as a treatment option.
8. Transplant referral status should be assessed as part of the comprehensive assessment of the patient. The Social Worker will document in the patient's medical record regarding the status of the patient's interest and track the interest, referral and evaluation status of each patient as part of the comprehensive psychosocial assessment. Psychosocial re-assessments and the individual patient Plan of Care will be updated to document the current status of the patient related to transplant interest, eligibility and/or status as a candidate.
9. When a patient expresses interest in transplant, the Social Worker will provide the patient with information on local transplant programs and inform the patient's nephrologist of the patient's interest in transplantation.
10. The Social Worker will assist in the transplant referral process, completing any necessary forms provided by the transplant center and submitting any required documentation.
11. When a patient is referred to a transplant center, the Social Worker will track and document within the progress notes and Plan of Care as to the status of the patient in the evaluation process and status as an active or inactive patient on the referring center's transplant list. Any barriers to the patient's transplant eligibility should be addressed with the patient by the IDT.
12. The patient is included in the Plan of Care process. During Patient Care Meetings, the Social Worker will discuss with the interdisciplinary team the patient status regarding modality education including patient transplant interest, referral or eligibility and status as an active or inactive transplant candidate.
13. If a patient is not suitable for transplantation referral, the basis for the non referral must be documented in the patient's medical record. The IDT team should refer to the criteria provided by the transplant center.
14. If a patient is referred for transplant but later decides not to pursue transplant as a treatment option, the IDT must document in the medical record the specific reason the patient is no longer interested in transplant.
15. The patient's medical record will be used to keep the IDT informed and to:
 - Store all transplant information and communications with the patients' respective Transplant Programs;

- Log communication related to the current transplant status of any listed patient;
- Track patient progress through the transplant evaluation process including the specific transplant center(s).

16. For patients who are active on the transplant list the:

- Nephrologists' will write the orders for any lab draws required by the transplant center;
- Nurse/designee will obtain the written procedure from the transplant center for any required blood draws;
- Administrative Assistant/designee will request blood draw and shipping materials from the respective transplant center;
- Days of the lab draws for transplant centers should not coincide with the patient monthly lab draws, to prevent confusion sending blood tubes.

Facility Interdisciplinary Team Tracking:

17. The Social Worker or designee will maintain a facility Transplant Activity Log documenting each patients' transplant status, including the specifics related to patient's referred, being evaluated, active on list, inactive, not a candidate, not interested, and denied (Attachment A is the *DaVita Transplant Activity* log).
18. During the Quality Improvement Facility Management Meetings (QIFMM), the Social Worker or designee will report on the status of transplant referrals. The IDT will monitor, address and work to improve any issues related to the transplant referral process.

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Logan Square Dialysis	2659 N MILWAUKEE AVE	1ST FL	CHICAGO	COOK	IL	60647-1643	14-2534
Lake County Dialysis Services	918 S MILWAUKEE AVE		LIBERTYVILLE	LAKE	IL	60048-3229	14-2552
Lincoln Park Dialysis	3157 N LINCOLN AVE		CHICAGO	COOK	IL	60657-3111	14-2528
Skyline Home Dialysis	7009 W BELMONT AVE		CHICAGO	COOK	IL	60634-4533	14-2560
TRC Children's Dialysis Center	2611 N HALSTED ST		CHICAGO	COOK	IL	60614-2301	14-2604
Emerald Dialysis	710 W 43RD ST		CHICAGO	COOK	IL	60609-3435	14-2529
Olympia Fields Dialysis Center	4557B LINCOLN HWY	STE B	MATTESON	COOK	IL	60443-2318	14-2548
Granite City Dialysis Center	9 AMERICAN VLG		GRANITE CITY	MADISON	IL	62040-3706	14-2537
Sauget Dialysis	2061 GOOSE LAKE RD		SAUGET	SAINT CLAIR	IL	62206-2822	14-2561
Churchview Dialysis	5970 CHURCHVIEW DR		ROCKFORD	WINNEBAGO	IL	61107-2574	14-2640
Freeport Dialysis	1028 S KUNKLE BLVD		FREEPORT	STEPHENSON	IL	61032-6914	14-2642
Rockford Dialysis	3339 N ROCKTON AVE		ROCKFORD	WINNEBAGO	IL	61103-2839	14-2647
Whiteside Dialysis	2600 N LOCUST	STE D	STERLING	WHITESIDE	IL	61081-4602	14-2648
Chicago Heights Dialysis	177 W JOE ORR RD	STE B	CHICAGO HEIGHTS	COOK	IL	60411-1733	14-2635
Benton Dialysis	1151 ROUTE 14 W		BENTON	FRANKLIN	IL	62812-1500	14-2608
Centralia Dialysis	1231 STATE ROUTE 161		CENTRALIA	MARION	IL	62801-6739	14-2609
Marion Dialysis	324 S 4TH ST		MARION	WILLIAMSON	IL	62959-1241	14-2570
Mount Vernon Dialysis	1800 JEFFERSON AVE		MOUNT VERNON	JEFFERSON	IL	62864-4300	14-2541
Metro East Dialysis	5105 W MAIN ST		BELLEVILLE	SAINT CLAIR	IL	62226-4728	14-2527
Olney Dialysis Center	117 N BOONE ST		OLNEY	RICHLAND	IL	62450-2109	14-2674
Stony Creek Dialysis	9115 S CICERO AVE		OAK LAWN	COOK	IL	60453-1895	14-2661
Beverly Dialysis	8109 SOUTH WESTERN AVE		CHICAGO	COOK	IL	60620-5939	14-2638
Maryville Dialysis	2130 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2634
Montclare Dialysis Center	7009 W BELMONT AVE		CHICAGO	COOK	IL	60634-4533	14-2649
Roxbury Dialysis Center	622 ROXBURY RD		ROCKFORD	WINNEBAGO	IL	61107-5089	14-2665
Dixon Kidney Center	1131 N GALENA AVE		DIXON	LEE	IL	61021-1015	14-2651
Sycamore Dialysis	2200 GATEWAY DR		SYCAMORE	DEKALB	IL	60178-3113	14-2639

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Mt. Greenwood Dialysis	3401 W 111TH ST		CHICAGO	COOK	IL	60655-3329	14-2660
Lake Villa Dialysis	37809 N IL ROUTE 59		LAKE VILLA	LAKE	IL	60046-7332	14-2666
Little Village Dialysis	2335 W CERMAK RD		CHICAGO	COOK	IL	60608-3811	14-2668
Kankakee County Dialysis	581 WILLIAM R LATHAM 5R DR	STE 104	BOURBONNAIS	KANKAKEE	IL	60914-2439	14-2685
Wayne County Dialysis	303 NW 11TH ST	STE 1	FAIRFIELD	WAYNE	IL	62837-1203	14-2688
Edwardsville Dialysis	235 S BUCHANAN ST		EDWARDSVILLE	MADISON	IL	62025-2108	14-2701
Vandalia Dialysis	301 MATTIES AVE		VANDALIA	FAYETTE	IL	62471-2061	14-2693
Macon County Dialysis	1090 W MCKINLEY AVE		DECATUR	MACON	IL	62526-3208	14-2584
Effingham Dialysis	904 MEDICAL PARK DR	STE 1	EFFINGHAM	EFFINGHAM	IL	62401-2193	14-2580
Jacksonville Dialysis	1515 W WALNUT ST		JACKSONVILLE	MORGAN	IL	62650-1150	14-2581
Litchfield Dialysis	915 ST FRANCES WAY		LITCHFIELD	COLES	IL	62056-1775	14-2583
Mattoon Dialysis	200 RICHMOND AVE E		MATTOON	COLES	IL	61938-4652	14-2585
Springfield Central Dialysis	932 N RUTLEDGE ST		SPRINGFIELD	SANGAMON	IL	62702-3721	14-2586
Taylorville Dialysis	901 W SPRESSER ST		TAYLORVILLE	CHRISTIAN	IL	62568-1831	14-2587
Lincoln Dialysis	2100 WEST FIFTH		LINCOLN	LOGAN	IL	62656-9115	14-2582
Springfield Montvale Dialysis	2930 MONTVALE DR	STE A	SPRINGFIELD	SANGAMON	IL	62704-5376	14-2590
Decatur East Wood Dialysis	794 E WOOD ST		DECATUR	MACON	IL	62523-1155	142599
Alton Dialysis	3511 COLLEGE AVE		ALTON	MADISON	IL	62002-5009	14-2619
Rushville Dialysis	112 SULLIVAN DRIVE		RUSHVILLE	SCHUYLER	IL	62681-1293	14-2620
Illini Renal Dialysis	507 E UNIVERSITY AVE		CHAMPAIGN	CHAMPAIGN	IL	61820-3828	14-2633
Woodridge Home Dialysis	7425 JAMES AVE	STE 103	WOODRIDGE	DUPAGE	IL	60517-2356	14-2696
Big Oaks Dialysis	5623 W TOUHY AVE		NILES	COOK	IL	60714-4019	14-2712
West Lawn Dialysis	7000 S PULASKI RD		CHICAGO	COOK	IL	60629-5842	14-2719
Robinson Dialysis	1215 N ALLEN ST	STE B	ROBINSON	CRAWFORD	IL	62454-1100	14-2714
Adams County Dialysis	436 N 10TH ST		QUINCY	ADAMS	IL	62301-4152	14-2711
Pittsfield Dialysis	640 W WASHINGTON ST		PITTSFIELD	PIKE	IL	62363-1350	14-2708

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Jerseyville Dialysis	917 S STATE ST		JERSEYVILLE	JERSEY	IL	62052-2344	14-2636
Stoncrest Dialysis	1302 E STATE ST		ROCKFORD	WINNEBAGO	IL	61104-2228	14-2615
Crystal Springs Dialysis	720 COG CIRCLE		CRYSTAL LAKE	MCHENRY	IL	60014-7301	14-2716
Cobblestone Dialysis	934 CENTER ST	STE A	ELGIN	KANE	IL	60120-2125	14-2715
Lake Park Dialysis	1531 E HYDE PARK BLVD		CHICAGO	COOK	IL	60615-3039	14-2717
Stony Island Dialysis	8725 S STONY ISLAND AVE		CHICAGO	COOK	IL	60617-2709	14-2718
Woodlawn Dialysis	1164 E 55TH ST		CHICAGO	COOK	IL	60615-5115	14-2310
Woodlawn Home Program	5841 S MARYLAND AVE	RM L-026	CHICAGO	COOK	IL	60637-1447	14-3524
Lockport Home Dialysis	16626 W 159TH ST	STE 703	LOCKPORT	WILL	IL	60441-8019	14-2697
Maryville Home Dialysis	2136B VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2686
Kennedy Home Dialysis	5509 N CUMBERLAND AVE	STE 515	CHICAGO	COOK	IL	60656-4702	14-2691



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August 5, 2011

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated by DaVita, Inc. or Freeportbay Dialysis, LLC during the three years prior to filing this application.

Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,

Kent J. Thiry
Chief Executive Officer
DaVita, Inc.
Freeportbay Dialysis, LLC

Subscribed and sworn to me
This 5th day of AUGUST,
2011

Notary Public



Section III, Background, Purpose of the Project, and Alternatives
Criterion 1110.230(b) – Background, Purpose of the Project, and Alternatives

Purpose of Project

- The purpose of the project is to maintain life sustaining dialysis services to the residents of Freeport and surrounding areas. As shown in Table 1110.230(b) below, there is currently only one existing dialysis facility within 30 minutes travel time of the proposed dialysis facility, Freeport Dialysis. Freeport Dialysis is currently operating over 100% utilization.

Table 1110.230(b)(1) Average Utilization – Facilities In HSA 1						
Facility	City	Distance	Time	Stations	Patients	Utilization
Freeport Dialysis	Freeport	3.88 miles	7 min	10	60	100%
Facilities Outside the Geographic Service Area						
Rockford Memorial Hospital	Rockford	29.69 miles	40 min	20	94	78.33%
Dixon Kidney Center	Dixon	34.08 miles	41 min	8	21	43.75%
Stonecrest Dialysis	Rockford	30.26 miles	42 min	10	49	81.67%
Whiteside Dialysis	Sterling	35.60 miles	44 min	15	62	68.89%
Dixon Dialysis Center	Dixon	35.28 miles	45 min	8	26	54.17%
Roxbury Dialysis	Rockford	38.36 miles	47 min	16	94	97.92%
Churchview Dialysis – East Rockford	East Rockford	40.44 miles	49 min	24	75	52.08%
Sycamore Dialysis	Sycamore	68.00 miles	77 min	12	53	73.61%
Fresenius Medical Care Sandwich	Sandwich	94.21 miles	105 min	8	15	31.25%
Total Utilization – Existing Facilities				131	549	69.85%

As stated above, Freeport Dialysis is currently operating above 100% utilization. In fact, as of July 13, 2011, Freeport Dialysis began operating a fourth shift on Mondays, Wednesdays and Fridays. Operating four shifts per day is not a feasible alternative for many reasons. When a fourth shift is operated, the dialysis facility is operated nearly around the clock with staff opening the facility around 5:00 a.m. and closing it around midnight. Not only is staffing a fourth shift difficult for clinic personnel, it would increase operating costs by adding additional staffing costs and utilities cost. Moreover, a fourth shift is also suboptimal for the patients themselves who are chronically ill and usually elderly. Sadly, these patients should be in bed not out. Patients, many of whom rely on assistive devices such as canes and walkers, are faced with additional safety hazards when arriving and departing the facility in the dark. Some of these hazards cannot be avoided in the winter but patients feel much more secure when coming and going in the daylight.

Importantly, over the past three years, utilization at Freeport Dialysis has been consistently above the State's 80% utilization standard. In fact, based upon data from the ESRD Network, Freeport Dialysis was operating over 90% utilization for nearly one year. With the current obesity epidemic in America and an increase in the elderly population (individuals 65 and older), this growth in demand for dialysis services is expected to increase in the coming years. Assuming historical growth rates remain unchanged, Freeport Dialysis would reach 115% utilization within the next 24 months and be among the highest utilized facilities in the State. As set forth above, operating four shifts per day to accommodate patient demand is not feasible from either an operational or patient care perspective.

Moreover, one of the attending nephrologists at the existing facility, Dr. John Maynard is currently treating 15 Stage 5 chronic kidney disease ("CKD") patients and 60 Stage 4 CKD patients whose condition is advancing to end-stage renal disease and who will likely require dialysis within the

next 12 to 18 months. See Attachment – 12A. Conservatively, the Applicants assumed a 20% attrition rate for Stage 5 patients and a 40% attrition rate for Stage 4 CKD patients. That is, because of CKD patient death, transplant or relocation, only approximately 80% of Stage 5 CKD patients and 60% of Stage 4 CKC patients are expected to initiate dialysis. That means approximately 55 of the current Stage 4 and Stage 5 CKD patients will require dialysis within the next 12 to 18 months. Given the current utilization trend at Freeport Dialysis, the only dialysis facility within 30 minutes of Freeport, there is insufficient capacity in the area to accommodate future demand. As a result, these ESRD patients will be forced to distant facilities three times per week to receive life sustaining dialysis treatment. Many ESRD patients are reliant upon family members, public transportation, non-emergency transportation, or nursing homes to transport them to and from medical appointments. Requiring ESRD patients to travel outside the area would be an extreme hardship for both the patients and their caregivers. Given the expense and time of the additional travel, patients may frequently miss treatments or forego dialysis altogether. This would result in ESRD patients suffering renal failure and death. Accordingly, a 10-station dialysis facility is necessary to maintain access to dialysis services.

2. A map of the market area for the proposed facility is attached at Attachment – 12B. The market area encompasses a 22 mile radius around the proposed facility. The boundaries of the market area of are as follows:

- North approximately 25 minutes normal travel time to the Wisconsin border
- Northeast approximately 30 minutes normal travel time to Davis
- East approximately 30 minutes normal travel time to Rockford
- Southeast approximately 30 minutes normal travel time to Leaf River
- South approximately 30 minutes normal travel time to Polo
- Southwest approximately 30 minutes normal travel time to Lanark
- West approximately 30 minutes normal travel time to Stockton
- Northwest approximately 30 minutes normal travel time to Waddams Grove

3. The purpose of this project is to maintain access to life sustaining dialysis to residents of Freeport and the immediately surrounding areas. As discussed more fully above, there is only one dialysis facility within 30 minutes normal travel time of the proposed facility and it is currently operating over 100% capacity. As of July 13, 2011, Freeport Dialysis began operating a fourth shift on Mondays, Wednesdays and Fridays to accommodate the additional growth. As set forth above, operating four shifts per day is not a feasible alternative.

Moreover, Dr. Maynard is currently treating 15 Stage 5 CKD patients and 60 Stage 4 CKD patients. Based upon historical attrition rates, approximately 55 of these patients are expected to require in-center hemodialysis within the next 12 to 18 months; however, the only existing facility in the market is operating at over 100% capacity with at more patients expected to initiate dialysis in the coming weeks. Accordingly, there is insufficient capacity in the market area to accommodate the increasing need for dialysis services.

4. The proposed project will improve access to dialysis services by adding a needed 10-station facility to the community. As discussed more fully above, there is only one dialysis facility within 30 minutes normal travel time of the proposed facility and it is operating at over 100% utilization and operating 4 shifts. A limited number of patients at Freeport Dialysis, which is a DaVita affiliate, will be afforded an opportunity to transfer to the proposed facility, and it is projected that 15 patients will transfer to the proposed facility from Freeport Dialysis. As a result, adding a 10-station dialysis facility will allow Freeport Dialysis to operate closer to its optimum capacity (80%) while accommodating future growth.

The Applicants anticipate the proposed facility will have quality outcomes comparable to the Freeport Dialysis. Additionally, in an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and

accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is \$509 million in hospitalization savings to the health care system and the American taxpayer.



John C. Maynard, MD
 Charles J. Sweeney, MD
 Krishna Sankaran, MD
 James A. Stim, MD
 Michael Robertson, MD
 Deane S. Charba, MD
 David L. Wright, MD
 Mashood Ahmad, MD
 Joanna Niemiec, MD

July 1, 2011

Dale Galassie
 Chair
 Illinois Health Facilities and Services Review Board
 525 West Jefferson Street, 2nd Floor
 Springfield, Illinois 62761

Dear Chairman Galassie:

I am a nephrologist in practice with Rockford Nephrology Associates. ("RNA"). I am writing on behalf of RNA in support of the proposed establishment of a 10-station dialysis facility to be located at 1808 South West Avenue, Freeport, Illinois (the "Proposed Facility"). There is currently one dialysis facility in Freeport, which is currently operating above 100% utilization. With no other dialysis facilities within 40 minutes of Freeport, a new dialysis facility is needed to ensure the residents of Freeport maintain access to life sustaining dialysis.

RNA is currently treating 60 Stage 4 and 15 Stage 5 pre-ESRD patients that reside in the Freeport area. Utilizing a 40% attrition rate for Stage 4 and 20% attrition rate for Stage 5 pre-ESRD patients, we project 28 of these current pre-ESRD patients will initiate dialysis within the next 12 to 24 months. We anticipate referring at least 25 of these patients to the Proposed Facility. The total number of pre-ESRD patients by initial and zip code is attached hereto.

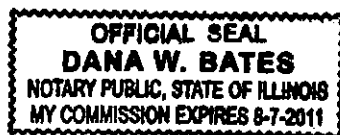
These patient referrals have not been used to support another pending or approved certificate of need application. The information in this letter is true and correct to the best of my knowledge.

I support the proposed establishment of Driftwood Dialysis.

Sincerely,

John Maynard, M.D.
 Rockford Nephrology Associates
 612 Roxbury Road
 Rockford, Illinois 61107

Subscribed and sworn to me
 This 1 day of July,
 2011

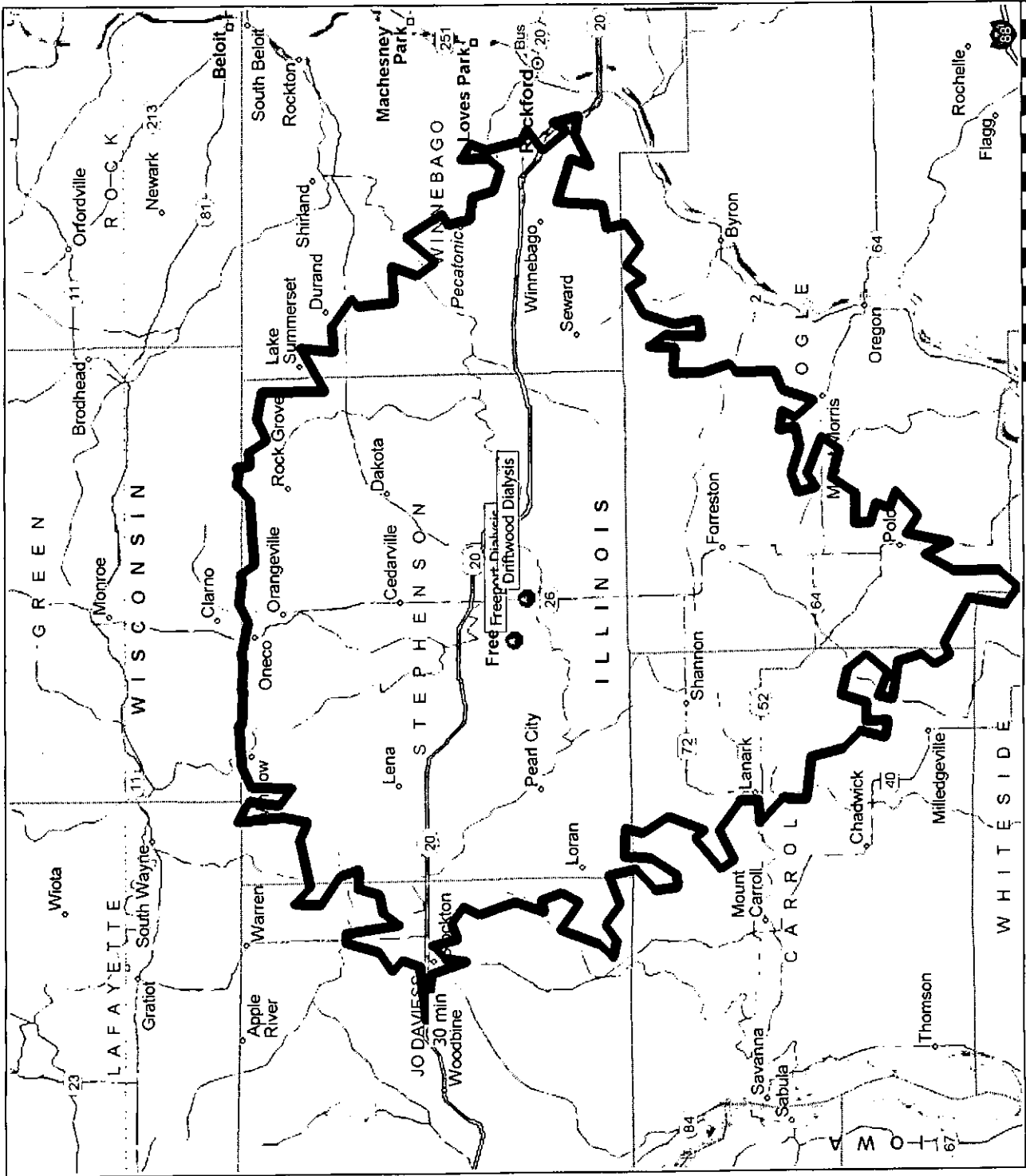


Notary Public

**ROCKFORD NEPHROLOGY ASSOCIATES
PRE-ESRD PATIENTS**

Patient Initials	Zip Code
RH	61032
BK	61032
BH	61032
BO	61032
IO	61032
PF	61047
LM	61030
RV	61046
LW	61046
BM	61046
AY	61054
JC	61032
LB	61032
VR	61032
KS	61032
JF	61046
KL	61030
CM	61046
CJ	61007
MT	61054
DM	61054
DK	61063
RC	61032
MF	61032
SS	53550
WB	61032
DD	61085
GM	61067
AK	61032
TL	61063
LW	61032
GN	61032
SC	61032
GE	61032
AH	61032
BO	61032
JS	61032
DG	61046
JS	61032
JW	61032
PM	61032
BW	61078
LH	61032
PK	61062

Driftwood GSA Map



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 rights reserved.

Section III, Background, Purpose of the Project, and Alternatives
Criterion 1110.230(c) – Background, Purpose of the Project, and Alternatives

Alternatives

The Applicants considered several options prior to determining to establish a 10-station dialysis facility. The options considered are as follows:

1. Do nothing;
2. Utilize existing facilities;
3. Expand existing facility; and
4. Establish a new facility.

After exploring these options, which are discussed in more detail below, the Applicants determined to establish a 10-station dialysis facility. A review of each of the options considered and the reasons they were rejected follows.

Do Nothing

Currently, there is one dialysis facility within 30 minutes normal travel time of the proposed facility, which is operating at over 100% utilization and operating a fourth shift. Furthermore, over the past two years, utilization at Freeport Dialysis has increased approximately 4% annually. With the current obesity epidemic in America and an increase in the elderly population (individuals 65 and older), this growth in demand for dialysis services is expected to increase in the coming years. Assuming historical growth rates remain unchanged, Freeport Dialysis will reach 115% utilization within the next 24 months.

Without adding stations, the only way to accommodate increasing demand is to operate a fourth shift. Operating four shifts per day is not a feasible alternative for many reasons. When a fourth shift is operated, the dialysis facility is operated nearly around the clock with staff opening the facility around 5:00 a.m. and closing it around midnight. Not only is operating a fourth shift difficult for clinic personnel, it also increases operating costs by adding additional staffing costs and utilities costs. Additionally, it is also suboptimal for the patients themselves who are chronically ill and usually elderly. Patients, many of whom rely on assistive devices such as canes and walkers, are faced with additional safety hazards when arriving and departing the facility in the dark. Some of these hazards cannot be avoided in the winter but patients feel much more secure when coming and going in the daylight.

Because operating four shifts per day is not feasible from either an operational or patient care perspective, this alternative was rejected.

Utilize Existing Facilities

As set forth above, the only facility within a 30-minutes normal travel time of the proposed facility is Freeport Dialysis, which is operating at 100% capacity. Moreover, while the existing facilities in Dixon have some excess capacity. The two facilities are over 40 minutes away and cannot collectively accommodate all of the current ESRD patients and pre-ESRD patients projected to require dialysis within the next twelve months. Accordingly, utilizing existing facilities is not an option.

Expand Existing Facility

Applicants considered expanding the existing Freeport Dialysis center to accommodate future growth; however, expansion of the Freeport Dialysis is not possible.

Establish a New Facility

Based upon current utilization of the existing facilities and the projected number of CKD patients that will require in-center hemodialysis within the next 12-18 months, the only feasible option is to add dialysis stations to the market area by establishing a 10-station dialysis facility. This alternative will ensure residents of Freeport have continued access to life sustaining dialysis treatment. The cost of this alternative is \$1,888,357

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(a), Size of the Project

The Applicants propose to establish a 10-station dialysis facility. Pursuant to Section 1110, Appendix B of the HFSRB's rules, the State standard is 360-520 gross square feet per dialysis station for a total of 3,600 to 5,200 gross square feet for ten dialysis stations. The total gross square footage of the proposed dialysis facility is 4,985 gross square feet. Accordingly, proposed Facility meets the State standard.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ESRD	4,985	3,600 – 5,200	0	Yes

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(b), Project Services Utilization

By the second year of operation, annual utilization at the proposed Facility shall exceed HFSRB's utilization standard of 80%. Pursuant to Section 1100.1430 of the HFSRB's rules, facilities providing in-center hemodialysis should operate their dialysis stations at or above an annual utilization rate of 80%, assuming three patient shifts per day per dialysis station, operating six days per week. Dr. Maynard is currently treating 15 Stage 5 chronic kidney disease ("CKD") patients and 60 Stage 4 CKD patients whose condition is advancing to end-stage renal disease and who will likely require dialysis within the next 12 to 18 months. Assuming 80% of the Stage 5 and 60% of the Stage 4 CKD patients receive in-center hemodialysis treatment within the first year after project completion, or 48 patients. Additionally, the Applicants anticipate approximately 15 patients from Freeport Dialysis will transfer to the proposed facility. Accordingly, the proposed facility will be operating above the HFSRB's 80 % utilization standard by the end of the second year of operation.

Table 1110.234(b) Utilization					
	Dept./ Service	Historical Utilization (Treatments)	Projected Utilization	State Standard	Met Standard?
Year 1	ESRD	N/A	9,828	7,488	Yes
Year 2	ESRD	N/A	9,828	7,488	Yes

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(c), Unfinished or Shell Space

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(d), Assurances

This project will not include unfinished space designed to meet an anticipated future demand for service. Accordingly, this criterion is not applicable.

Section VII, Service Specific Review Criteria
In-Center Hemodialysis
Criterion 1110.1430, In-Center Hemodialysis Projects – Review Criteria

1. Planning Area Need

The Applicants propose establish a 10-station dialysis facility to be located at 1808 South West Avenue, Freeport, Illinois. The proposed facility will be located in HSA 1. Based upon the HFSRB's latest need determination, there is a need for 3 dialysis stations in HSA 1. Moreover, there is only one facility within 30 minutes normal travel time of the proposed facility, Freeport Dialysis, which is currently operating over 100% utilization. The establishment of a second dialysis facility in Freeport is necessary to not only meet the growing demand for dialysis services but to ensure Freeport Dialysis operates at optimal capacity (that is 3 shifts per day).

2. Service to Planning Area Residents

The primary purpose of the proposed project is to maintain access to life-sustaining dialysis services to the residents of Freeport. There is currently one dialysis facility within 30 minutes normal travel time of the proposed facility. Additionally, there are 75 stage 4 and stage 5 CKD patients that will require dialysis within the next twelve to twenty-four months. Without the addition of a second facility in Freeport, a fourth shift is necessary at Freeport Dialysis to accommodate existing and future demand. As previously discussed in Criterion 1110.230(b), a fourth shift is suboptimal from both an operational and patient care perspective. Accordingly, establishment of the proposed facility is necessary to maintain access to life-sustaining dialysis to residents of Freeport.

3. Service Demand

Attached at Attachment – 26A is physician referral letter from Dr. Maynard and a schedule of pre-ESRD patients by zip code. A summary of stage-4 and stage-5 CKD patients projected to be referred to the proposed dialysis facility within the first two years after project completion is provided in Table 1110.1430(b)(3)(B) below.

Table 1110.1430(b)(3)(B) Projected Patient Referrals by Physician and Zip Code	
Zip Code	Patients
61032	40
61047	1
61030	3
61046	7
61054	5
61007	1
61063	6
53550	1
61085	4
61067	2
61078	3
61062	1
61039	1
Grand Total	75

4. Service Accessibility

As set forth throughout this application, there is currently one dialysis facility within 30 minutes of the proposed facility, which is operating above the State's 80% utilization standard. A service restriction exists because "all services within the 30-minute normal travel time meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100." Accordingly, a new dialysis facility is needed to improve access to dialysis services to residents of Freeport.

5. Unnecessary Duplication of Services

- a. The proposed dialysis facility will be located at 1808 South West Avenue, Freeport. A map of the proposed facility's market area is attached at Attachment – 26B. A list of all zip codes located, in total or in part, within 30 minutes normal travel time of the site of the proposed dialysis facility as well as 2010 census figures for each zip code is provided in Table 1110.1430(c)(1)(A).

Table 1110.1430(c)(1)(A)		
Population of Zip Codes within 30 Minutes of Proposed Facility		
Zip Code	City	Population
61032	Freeport	25,638
61013	Cedarville	741
61018	Dakota	506
61019	Davis	677
61024	Durand	1,443
61030	Forreston	1,446
61039	German Valley	463
61046	Lanark	1,457
61047	Leaf River	443
61048	Lena	2,912
61054	Mount Morris	2,988
61059	Nora	121
61060	Orangeville	793
61062	Pearl City	838
61063	Pecatonica	2,195
61064	Polo	2,355
61067	Ridott	164
61070	Rock City	315
61078	Shannon	757
61085	Stockton	1,862
61087	Warren	1,428
61088	Winnebago	3,101
61089	Winslow	338
Total		52,981

Source: U.S. Census Bureau, Census 2010, American Factfinder available at <http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=bkmk> (last visited Jul. 29, 2011).

- b. As shown in Table 1110.1430(c)(1)(C), only one existing or approved dialysis facility is located within 30 minutes normal travel time from the site of the proposed facility.

Facility	Address	City	Zip Code	Distance	Time
Freeport Dialysis	1028 South Kunkle Boulevard	Freeport	61032	3.88 mi	7 min

6. Maldistribution of Services

The proposed dialysis facility will not result in a maldistribution of services. A maldistribution exists when an identified area has an excess supply of facilities, stations, and services characterized by such factors as, but not limited to: (1) ratio of stations to population exceeds one and one-half times the State Average; (2) historical utilization for existing facilities and services is below the HFSRB's utilization standard; or (3) insufficient population to provide the volume or caseload necessary to utilize the services proposed by the project at or above utilization standards.

a. Ratio of Stations to Population

As shown in Table 1110.1430(c)(2)(A), the ratio of stations to population is 66.1% of the State Average.

	Population	Dialysis Stations	Stations to Population
Geographic Service Area	52,981	10	1:5,298
State	12,830,632	3,662	1:3,504

b. Historic Utilization of Existing Facilities

As discussed throughout this application, there is one facility within 30 minutes normal travel time of the proposed facility, Freeport Dialysis. For the latest 12-month period, Freeport Dialysis has operated above the State's 80% utilization standard.

c. Sufficient Population to Achieve Target Utilization

The Applicants propose to establish a 10-station dialysis facility. To achieve the HFSRB's 80% utilization standard within the first two years after project completion, the Applicants would need 48 patient referrals. As set forth above in Table 1110.230(b)(2), Dr. Maynard is currently treating 60 stage-4 and 15 stage-5 CKD patients who would likely be referred to the proposed facility within the first two years after project completion. Assuming a 60% attrition rate for stage-4 and 80% attrition rate for stage-5 CKD patients, approximately 48 of the stage-4 and stage-5 CKD patients will be referred to the proposed facility. Accordingly, there is sufficient volume to justify the proposed facility.

7. Impact to Other Providers

- a. The proposed dialysis facility will not have an adverse impact on existing facilities in the proposed geographic service area rather it allow the only existing dialysis facility to operate at optimal capacity. As set discussed throughout this application, there is currently one facility within 30 minutes of the proposed facility. This facility, Freeport Dialysis, is currently

operating at 100% capacity and is currently operating a fourth shift. While the Applicants anticipate some patients will transfer from Freeport Dialysis to the proposed facility, this will enable Freeport Dialysis to operate at optimal capacity and will not lower utilization below the State's 80% utilization standard.

- b. There are no facilities within 30 minutes normal travel time from the proposed facility operating below the State's 80% utilization standard. Accordingly, this criterion is not applicable.

8. Staffing

The proposed facility will be staffed in accordance with all State and Medicare staffing requirements.

- a. Medical Director: Farhan A. Khan, M.D. will serve as the Medical Director for the proposed facility. A copy of Dr. Kahn's curriculum vitae is attached at Attachment – 26C.
- b. Other Clinical Staff: Initial staffing for the proposed facility will be as follows:

- Administrator
- Registered Nurse
- Patient Care Technician (1.6 FTE)
- Biomedical Technician (0.2 FTE)
- Social Worker (licensed MSW) (0.2 FTE)
- Registered Dietitian (0.2 FTE)
- Administrative Assistant (0.2 FTE)

As patient volume increases, nursing and patient care technician staffing will increase accordingly to maintain a ratio of at least one direct patient care provider for every 4 ESRD patients. At least one registered nurse will be on duty while the facility is in operation.

- c. All staff will be training under the direction of the proposed facility's Governing Body, utilizing DaVita's comprehensive training program. DaVita's training program meets all State and Medicare requirements. The training program includes introduction to the dialysis machine, components of the hemodialysis system, infection control, anticoagulation, patient assessment/data collection, vascular access, kidney failure, documentation, complications of dialysis, laboratory draws, and miscellaneous testing devices used. In addition, it includes in-depth theory on the structure and function of the kidneys; including, homeostasis, renal failure, ARF/CRF, uremia, osteodystrophy and anemia, principles of dialysis; components of hemodialysis system; water treatment; dialyzer reprocessing; hemodialysis treatment; fluid management; nutrition; laboratory; adequacy; pharmacology; patient education, and service excellence. A summary of the training program is attached at Attachment – 26D.
- d. As set forth in the letter from Kent J. Thiry, Chief Executive Officer of DaVita, Inc. and Freeportbay Dialysis, LLC attached at Attachment – 26E, Driftwood Dialysis will maintain an open medical staff.

9. Support Services

Attached at Attachment – 26E is a letter from Kent J. Thiry, Chief Executive Officer of DaVita, Inc. and Freeportbay Dialysis, LLC attesting that the Driftwood Dialysis participates in a dialysis data system, makes support services available to patients, and provides access to training for self-care dialysis, self-care instruction, home and home-assisted dialysis, and home training.

10. Minimum Number of Stations

The minimum number of in-center hemodialysis stations for a dialysis facility located outside a Metropolitan Statistical Area is 4. Freeport, Illinois is located in the Freeport Micropolitan Statistical Area.³ The Applicants propose to establish a 10-station dialysis facility to be located in Freeport, Illinois. Accordingly, this criterion is met.

11. Continuity of Care

Attached as Attachment – 26F, is a copy of the written affiliation agreement with Freeport Memorial Hospital.

12. Assurances

Attached at Attachment – 26G is a letter from Kent J. Thiry, Chief Executive Officer of DaVita, Inc. and Freeportbay Dialysis, LLC certifying that the Driftwood Dialysis will achieve target utilization by the second year of operation and outcome measures will meet or exceed current standards.

³ Peter R. Orszag, Executive Office of the President, Office of Management and Budget, OMB Bulletin No. 10-02, Update of Statistical Area Definitions and Guidance on Their Use, List 1 (Dec. 1, 2009) available at <http://www.whitehouse.gov/sites/default/files/omb/assets/bulletins/b10-02.pdf> (last visited Jul. 29, 2011).



John C. Maynard, MD
Charles J. Sweeney, MD
Krishna Sankaran, MD
James A. Stim, MD
Michael Robertson, MD
Deane S. Charba, MD
David L. Wright, MD
Mashood Ahmad, MD
Joanna Niemiec, MD

July 1 , 2011

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Dear Chairman Galassie:

I am a nephrologist in practice with Rockford Nephrology Associates. ("RNA"). I am writing on behalf of RNA in support of the proposed establishment of a 10-station dialysis facility to be located at 1808 South West Avenue, Freeport, Illinois (the "Proposed Facility"). There is currently one dialysis facility in Freeport, which is currently operating above 100% utilization. With no other dialysis facilities within 40 minutes of Freeport, a new dialysis facility is needed to ensure the residents of Freeport maintain access to life sustaining dialysis.

RNA is currently treating 60 Stage 4 and 15 Stage 5 pre-ESRD patients that reside in the Freeport area. Utilizing a 40% attrition rate for Stage 4 and 20% attrition rate for Stage 5 pre-ESRD patients, we project 28 of these current pre-ESRD patients will initiate dialysis within the next 12 to 24 months. We anticipate referring at least 25 of these patients to the Proposed Facility. The total number of pre-ESRD patients by initial and zip code is attached hereto.

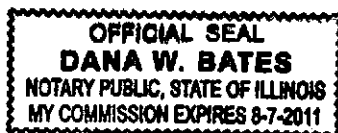
These patient referrals have not been used to support another pending or approved certificate of need application. The information in this letter is true and correct to the best of my knowledge.

I support the proposed establishment of Driftwood Dialysis.

Sincerely,

John Maynard, M.D.
Rockford Nephrology Associates
612 Roxbury Road
Rockford, Illinois 61107

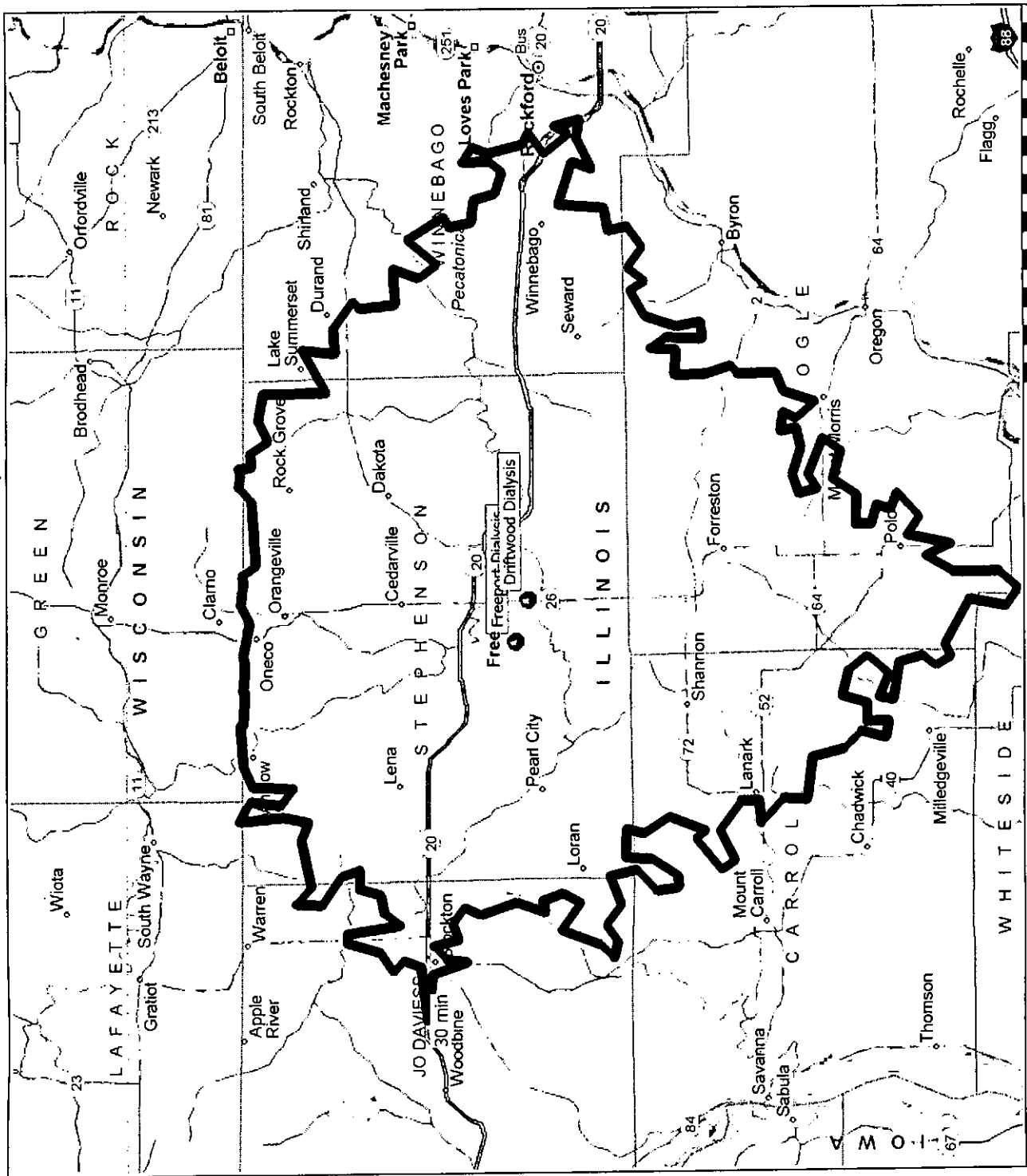
Subscribed and sworn to me
This 1 day of July,
2011


Notary Public

**ROCKFORD NEPHROLOGY ASSOCIATES
PRE-ESRD PATIENTS**

Patient Initials	Zip Code
RH	61032
BK	61032
BH	61032
BO	61032
IO	61032
PF	61047
LM	61030
RV	61046
LW	61046
BM	61046
AY	61054
JC	61032
LB	61032
VR	61032
KS	61032
JF	61046
KL	61030
CM	61046
CJ	61007
MT	61054
DM	61054
DK	61063
RC	61032
MF	61032
SS	53550
WB	61032
DD	61085
GM	61067
AK	61032
TL	61063
LW	61032
GN	61032
SC	61032
GE	61032
AH	61032
BO	61032
JS	61032
DG	61046
JS	61032
JW	61032
PM	61032
BW	61078
LH	61032
PK	61062

Driftwood GSA Map



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 rights reserved.

Farhan A. Khan, M.D.

Home: (847)531-6225
Cell: (309) 696-1149

3680 Open Parkway
Elgin, IL 60124
farhankhanmd@yahoo.com

** U.S. Citizen * Fluent in Spanish * BC Internal Medicine * BC Nephrology * BE Pediatrics*

Career Objective

Seeking a position as an Medical Director with a well reputable dialysis company.

Education and Professional Experience

Universidad Iberoamericana, Santo Domingo, Dominican Republic 01/1993-03/1997
Doctorate, Medical Degree GPA: 3.67

Completed four years of coursework and training in basic sciences and clinical medicine in a WHO recognized medical school program.

Medcorp Medical Center, Florissant, MO 03/1997-08/1997

Worked as a Medical Assistant along side an Internist in this busy medical office.

Southside Medical Clinic, Mount Vernon, IL 09/1997-03/2000

Did a medical preceptorship with a physicians assistant.

Emory University, Atlanta, GA 04/2000-06/2001

Worked as a research specialist with Principal Investigators doing research on Simian Immunodeficiency Virus.

Wayne State University/Detroit Medical Center, Detroit, Michigan 07/2001-07/2002
Family Practice Resident

Applying medical knowledge and scientific principles towards providing superior medical care for patients with health problems. Completing patient histories, physical examinations, and various medical procedures to diagnose and treat illnesses.

Providing case presentations to fellow residents and attending rounds with staff physicians on a daily basis. Attending seminars and conferences geared towards educating physicians about different aspects of medicine.

University of Illinois College of Medicine at Saint Francis Medical Center, Peoria, Illinois
Internal Medicine/Pediatrics Resident 07/2002-07/2006

Served as Chief Resident in my fourth year.

Gained extensive knowledge of community medical diagnostic and patient care services in various settings, including in-patient and outpatient clinics, and government/private hospitals.

University of Missouri Health Sciences, Columbia, Missouri 07/2006-07/2008
Nephrology Fellowship
Received medical training under nephrologists who are pioneers in the areas of peritoneal dialysis and hemodialysis.
Managed the diagnosis and treatment of patients going through kidney transplantation.
Treated patients dealing with acute and chronic renal diseases.

Renal Care Associates, Morton, IL 08/2008-01/2009
Interventional Nephrology Fellowship
Received training in interventional nephrology in which various procedures were performed such as angiograms, angioplasties, stent placement on fistulas, grafts, and permanent catheter insertions, etc.

Northwest Kidney Kare, Arlington Heights, IL 07/2008-Present
Practicing Nephrologist

Swedish American Hospital, Rockford, IL 01/2009-06/2010
Hospitalist

Freeport Health Network, Freeport, IL 04/2010-Present
Practicing Nephrologist

Medical Director of DSI Dialysis, Schaumburg, IL 02-2011-Present
Medical Director

Research

University of Illinois College of Medicine, Peoria, Illinois
Principle Investigator
Researching the diagnostic values of fractional excretions of sodium, urate, and lithium in acute renal failure patients.

University of Illinois College of Medicine, Peoria, Illinois
Principle Investigator
Researching the prevention of radio-contrast nephropathy using mucomyst.

Emory University School of Medicine, Atlanta, Georgia
Research Specialist
Performing a variety of research and laboratory tests including automated DNA sequencing, PCR, and gel electrophoresis.

Activities and Honors

"2004-05 Resident of the Year" award recipient at Saint Francis Medical Center, Illinois
"Intern of the Year" award, Wayne State University, Detroit, Michigan
Recipient of 11 Physician Appreciation Awards, University of Illinois College of Medicine at Saint Francis Medical Center, Peoria, Illinois
Magna Cum Laude, Universidad Iberoamericana, Santo Domingo, DR
Valedictorian, Universidad Iberoamericana, Santo Domingo, Dominican Republic

Affiliations

Member, National Kidney Foundation
Member, American Society of Diagnostic Interventional Nephrology

Member, American Society of Nephrology
Member, American Medical Association

Licenses

Board Certified in Internal Medicine
Board Certified in Nephrology
Board Eligible in Pediatrics
Certified in Interventional Nephrology
Medical Doctor, Permanent License in the state of Missouri
Medical Doctor, Permanent License in the state of Illinois
ECFMG-Certified, Educational Commission for Foreign Medical Graduates
ACLS Certified, Advanced Cardiac Life Support

Skills

Language: (Expert level fluency) *Spanish and Hindi/Urdu*
Computer: Windows, Microsoft Word, PowerPoint, Excel, Internet, Citrix, IDX, etc.

REFERENCES:

1. Ramesh Khanna, M.D.

Professor of Medicine
Director, Division of Nephrology
University of Missouri-Columbia
MA436 Health Sciences Center
Columbia, MO 65212
Phone: (573) 882-7991
Email: khannar@health.missouri.edu

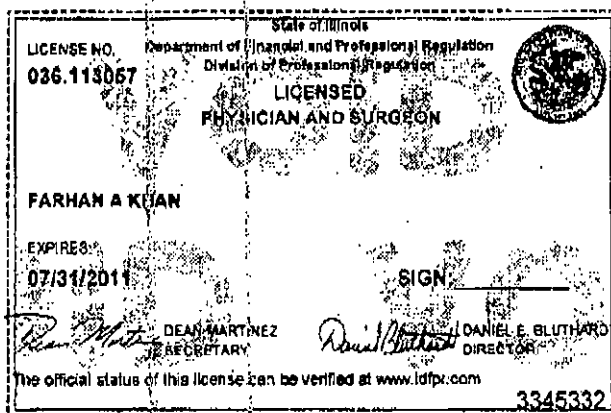
2. G. Stephen Nace, M.D.

Assistant Professor of Clinical Medicine
BC Nephrologist
University of Illinois College of Medicine - Peoria
530 NE Glen Oak, Room 5672
Peoria, IL 61637
Phone: (309) 624-8888
Email: GSNACE@uic.edu

Additional references provided upon request



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20000619-100483

State of Illinois

Department of Financial and Professional Regulation
Division of Professional Regulation


LICENSE NO. **336.073908**
036.113057

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

EXPIRES: **07/31/2011**

LICENSED PHYSICIAN AND SURGEON
CONTROLLED SUBSTANCE
 III II III IV V IIII

FARHAN AHMED KHAN MD
675 W CENTRAL RD 201
ARLINGTON HEIGHTS, IL 60005



Dean Martinez DEAN MARTINEZ
 SECRETARY

Daniel E. Bluthardt DANIEL E. BLUTHARDT
 DIRECTOR


The official status of this license can be verified at www.idpr.com **3346138**

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State of Illinois

LICENSE NO. **336.073908**

Department of Financial and Professional Regulation
 Division of Professional Regulation



LICENSED PHYSICIAN AND SURGEON
CONTROLLED SUBSTANCE
 III II III IV V IIII

FARHAN AHMED KHAN MD

EXPIRES: **07/31/2011**

Dean Martinez DEAN MARTINEZ
 SECRETARY

Daniel E. Bluthardt DANIEL E. BLUTHARDT
 DIRECTOR

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20080619-1/01505

PROGRAM DESCRIPTION

Introduction to Program

The Hemodialysis Education and Training Program is grounded in DaVita's Core Values. These core values include a commitment to providing *service excellence*, promoting *integrity*, practicing a *team* approach, systematically striving for *continuous improvement*, practicing *accountability*, and experiencing *fulfillment* and *fun*.

The Hemodialysis Education and Training Program is designed to provide the new teammate with the necessary theoretical background and clinical skills necessary to function as a competent hemodialysis patient care provider.

DaVita hires both non-experienced and experienced teammates.

A **non-experienced teammate** is defined as:

- A newly hired patient care teammate without prior dialysis experience.
- A rehired patient care teammate who left prior to completing the initial training.

An **experienced teammate** is defined as:

- A newly hired patient care teammate with prior dialysis experience as evidenced by successful completion of a competency exam.
- A rehired patient care teammate who left and can show proof of completing their initial training.

The curriculum of the Hemodialysis Education and Training Program is modeled after the American Nephrology Nurses Association Core Curriculum for Nephrology Nursing and the Board of Nephrology Examiners Nursing and Technology guidelines.

The program incorporates the policies, procedures, and guidelines of DaVita Inc.

The new teammate will be provided with a "StarTracker". The "StarTracker" is a tool that will help guide the training process while tracking progress. The facility administrator and preceptor will review the Star Tracker to plan and organize the training and professional development of the new teammate. The Star Tracker will guide the new teammate through the initial phase of training and then through the remainder of their first year with DaVita, thus increasing their knowledge of all aspects of dialysis. It is designed to be used in conjunction with the "My Learning Plan Workbooks."

Program Description

- The education program for the newly hired patient care provider teammate **without prior dialysis experience** is composed of at least (1) 120 hours didactic instruction and (2) 280 hours clinical practicum, unless otherwise specified by individual state regulations.

The **didactic phase** consists of instruction including but not limited to lectures, readings, self-study materials, on-line learning activities, specifically designed hemodialysis

workbooks for the teammate, demonstrations and observations. This education may be coordinated by the Clinical Services Specialist (CSS), the administrator, or the preceptor. This training includes introduction to the dialysis machine, components of the hemodialysis system, dialysis delivery system, principles of hemodialysis, infection control, anticoagulation, patient assessment/data collection, vascular access, kidney failure, documentation, complications of dialysis, laboratory draws, and miscellaneous testing devices used, introduction to DaVita Policies and Procedures, and introduction to the Amgen Core Curriculum.

The **didactic phase** also includes classroom training with the Clinical Services Specialist, which covers more in-depth theory on structure and functions of the kidneys. This includes homeostasis, renal failure ARF/CRF, uremia, osteodystrophy and anemia, principles of dialysis, components of the hemodialysis system, water treatment, dialyzer reprocessing, hemodialysis treatment (which includes machine troubleshooting and patient complications), documentation, complication case studies, heparinization and anticoagulation, vascular access (which includes vascular access workshop), patient assessment (including workshop), fluid management with calculation workshop, nutrition, laboratory, adequacy, pharmacology, patient teaching/adult learning, service excellence (which includes professionalism, ethics and communications).

A final comprehensive examination score of $\geq 80\%$ must be obtained to successfully complete this portion of the didactic phase. If a score of less than 80% is attained, the teammate will receive additional appropriate remediation and a second exam will be given.

Also included in the **didactic phase** is additional classroom training covering Health and Safety Training, DaVita Virtual Training Program (which includes 21 hours of computer training classes), One For All orientation training, HIPAA training, LMS mandatory water classes, emergency procedures specific to facility, location of disaster supplies, and orientation to the unit.

Included in the **didactic phase** for nurses is additional classroom training. The didactic phase includes:

- The role of the dialysis nurse in the facility
- Pharmacology for nurses
- Outcomes management
- Patient assessment for the dialysis nurse.

The **clinical practicum phase** consists of supervised clinical instruction provided by the facility preceptor, a registered nurse, or the clinical services specialist (CSS). During this phase the teammate will demonstrate a progression of skills required to perform the hemodialysis procedures in a safe and effective manner. A *Procedural Skills Inventory Checklist* will be completed to the satisfaction of the preceptor and the administrator.

The clinical hemodialysis workbooks will also be utilized for this training and must be completed to the satisfaction of the preceptor and the administrator.

Those teammates who will be responsible for the Water Treatment System within the facility are required to complete the Mandatory LMS Educational Water courses and the corresponding skills checklists.

Both the didactic phase and/or the clinical practicum phase of a specific skill set will be successfully completed prior to the new teammate receiving an independent assignment for that specific skill set. The new teammate is expected to attend all training sessions and complete all assignments and workbooks.

- The education program for the newly hired patient care provider teammate **with previous dialysis experience** is individually tailored based on the identified learning needs. The initial orientation to the *Health Prevention and Safety Training* will be successfully completed prior to the new teammate working/receiving training in the clinical area. The *Procedural Skills Inventory Checklist* including verification of review of applicable policies and procedures will be completed by the preceptor, a registered nurse, and/or the clinical services specialist (CSS) and the new teammate upon demonstration of an acceptable skill-level. The new teammate will also utilize the hemodialysis training workbook and progress at their own pace. This workbook should be completed within a timely manner as to also demonstrate acceptable skill-level.

The *Initial Competency Exam* will be completed; a score of $\geq 80\%$ or higher is required prior to the new teammate receiving an independent patient-care assignment. If the new teammate receives a score of less than 80%, this teammate will receive theory instruction pertaining to the area of deficiency and a second competency exam will then be given. If the new teammate receives a score of less than 80% on the second exam, this teammate will be evaluated by the administrator, preceptor, and educator to determine if completion of formal training is appropriate.

Following completion of the training, a *Verification of Competency* form will be completed (see forms TR1-06-05, TR1-06-06). In addition to the above, further training and/or certification will be incorporated as applicable by state law.

The goal of the program is for the trainee to successfully meet all training requirements. Failure to meet this goal is cause for dismissal from the training program and subsequent termination by the facility.

Process of Program Evaluation

The Hemodialysis Education Program utilizes various evaluation tools to verify program effectiveness and completeness. Key evaluation tools include the, DaVita Prep Class Evaluation (TR1-06-08), the New Teammate Satisfaction Survey on the LMS and random surveys of facility administrators to determine satisfaction of the training program. To assure continuous



1551 Wewatta Street
Denver, CO 80202
Tel: (303) 405-2100
www.davita.com

August 5, 2011

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Certification of Support Services

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1110.1430(f) that Freeportbay Dialysis will maintain an open medical staff.

I also certify the following with regard to needed support services:

- DaVita participates in a dialysis data system;
- Freeportbay Dialysis will have available all needed support services consisting of clinical laboratory service, blood bank, nutrition, rehabilitation, psychiatric services, and social services; and
- Patients will have access to training for self-care dialysis, self-care instruction, home and home-assisted dialysis, and home training, which will be provided either at Freeportbay Dialysis or through a signed, written agreement for these services with another facility.

Sincerely,

Kent J. Thiry
Chief Executive Officer
DaVita, Inc.
Freeportbay Dialysis, LLC

Subscribed and sworn to me
This 5th day of AUGUST,
2011



Notary Public

FOR COMPANY USE ONLY:
Clinic #:

PATIENT TRANSFER AGREEMENT

This PATIENT TRANSFER AGREEMENT (the "Agreement") is made as of the last date of signature hereunder (the "Effective Date"), by and between Freeport Memorial Hospital (hereinafter "Hospital") and Renal Treatment Centers-Illinois, Inc., a Delaware corporation and subsidiary of DaVita Inc. ("Company").

RECITALS

WHEREAS, the parties hereto desire to enter into this Agreement governing the transfer of patients between Hospital and the following free-standing dialysis clinic owned and operated by Company:

*Driftwood Dialysis #
1808 S. West Avenue
Freeport, Illinois 61031*

WHEREAS, the parties hereto desire to enter into this Agreement in order to specify the rights and duties of each of the parties and to specify the procedure for ensuring the timely transfer of patients between the facilities; and

WHEREAS, the parties wish to facilitate the continuity of care and the timely transfer of patients and records between the facilities.

WHEREAS, only a patient's attending physician (not Company or the Hospital) can refer such patient to Company for dialysis treatments.

NOW THEREFORE, in consideration of the premises herein contained and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties agree as follows:

1. HOSPITAL OBLIGATIONS. In accordance with the policies and procedures as hereinafter provided, and upon the recommendation of an attending physician, a patient of Company may be transferred to Hospital.

(a) Hospital agrees to exercise its best efforts to ensure the prompt admission of patients as necessary, provided that all usual, reasonable conditions of admission are met. In doing so, Hospital agrees to accept and treat patients in emergency situations requiring transfer of a patient from Company to Hospital. All transfers between the facilities shall be made in accordance with applicable federal and state laws and regulations, the standards of The Joint Commission (TJC) and any other applicable accrediting bodies, and reasonable policies and procedures of the facilities. Transfer record forms shall be completed in detail and signed by the physician or nurse in charge at Company and must accompany the patient to the receiving institution.

(b) Neither the decision to transfer a patient nor the decision to not accept a request to transfer a patient shall be predicated upon arbitrary, capricious or unreasonable discrimination or based upon the patient's inability to pay for services rendered by either facility.

2. COMPANY OBLIGATIONS.

- (a) When possible, company shall provide notice of any transfer
- (b) Upon transfer of a patient to Hospital, Company agrees:
 - i. That it shall transfer any needed personal effects of the patient, and information relating to the same, and shall be responsible therefore until signed for by a representative of Hospital;
 - ii. Original medical records kept by each of the parties shall remain the property of that institution; and
 - iii. That transfer procedures shall be made known to the patient care personnel of each of the parties.
- (c) Company agrees to transmit with each patient at the time of transfer, or in case of an emergency, as promptly as possible thereafter, an abstract of pertinent medical and other records necessary to continue the patient's treatment without interruption and to provide identifying and other information, to include:
 - i. current medical findings;
 - ii. diagnosis;
 - iii. rehabilitation potential;
 - iv. discharge summary;
 - v. a brief summary of the course of treatment followed;
 - vi. nursing and dietary information;
 - vii. ambulating status; and
 - viii. administrative and pertinent social information.

(c) Company agrees to readmit to its facilities patients who have been transferred to Hospital for medical care as clinic capacity allows. Hospital agrees to keep the administrator or designee of Company advised of the condition of the patients that will affect the anticipated date of transfer back to Company and to provide as much notice of the transfer date as possible. Company shall assign readmission priority for its patients who have been treated at Hospital and who are ready to transfer back to Company.

3. **BILLING, PAYMENT, AND FEES.** Hospital and Company each shall be responsible for billing the appropriate payor for the services it provides, respectively, hereunder. Company shall not act as guarantor for any charges incurred while the patient is a patient in Hospital.

4. **HIPAA.** Hospital and Company agree to comply with the provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). Hospital and Company acknowledge and agree that from time to time, HIPAA may require modification to this Agreement for compliance purposes. Hospital and Company further acknowledge and agree to comply with requests by the other party hereto related to HIPAA.

5. **STATUS AS INDEPENDENT CONTRACTORS.** The parties acknowledge and agree that their relationship is solely that of independent contractors. Governing bodies of Hospital and Company shall have exclusive control of the policies, management, assets, and affairs of their respective facilities. Nothing in this Agreement shall be construed as limiting the right of either to affiliate or contract with any other Hospital or facility on either a limited or general basis while this Agreement is in effect. Neither party shall use the name of the other in any promotional or advertising material unless review and approval of the intended use shall be obtained from the party whose name is to be used and its legal counsel.

6. **INSURANCE.** Each party shall secure and maintain, or cause to be secured and maintained during the term of this Agreement, comprehensive general liability, property damage, and workers compensation insurance in amounts generally acceptable in the industry, and professional liability insurance providing minimum limits of liability of \$1,000,000 per occurrence and \$3,000,000 in aggregate. Each party shall deliver to the other party certificate(s) of insurance evidencing such insurance coverage upon execution of this Agreement, and annually thereafter upon the request of the other party. Each party shall provide the other party with not less than thirty (30) days prior written notice of any change in or cancellation of any of such insurance policies. Said insurance shall survive the termination of this Agreement.

7. **INDEMNIFICATION.**

(a) **Hospital Indemnity.** Hospital hereby agrees to defend, indemnify and hold harmless Company and its shareholders, affiliates, officers, directors, employees, and agents for, from and against any claim, loss, liability, cost and expense (including, without limitation, costs of investigation and reasonable attorney's fees), directly or indirectly relating to, resulting from or arising out of any action or failure to act arising out of this Agreement by Hospital and its staff regardless of whether or not it is caused in part by Company or its officers, directors, agents, representatives, employees, successors and assigns. This indemnification provision shall not be effective as to any loss attributable exclusively to the negligence or willful act or omission of Company.

(b) **Company Indemnity.** Company hereby agrees to defend, indemnify and hold harmless Hospital and its shareholders, affiliates, officers, directors, employees, and agents for, from and against any claim, loss, liability, cost and expense (including, without limitation, costs of investigation and reasonable attorney's fees), directly or indirectly relating to, resulting from or arising out of any action or failure to act arising out of this Agreement by Company and its

staff regardless of whether or not it is caused in part by or its officers, directors, agents, representatives, employees, successors and assigns. This indemnification provision shall not be effective as to any loss attributable exclusively to the negligence or willful act or omission of Hospital.

(c) Survival. The indemnification obligations of the parties shall continue in full force and effect notwithstanding the expiration or termination of this Agreement with respect to any such expenses, costs, damages, claims and liabilities which arise out of or are attributable to the performance of this Agreement prior to its expiration or termination.

8. **DISPUTE RESOLUTION**. Any dispute which may arise under this Agreement shall first be discussed directly with representatives of the departments of the parties that are directly involved. If the dispute cannot be resolved at this level, it shall be referred to administrative representatives of the parties for discussion and resolution.

(a) Informal Resolution. Should any dispute between the parties arise under this Agreement, written notice of such dispute shall be delivered from one party to the other party and thereafter, the parties, through appropriate representatives, shall first meet and attempt to resolve the dispute in face-to-face negotiations. This meeting shall occur within thirty (30) days of the date on which the written notice of such dispute is received by the other party.

(b) Resolution Through Mediation. If no resolution is reached through informal resolution, pursuant to Section 8(a) above, the parties shall, within forty-five (45) days of the first meeting referred to in Section 8(a) above, attempt to settle the dispute by formal mediation. If the parties cannot otherwise agree upon a mediator and the place of the mediation within such forty-five (45) day period, the American Arbitration Association ("AAA") in the State of Illinois shall administer the mediation. Such mediation shall occur no later than ninety (90) days after the dispute arises. All findings of fact and results of such mediation shall be in written form prepared by such mediator and provided to each party to such mediation. In the event that the parties are unable to resolve the dispute through formal mediation pursuant to this Section 8(b), the parties shall be entitled to seek any and all available legal remedies.

9. **TERM AND TERMINATION**. This Agreement shall be effective for an initial period of one (1) year from the Effective Date and shall continue in effect indefinitely after such initial term, except that either party may terminate by giving at least sixty (60) days notice in writing to the other party of its intention to terminate this Agreement. If this Agreement is terminated for any reason within one (1) year of the Effective Date of this Agreement, then the parties hereto shall not enter into a similar agreement with each other for the services covered hereunder before the first anniversary of the Effective Date. Termination shall be effective at the expiration of the sixty (60) day notice period. However, if either party shall have its license to operate its facility revoked by the State or become ineligible as a provider of service under Medicare or Medicaid laws, this Agreement shall automatically terminate on the date such revocation or ineligibility becomes effective.

10. **AMENDMENT**. This Agreement may be modified or amended from time to time by mutual written agreement of the parties, signed by authorized representatives thereof, and any

such modification or amendment shall be attached to and become part of this Agreement. No oral agreement or modification shall be binding unless reduced to writing and signed by both parties.

11. **ENFORCEABILITY/SEVERABILITY.** The provisions of this Agreement are severable. The invalidity or unenforceability of any term or provisions hereto in any jurisdiction shall in no way affect the validity or enforceability of any other terms or provisions in that jurisdiction, or of this entire Agreement in any other jurisdiction.

12. **EXCLUDED PROVIDER.** Each party represents that neither that party nor any entity owning or controlling that party has ever been excluded from any federal health care program including the Medicare/Medicaid program or from any state health care program. Each party further represents that it is eligible for Medicare/Medicaid participation. Each party agrees to disclose immediately any material federal, state, or local sanctions of any kind, imposed subsequent to the date of this Agreement, or any investigation which commences subsequent to the date of this Agreement, that would materially adversely impact Company's ability to perform its obligations hereunder.

13. **NOTICES.** All notices, requests, and other communications to any party hereto shall be in writing and shall be addressed to the receiving party's address set forth below or to any other address as a party may designate by notice hereunder, and shall either be (a) delivered by hand, (b) sent by recognized overnight courier, or (c) by certified mail, return receipt requested, postage prepaid.

If to Hospital: Freeport Memorial Hospital
1045 W. Stephenson Street
Freeport, Illinois 61032
Attention: Chief Operating Officer

If to Company: Driftwood Dialysis
c/o: DaVita Inc.
1808 S. West
Freeport, Illinois 61031
Attention: Facility Administrator

With copies to: Renal Treatment Centers-Illinois, Inc.
c/o: DaVita Inc.
1551 Wewatta Street
Denver, Colorado 80202
Attention: Group General Counsel

DaVita Inc.
601 Hawaii Street
El Segundo, California 90245
Attention: General Counsel

All notices, requests, and other communication hereunder shall be deemed effective (a) if by hand, at the time of the delivery thereof to the receiving party at the address of such party set forth above, (b) if sent by overnight courier, on the next business day following the day such notice is delivered to the courier service, or (c) if sent by certified mail, five (5) business days following the day such mailing is made.

14. **ASSIGNMENT.** This Agreement shall not be assigned in whole or in part by either party hereto without the express written consent of the other party, except that Company may assign this Agreement to one of its affiliates or subsidiaries without the consent of Hospital.

15. **COUNTERPARTS.** This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies of signatures sent by facsimile shall be deemed to be originals.

16. **NON-DISCRIMINATION.** All services provided by Hospital hereunder shall be in compliance with all federal and state laws prohibiting discrimination on the basis of race, color religion, sex national origin, handicap, or veteran status.

17. **WAIVER.** The failure of any party to insist in any one or more instances upon performance of any terms or conditions of this Agreement shall not be construed as a waiver of future performance of any such term, covenant, or condition, and the obligations of such party with respect thereto shall continue in full force and effect.

18. **GOVERNING LAW.** The laws of the State of Illinois shall govern this Agreement.

19. **HEADINGS.** The headings appearing in this Agreement are for convenience and reference only, and are not intended to, and shall not, define or limit the scope of the provisions to which they relate.

20. **ENTIRE AGREEMENT.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all other agreements, either oral or written, between the parties (including, without limitation, any prior agreement between Hospital and Company or any of its subsidiaries or affiliates) with respect to the subject matter hereof.

21. **APPROVAL BY DAVITA INC. ("DAVITA") AS TO FORM.** The parties acknowledge and agree that this Agreement shall take effect and be legally binding upon the parties only upon full execution hereof by the parties and upon approval by DaVita Inc. as to the form hereof.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Hospital:

Freeport Memorial Hospital

By: Sharon Summers

Name: Sharon Summers

Its: Exec VP / COO

Date: 7/15/11

Company:

Renal Treatment Centers-Illinois, Inc.

By: _____

Name: Mary J. Anderson

Its: Regional Operations Director

Date: _____

APPROVED AS TO FORM ONLY:

By: _____

Name: Marcie Marcus Damisch

Its: Group General Counsel

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

Hospital:

Freeport Memorial Hospital

By: Sharon Summers

Name: Sharon Summers

Its: Exec VP / COO

Date: 7/15/11

Company:

Renal Treatment Centers-Illinois, Inc.

By: Mary J. Anderson

Name: Mary J. Anderson

Its: Regional Operations Director

Date: 7/24/11

APPROVED AS TO FORM ONLY:

By: Marcie Marcus Damisch

Name: Marcie Marcus Damisch

Its: Group General Counsel



1551 Wewatta Street
Denver, CO 80202
Tel: (303) 405-2100
www.davita.com

August 5, 2011

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: In-Center Hemodialysis Assurances

Dear Chairman Galassie:

Pursuant to 77 Ill. Admin. Code § 1110.1430(j), I hereby certify the following:

- By the second year after project completion, Freeportbay Dialysis will achieve and maintain 80% target utilization as specified in 77 Ill. Admin. Code; and
- Hemodialysis outcome measures will be achieved and maintained as follows:
 - $\geq 85\%$ of hemodialysis patient population achieves urea reduction ratio (URR) $\geq 65\%$ and
 - $\geq 85\%$ of hemodialysis patient population achieves Kt/V Daugirdas II .1.2

Sincerely,

Kent J. Thiry
Chief Executive Officer
DaVita, Inc.
Freeportbay Dialysis, LLC

Subscribed and sworn to me
This 5TH day of AUGUST,
2011

Notary Public



Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

The project will be funded with \$1,153,738 in cash and securities and a lease with Frontier Real Estate, Co. for \$734,619. A copy of DaVita's 2010 10-K Statement, evidencing sufficient funds to finance the proposed project was previously submitted with the applications for Project Nos. 11-027 through 11-036. A letter of intent to lease the facility is attached at Attachments – 39A.



USI REAL ESTATE BROKERAGE SERVICES INC.

A USI COMPANY

2215 YORK RD, SUITE 110
OAKBROOK, IL 60523

TELEPHONE: 630-990-3658
FACSIMILE: 630-990-2300

August 4, 2011

Mike Woldman
Elemen: Commercial Group
6334 E. Riverside Boulevard
Suite E-2
Loves Park, IL 61111

RE: Letter of Intent
1808 S West Avenue, Freeport, IL

Dear Mike:

USI Real Estate Brokerage Services Inc. has been exclusively authorized by Total Renal Care, Inc. – a subsidiary of DaVita Inc. ("Tenant") to provide the following non-binding letter of intent for the above property.

- LOCATION:** 1808 S. West Avenue, Freeport, IL
- TENANT:** "Total Renal Care, Inc. or related entity to be named",
- LANDLORD:** Frontier Real Estate Co.
- SPACE REQUIREMENT:** Approximately 5,000 contiguous rentable square feet.
- PRIMARY TERM:** 11 year term.

POSSESSION AND COMMENCEMENT:

Tenant shall take possession of the premises upon the later of completion of Landlord's required work (if any) or mutual lease execution. In any event, the rent and term shall commence the earlier of seven (7) months from possession or until:

- a. Leasehold Improvements within the Premises have been completed in accordance with the final construction documents (except for nominal punch list items); and
- b. A Certificate of Occupancy for the Premises has been obtained from the City of Freeport, IL; and
- c. Tenant has obtained all necessary licenses and permits.

FAILURE TO DELIVER PREMISES:

If Landlord has not delivered the premises to Tenant with all base building items substantially completed by ninety (90) days from lease execution, Tenant may elect to terminate the lease by written notice to Landlord.

LEASE FORM:

Tenant's standard lease form shall be used.

SUBLEASE/ASSIGNMENT:

Tenant will have the right at any time to sublease or assign its interest in this Lease to any majority owned subsidiaries or related entities of DaVita Inc. without the consent of the Landlord.

GOVERNMENTAL COMPLIANCE:

Landlord shall represent and warrant to Tenant that Landlord, at Landlord's sole expense, will cause Tenant's Premises, the Building and parking facilities to be in full compliance with any governmental laws, ordinances, regulations or orders relating to, but not limited to, compliance with the Americans with Disabilities Act (ADA), and environmental conditions relating to the existence of asbestos and/or other hazardous materials, or soil and ground water conditions, and shall indemnify and hold Tenant harmless from any claims, liabilities and cost arising from environmental conditions not caused by Tenant(s).

ROOF RIGHTS:

If the building does not have cable television service, then Tenant will need the right to place a satellite dish on the roof at no additional fee.

RADIUS RESTRICTION:

Landlord shall not lease space in the development to any other business whose primary use is the operation of a Dialysis Clinic so long as Tenant is in good standing and not in default of any kind.

SECURITY DEPOSIT:

No security deposit will be required.

TERMINATION OPTION:

Tenant shall have the right to terminate the Lease at any time after the Eighth (8th) year along with a payment equal to one-quarter (1/4) of Tenant's monthly base rental obligations for the remaining portion of the current lease term in addition to any unamortized improvements and brokerage commissions.

CORPORATE GUARANTEE:

DaVita Inc. shall guarantee the lease for a maximum of ten (10) years.

CONTINGENCIES:

Tenant will need to apply for a Certificate of Need for the final location. If Tenant does not get the Certificate of Need by December 31, 2011, the Lease will be null and void. If they do get the Certificate of Need, then they will go forward with the lease based on satisfying the other contingencies that are in their standard Lease Document.

Tenant CON Obligation: Landlord and Tenant understand and agree that the establishment of any chronic outpatient dialysis facility in the State of Illinois is subject to the requirements of the Illinois Health Facilities Planning Act, 20 ILCS 3960/1 et seq. and, thus, the Tenant cannot establish a dialysis facility on the Premises or execute a binding real estate lease in connection therewith unless Tenant obtains a Certificate of Need (CON) permit from the Illinois Health Facilities Planning Board (the "Planning Board"). Tenant agrees to proceed using its commercially reasonable best efforts to submit an application for a CON permit and to prosecute said application to obtain the CON permit from the Planning Board. Based on the length of the Planning Board review process, Tenant does not expect to receive a CON permit prior to December 31, 2011. In light of the foregoing facts, the parties agree that they shall promptly proceed with due diligence to negotiate the terms of a definitive lease agreement and execute such agreement prior to approval of the CON permit provided, however, the lease shall not be binding on either party prior to the approval of the CON

permit and the lease agreement shall contain a contingency clause indicating that the lease agreement is not effective pending CON approval. Assuming CON permit approval is granted, the effective date of the lease agreement shall be the first day of the calendar month following CON permit approval. In the event that the Planning Board does not award Tenant a CON permit to establish a dialysis center on the Premises by December 31, 2011, neither party shall have any further obligation to the other party with regard to the negotiations, lease or Premises contemplated by this Letter of Intent.

BROKERAGE FEE:

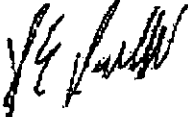
Landlord agrees that it recognizes USI Real Estate Brokerage Services Inc. as the client's sole representatives. Commissions to be paid per a separate agreement between USI Real Estate Brokerage Services Inc. and Ownership.

It should be understood that this non-binding letter of intent is subject to the terms of Exhibit A attached hereto.

If you are in agreement with the above, please sign and send back to me. I will have DaVita countersign so we can have the lease document drafted by DaVita's legal.

Thank you for your time and cooperation in this matter.

Very truly yours,



Emmett Purcell
Senior Vice President, Real Estate Services
USI Real Estate Brokerage Services Inc.

Cc: Jim Burke - DaVita, Inc.

Agreed to and accepted this: 9th Day of Aug 2011

By: [Signature]
Frontier Real Estate Invest Co.
Landlord

Agreed to and accepted this 4th Day of August 2011

By: [Signature] VP
On behalf of Total Renal Care, Inc. a wholly owned subsidiary of DaVita, Inc. ("Tenant")

EXHIBIT A**NON-BINDING NOTICE**

NOTICE: THE PROVISIONS CONTAINED IN THIS NON-BINDING LETTER OF INTENT ARE AN EXPRESSION OF THE PARTIES' INTEREST ONLY. SAID PROVISIONS TAKEN TOGETHER OR SEPERATELY ARE NEITHER AN OFFER WHICH BY AN "ACCEPTANCE" CAN BECOME A CONTRACT, NOR A CONTRACT. BY ISSUING THIS REQUEST FOR A PROPOSAL, NEITHER TENANT NOR LANDLORD (OR USI) SHALL BE BOUND TO ENTER INTO ANY (GOOD FAITH OR OTHERWISE) NEGOTIATIONS OF ANY KIND WHATSOEVER. TENANT RESERVES THE RIGHT TO NEGOTIATE WITH OTHER PARTIES. NEITHER TENANT, LANDLORD OR USI INTENDS ON THE PROVISIONS CONTAINED IN THIS REQUEST FOR A PROPOSAL TO BE BINDING IN ANY MANNER, AS THE ANALYSIS FOR AN ACCEPTABLE TRANSACTION WILL INVOLVE ADDITIONAL MATTERS NOT ADDRESSED IN THIS LETTER, INCLUDING, WITHOUT LIMITATION, THE TERMS OF ANY COMPETING PROJECTS, OVERALL ECONOMIC AND LIABILITY PROVISIONS CONTAINED IN ANY LEASE DOCUMENT AND INTERNAL APPROVAL PROCESSES AND PROCEDURES. THE PARTIES UNDERSTAND AND AGREE THAT A CONTRACT WITH RESPECT TO THE PROVISIONS IN THIS REQUEST FOR A PROPOSAL WILL NOT EXIST UNLESS AND UNTIL THE PARTIES HAVE EXECUTED A FORMAL, WRITTEN LEASE AGREEMENT APPROVED IN WRITING BY THEIR RESPECTIVE COUNSEL. USI IS ACTING SOLELY IN THE CAPACITY OF SOLICITING, PROVIDING AND RECEIVING INFORMATION AND PROPOSALS AND NEGOTIATING THE SAME ON BEHALF OF OUR CLIENTS. UNDER NO CIRCUMSTANCES WHATSOEVER DOES USI HAVE ANY AUTHORITY TO BIND OUR CLIENTS TO ANY ITEM, TERM OR COMBINATION OF TERMS CONTAINED HEREIN. THIS REQUEST FOR A PROPOSAL IS SUBMITTED SUBJECT TO ERRORS, OMISSIONS, CHANGE OF PRICE, RENTAL OR OTHER TERMS; ANY SPECIAL CONDITIONS IMPOSED BY OUR CLIENTS; AND WITHDRAWAL WITHOUT NOTICE. WE RESERVE THE RIGHT TO CONTINUE SIMULTANEOUS NEGOTIATIONS WITH OTHER PARTIES ON BEHALF OF OUR CLIENT. NO PARTY SHALL HAVE ANY LEGAL RIGHTS OR OBLIGATIONS WITH RESPECT TO ANY OTHER PARTY, AND NO PARTY SHOULD TAKE ANY ACTION OR FAIL TO TAKE ANY ACTION IN DETRIMENTAL RELIANCE ON THIS OR ANY OTHER DOCUMENT OR COMMUNICATION UNTIL AND UNLESS A DEFINITIVE WRITTEN LEASE AGREEMENT IS PREPARED AND SIGNED BY TENANT AND LANDLORD

Section IX, Financial Feasibility
Criterion 1120.130 – Financial Viability Waiver

All project capital expenses, including the lease with Frontier Real Estate, Co., shall be funded through internal resources. A copy of DaVita's 2010 10-K Statement evidencing sufficient internal resources to fund the project was previously submitted with the applications for Project Nos. 11-027 through 11-036.

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(a), Reasonableness of Financing Arrangements

Attached at Attachment 42-A is a letter from Kent J. Thiry, Chief Executive Officer of DaVita, Inc. and Freeportbay Dialysis, LLC attesting that the total estimated project costs and related costs will be funded in total with cash and cash equivalents.



1551 Wewatta Street
Denver, CO 80202
Tel: (303) 405-2100
www.davita.com

August 5, 2011

Dale Galassie
Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Reasonableness of Financing Arrangements

Dear Chairman Galassie:

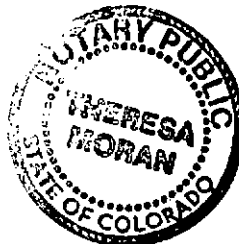
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents.

Sincerely,

Kent J. Thiry
Chief Executive Officer
DaVita, Inc.
Freeportbay Dialysis, LLC

Subscribed and sworn to me
This 5th day of AUGUST,
2011

Notary Public



Section X, Economic Feasibility Review Criteria
Criterion 1120.140(b), Conditions of Debt Financing

This project will be funded in total with cash and cash equivalents. Accordingly, this criterion is not applicable.

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(c), Reasonableness of Project and Related Costs

1. The Cost and Gross Square Feet by Department is provided in the table below.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)	
ESRD		\$107.65			4,985			\$536,662	\$536,662
Contingency		\$10.63			4,985			\$53,000	\$53,000
TOTALS		\$118.28			4,985			\$589,662	\$589,662

* Include the percentage (%) of space for circulation

2. As shown in Table 1120.310(c) below, the project costs are below the State Standard.

Table 1120.310(c)			
	Proposed Project	State Standard	Above/Below State Standard
Modernization Contracts	\$536,662	\$149.35 per gsf x 4,985 gsf = \$149.35 x 4,985 = \$774,510	Below State Standard
Contingencies	\$53,000	10-15% of Modernization Contracts = 10-15% x \$536,662 = \$53,666 - \$80,499	Below State Standard
Architectural/Engineering Fees	\$48,000	7.18% - 10.78% x (Modernization Costs + Contingencies) = 7.18% - 10.78% x (\$536,662 + \$ 53,000) = 7.18% - 10.78% x \$589,662 \$42,338 - \$63,566	Meets State Standard
Consulting and Other Fees	\$84,500	No State Standard	No State Standard
Moveable Equipment	\$431,576	\$39,945 per station x 10 stations	Above State Standard

Table 1120.310(c)

	Proposed Project	State Standard	Above/Below State Standard
		\$39,945 x 10 = \$399,450	

Section X, Economic Feasibility Review Criteria
Criterion 1120.310(d), Projected Operating Costs

Operating Expenses: \$829,211

Treatments: 7,488

Operating Expense per Treatment: \$110.74

Section X, Economic Feasibility Review Criteria
Criterion 1120.310(e), Total Effect of Project on Capital Costs

Capital Costs:

Depreciation:	\$90,238
Amortization	\$ 5,758
Total Capital Costs:	\$95,996

Treatments: 7,488

Capital Costs per Treatment: \$12.82

Section XI, Safety Net Impact Statement

1. This criterion is required for all substantive and discontinuation projects. DaVita, Inc. and its affiliates are safety net providers of dialysis services to residents of the State of Illinois and submit the following information regarding the amount of charity and Medicaid care provided over the most recent three years.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	2008	2009	2010
Inpatient			
Outpatient	10	19	21
Total	10	19	21
Charity (cost in dollars)			
Inpatient			
Outpatient	\$321,510	\$597,263	\$957,867
Total	\$321,510	\$597,263	\$957,867
MEDICAID			
Medicaid (# of patients)	2008	2009	2010
Inpatient			
Outpatient	214	220	268
Total	214	220	268
Medicaid (revenue)			
Inpatient			
Outpatient	\$9,073,985	\$9,212,781	\$10,893,264
Total	\$9,073,985	\$9,212,781	\$10,893,264

2. The proposed project will not impact the ability of other health care providers or health care systems to cross-subsidize safety net services. As set forth throughout this application, there is only one facility located within 30 minutes normal travel time of the proposed facility and it is currently operating over 100% capacity and operating a fourth shift. The proposed facility is necessary to allow the only existing facility to operate at its optimum capacity while at the same time accommodating the growing demand for dialysis services. Accordingly, the proposed dialysis facility will not impact other general health care providers' ability to cross-subsidize safety net services.
3. The proposed project is for the establishment of a 10-station dialysis facility. There will be no discontinuation of any services. Accordingly, this criterion is not applicable.

Section XII, Charity Care Information

The table below provides charity care information for all dialysis facilities located in the State of Illinois that are owned or operated by the Applicants.

CHARITY CARE			
	2008	2009	2010
Net Patient Revenue	\$157,223,604	\$166,573,387	\$174,373,288
Amount of Charity Care (charges)	\$297,508	\$575,803	\$957,867
Cost of Charity Care	\$297,508	\$575,803	\$957,867

Appendix I – Time & Distance Determination

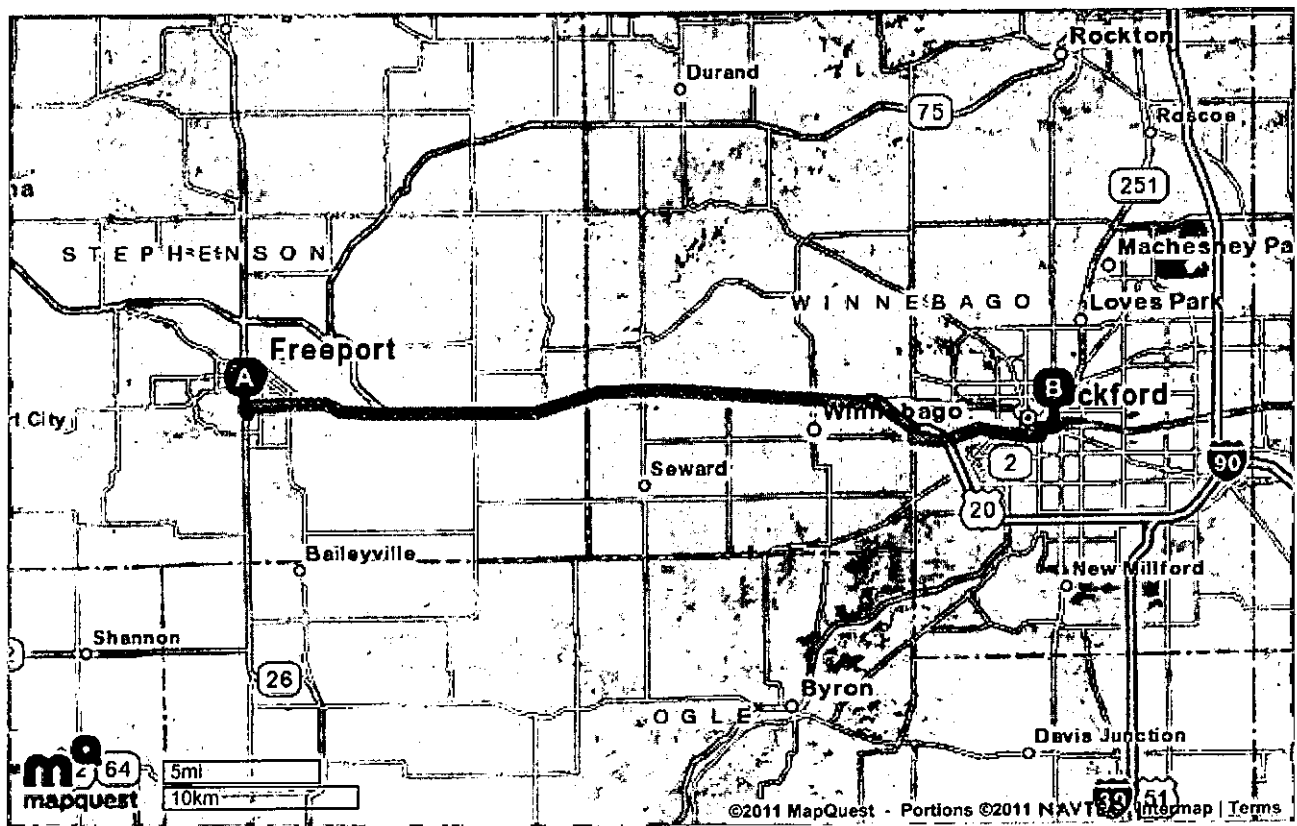
Attached as Appendix I are the distance and normal travel time from the proposed facility to all existing dialysis facilities in HSA 1 as determined by MapQuest.



Trip to:
1302 E State St
Rockford, IL 61104-2228
30.26 miles
42 minutes

Notes

Stonecrest Dialysis



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Trip to:
 2200 Gateway Dr
 Sycamore, IL 60178-3113
 68.00 miles
 1 hour 17 minutes

Notes

Sycamore Dialysis

		Miles Per Section	Miles Driven
	1808 S West Ave Freeport, IL 61032-6712		
	1. Start out going NORTH on S WEST AVE / IL-26 toward W MEADOWS DR.	Go 0.3 MI	0.3 mi
	2. Take the 3rd RIGHT onto W SOUTH ST. <i>W SOUTH ST is 0.1 miles past MIDWEST CT If you reach YOUNGS LN you've gone about 0.1 miles too far</i>	Go 1.9 Mi	2.3 mi
	3. W SOUTH ST becomes US-20-BR E. 	Go 2.8 Mi	5.1 mi
	4. Merge onto US-20 E / ULYSSES S GRANT MEMORIAL HWY. 	Go 28.9 MI	34.0 mi
	5. Merge onto I-39 S / US-51 S toward BLOOMINGTON-NORMAL. 	Go 14.8 MI	48.8 mi
	6. Take the IL-64 exit, EXIT 104, toward OREGON / SYCAMORE.	Go 0.4 MI	49.2 mi
	7. Turn LEFT onto IL-64 E. <i>If you reach I-39 S you've gone about 0.3 miles too far</i> 	Go 14.9 Mi	64.1 mi
	8. Turn RIGHT onto N 1ST ST / CR-22. <i>N 1ST ST is 0.3 miles past SHANNON LN If you reach OLD STATE RD you've gone about 0.6 miles too far</i>	Go 2.3 Mi	66.3 mi
	9. Turn LEFT onto BETHANY RD. <i>BETHANY RD is 0.3 miles past COLTONVILLE RD If you reach COVERED BRIDGE LN you've gone about 0.2 miles too far</i>	Go 1.1 Mi	67.4 mi
	10. Turn RIGHT onto DEKALB AVE / SYCAMORE RD / IL-23. <i>DEKALB AVE is 0.1 miles past HEALTH SERVICES DR If you reach ABERDEEN CT you've gone about 0.1 miles too far</i> 	Go 0.3 MI	67.7 mi
	11. Turn LEFT onto GATEWAY DR.		



If you are on IL-23 and reach OAKLAND DR you've gone about 0.2 miles too far

Go 0.3 Mi

68.0 mi



12. 2200 GATEWAY DR.

*Your destination is 0.1 miles past HAUSER ROSS DR
If you reach BETHANY RD you've gone about 0.5 miles too far*

68.0 mi

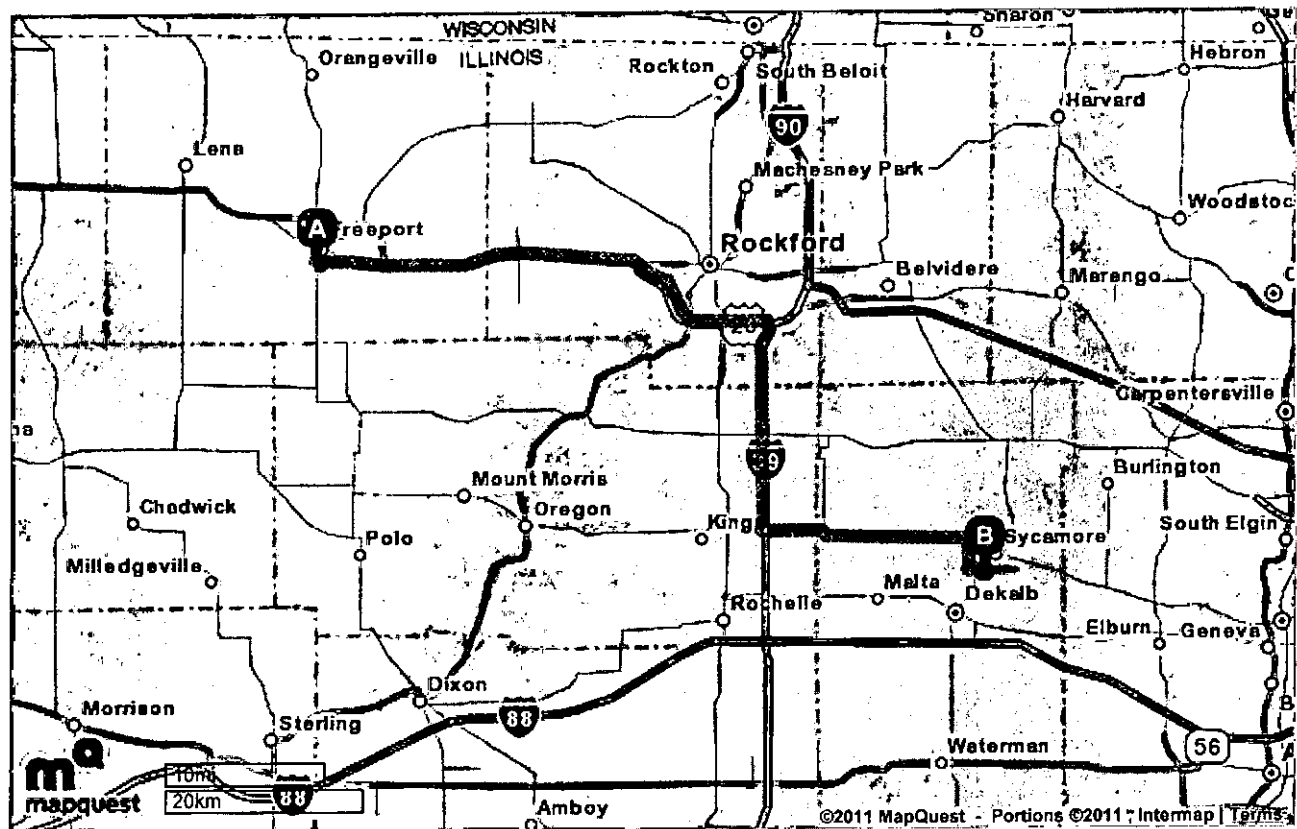


2200 Gateway Dr
Sycamore, IL 60178-3113

68.0 mi

68.0 mi

Total Travel Estimate: 68.00 miles - about 1 hour 17 minutes



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Notes

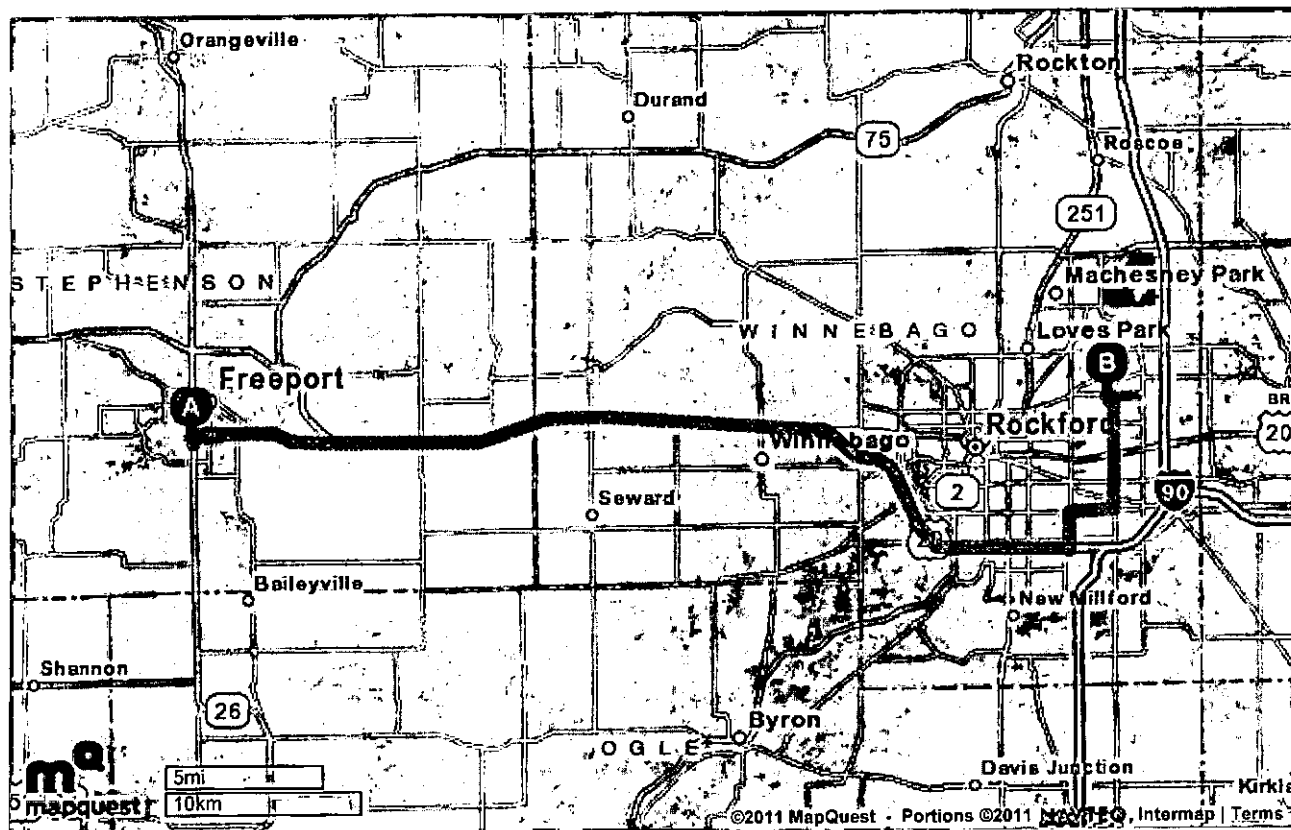
Trip to:
 DaVita CHURCHVIEW DIALYSIS
 5970 CHURCHVIEW DR
 ROCKFORD, IL 61107
 (866) 571-6766
 40.44 miles
 49 minutes

A	1808 S West Ave Freeport, IL 61032-6712	Miles Per Section	Miles Driven
●	1. Start out going NORTH on S WEST AVE / IL-26 toward W MEADOWS DR.	Go 0.3 Mi	0.3 mi
↗	2. Take the 3rd RIGHT onto W SOUTH ST. <i>W SOUTH ST is 0.1 miles past MIDWEST CT If you reach YOUNGS LN you've gone about 0.1 miles too far</i>	Go 1.9 Mi	2.3 mi
↑		Go 2.8 Mi	5.1 mi
↗		Go 28.2 Mi	33.3 mi
EXIT	5. Take the ALPINE RD exit.	Go 0.3 Mi	33.6 mi
↖	6. Turn LEFT onto S ALPINE RD. <i>If you reach US-20 E you've gone about 0.2 miles too far</i>	Go 1.4 Mi	34.9 mi
↗	7. Turn RIGHT onto HARRISON AVE. <i>HARRISON AVE is 0.1 miles past MANCHESTER DR If you reach BEACH ST you've gone a little too far</i>	Go 1.5 Mi	36.4 mi
↖	8. Turn LEFT onto S MULFORD RD. <i>S MULFORD RD is 0.1 miles past WENDY LN If you reach DUDLEY DR you've gone about 0.2 miles too far</i>	Go 3.9 Mi	40.3 mi
↖	9. Turn LEFT onto CHURCHVIEW DR. <i>CHURCHVIEW DR is 0.1 miles past GALE LN If you reach SPRING CREEK RD you've gone about 0.1 miles too far</i>	Go 0.1 Mi	40.4 mi
■	10. 5970 CHURCHVIEW DR is on the RIGHT. <i>Your destination is just past BELLFLOWER LN If you reach BELLFLOWER LN you've gone a little too far</i>	40.4 mi	40.4 mi



DaVita CHURCHVIEW DIALYSIS
5970 CHURCHVIEW DR, ROCKFORD, IL 61107
(866) 571-6766

Total Travel Estimate: 40.44 miles - about 49 minutes



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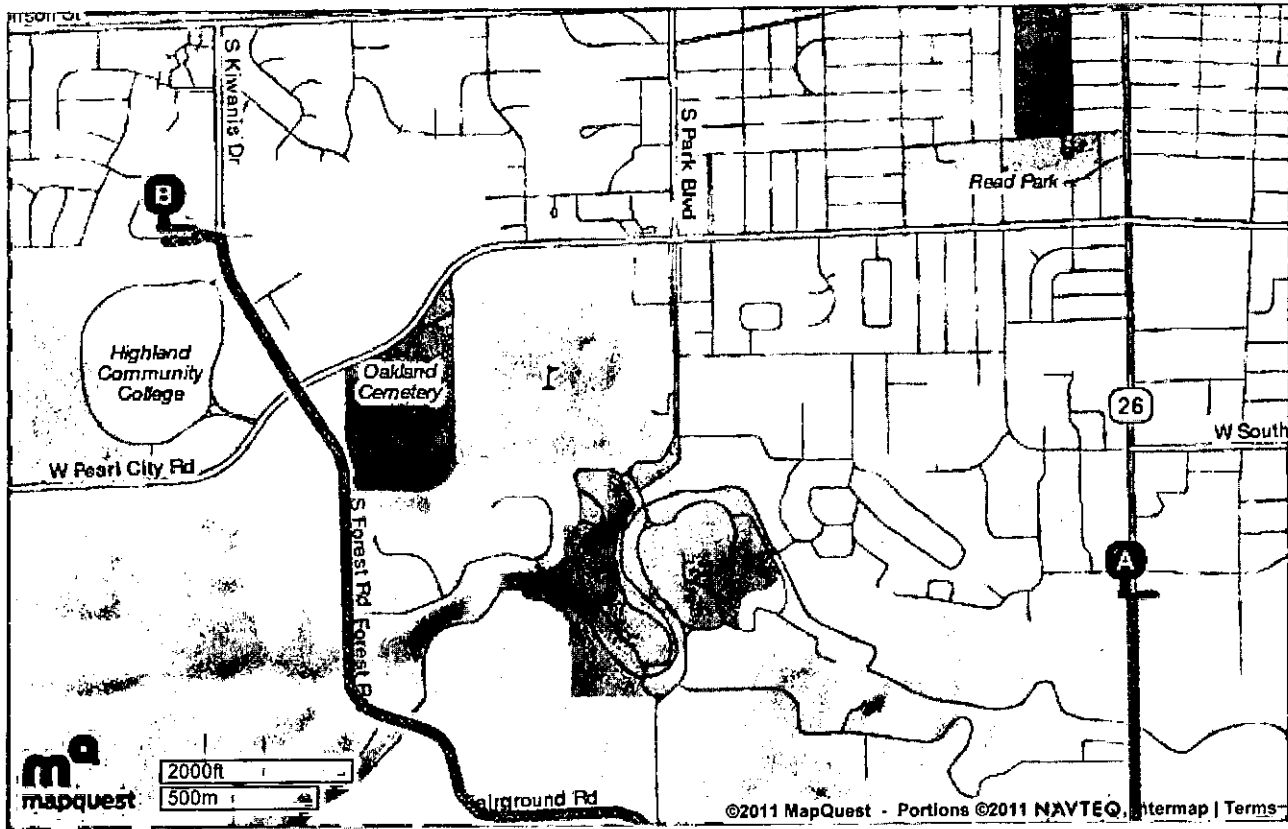
Trip to:
 [1026-3199] W Kunkle Blvd
 Freeport, IL 61032
 3.88 miles
 7 minutes

Notes

Freeport Dialysis

	1808 S West Ave Freeport, IL 61032-6712	Miles Per Section	Miles Driven
A	1. Start out going SOUTH on S WEST AVE / IL-26 toward WOODSIDE DR.	Go 0.6 Mi	0.6 mi
●	2. Turn SLIGHT RIGHT onto FAIRGROUND RD. <i>FAIRGROUND RD is 0.1 miles past WOODSIDE TER</i>	Go 2.0 Mi	2.6 mi
↗	3. FAIRGROUND RD becomes FOREST RD.	Go 0.8 Mi	3.4 mi
↑	4. FOREST RD becomes S KIWANIS DR.	Go 0.4 Mi	3.7 mi
↑	5. Turn LEFT onto W LORAS DR. <i>W LORAS DR is 0.1 miles past HIGHLAND VIEW DR</i> <i>If you are on KIWANIS DR and reach CANTERBURY DR you've gone about 0.3 miles too far</i>	Go 0.05 Mi	3.8 mi
↶	6. Take the 1st LEFT onto W KUNKLE BLVD. <i>If you reach SHIMER DR you've gone about 0.2 miles too far</i>	Go 0.08 Mi	3.9 mi
↶	7. [1026-3199] W KUNKLE BLVD. <i>If you reach W LORAS DR you've gone about 0.2 miles too far</i>		3.9 mi
■			
B	[1026-3199] W Kunkle Blvd Freeport, IL 61032	3.9 mi	3.9 mi

Total Travel Estimate: 3.88 miles - about 7 minutes



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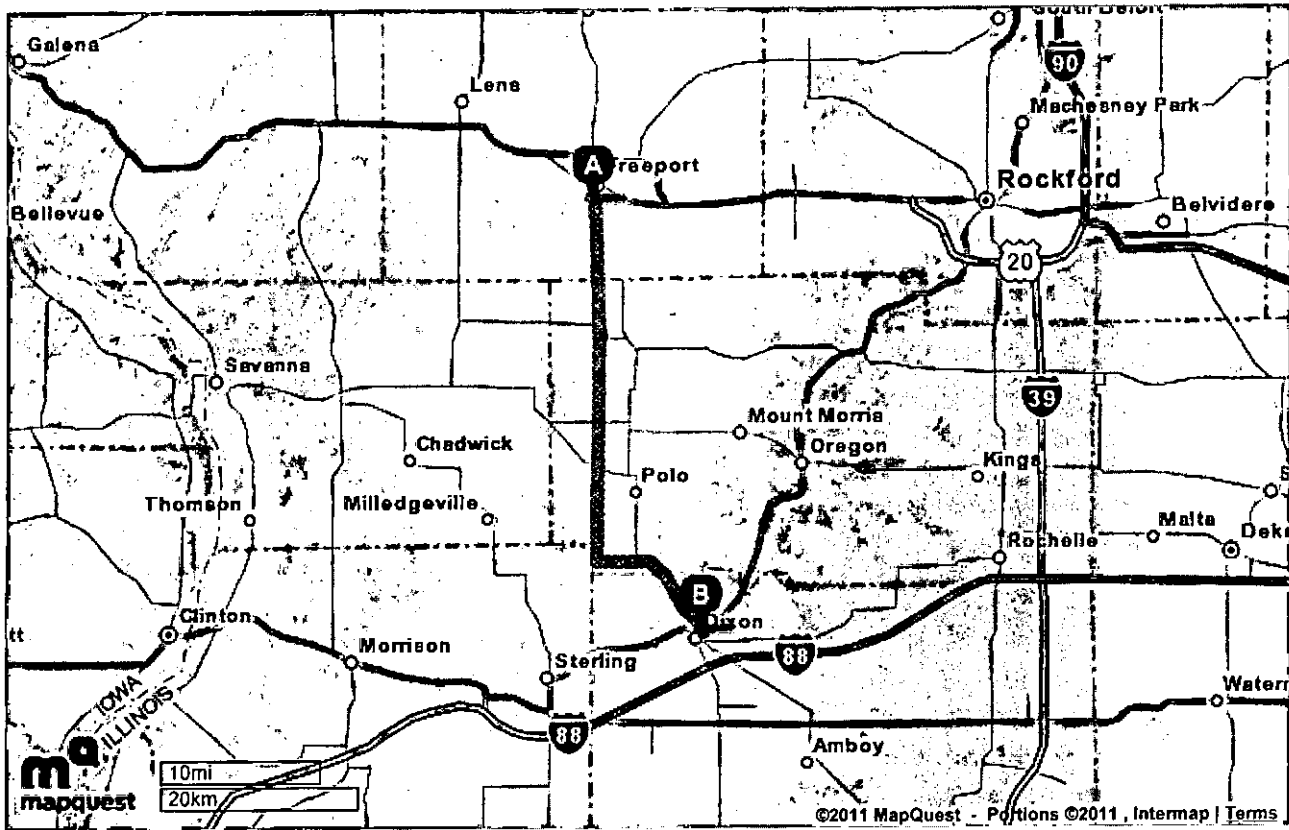
Trip to:
 101 W 2nd St
 Dixon, IL 61021-3076
35.28 miles
45 minutes

Notes

Dixon Dialysis Center

	1808 S West Ave Freeport, IL 61032-6712	Miles Per Section	Miles Driven
	1. Start out going SOUTH on S WEST AVE / IL-26 S toward WOODSIDE DR. Continue to follow IL-26 S.	Go 9.2 Mi	9.2 mi
	2. Turn RIGHT onto N FREEPORT RD / CR-12. <i>N FREEPORT RD is 0.9 miles past IL-72</i> <i>If you reach CR-30 you've gone about 2.1 miles too far</i>	Go 15.8 Mi	25.0 mi
	3. Turn LEFT onto W STERLING RD.	Go 3.7 Mi	28.7 mi
		Go 6.5 Mi	35.3 mi
	5. Turn RIGHT onto W 2ND ST. <i>W 2ND ST is just past W 1ST ST</i> <i>If you reach W 3RD ST you've gone a little too far</i>		35.3 mi
	6. 101 W 2ND ST is on the RIGHT. <i>If you reach S HENNEPIN AVE you've gone a little too far</i>		35.3 mi
	101 W 2nd St Dixon, IL 61021-3076	35.3 mi	35.3 mi

Total Travel Estimate: **35.28 miles - about 45 minutes**






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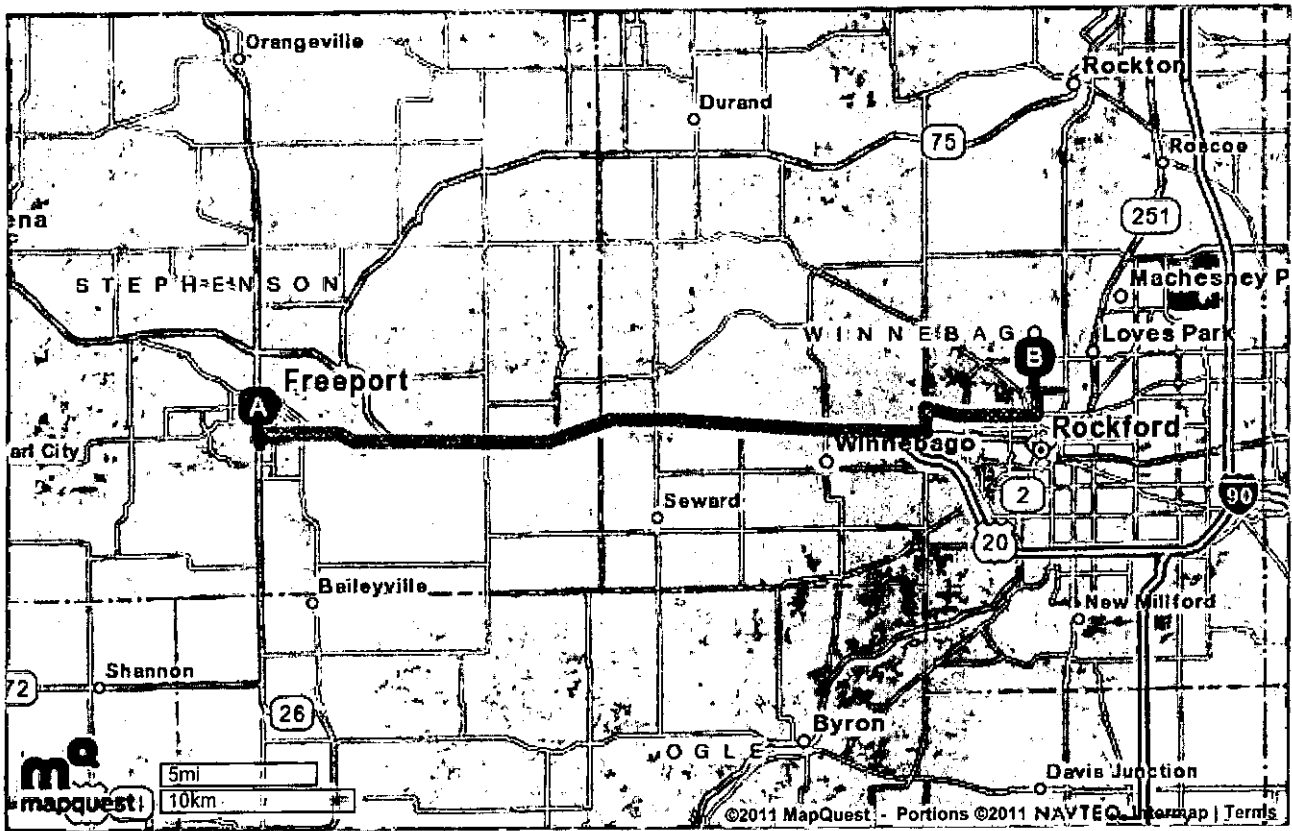


Notes

Trip to:
 Rockford Memorial Hospital
 2400 N Rockton Ave
 Rockford, IL 61103
 (815) 971-5000
29.69 miles
40 minutes

		Miles Per Section	Miles Driven
A	1808 S West Ave Freeport, IL 61032-6712		
●	1. Start out going NORTH on S WEST AVE / IL-26 toward W MEADOWS DR.	Go 0.3 Mi	0.3 mi
➤	2. Take the 3rd RIGHT onto W SOUTH ST. <i>W SOUTH ST is 0.1 miles past MIDWEST CT If you reach YOUNGS LN you've gone about 0.1 miles too far</i>	Go 1.9 Mi	2.3 mi
↑	3. W SOUTH ST becomes US-20-BR E. 	Go 2.8 Mi	5.1 mi
➤	4. Merge onto US-20 E / ULYSSES S GRANT MEMORIAL HWY. 	Go 17.3 Mi	22.4 mi
➤	5. Merge onto US-20-BR / W STATE ST. 	Go 1.6 Mi	24.1 mi
↶	6. Turn LEFT onto CR-24 / N MERIDIAN RD. <i>If you are on W STATE ST and reach LA CLEDE AVE you've gone about 0.4 miles too far</i>	Go 0.9 Mi	25.0 mi
➤	7. Turn RIGHT onto AUBURN ST / CR-28. Continue to follow AUBURN ST. <i>AUBURN ST is 0.1 miles past HAVAVIEW DR If you reach SAFFORD RD you've gone about 0.6 miles too far</i>	Go 4.0 Mi	29.0 mi
↶	8. Turn LEFT onto N ROCKTON AVE. <i>N ROCKTON AVE is just past AUBURN CT If you reach TACOMA AVE you've gone a little too far</i>	Go 0.7 Mi	29.7 mi
■	9. 2400 N ROCKTON AVE. <i>Your destination is just past FULTON AVE If you reach SHARON AVE you've gone a little too far</i>		29.7 mi
B	Rockford Memorial Hospital 2400 N Rockton Ave, Rockford, IL 61103 (815) 971-5000	29.7 mi	29.7 mi

Total Travel Estimate: 29.69 miles - about 40 minutes



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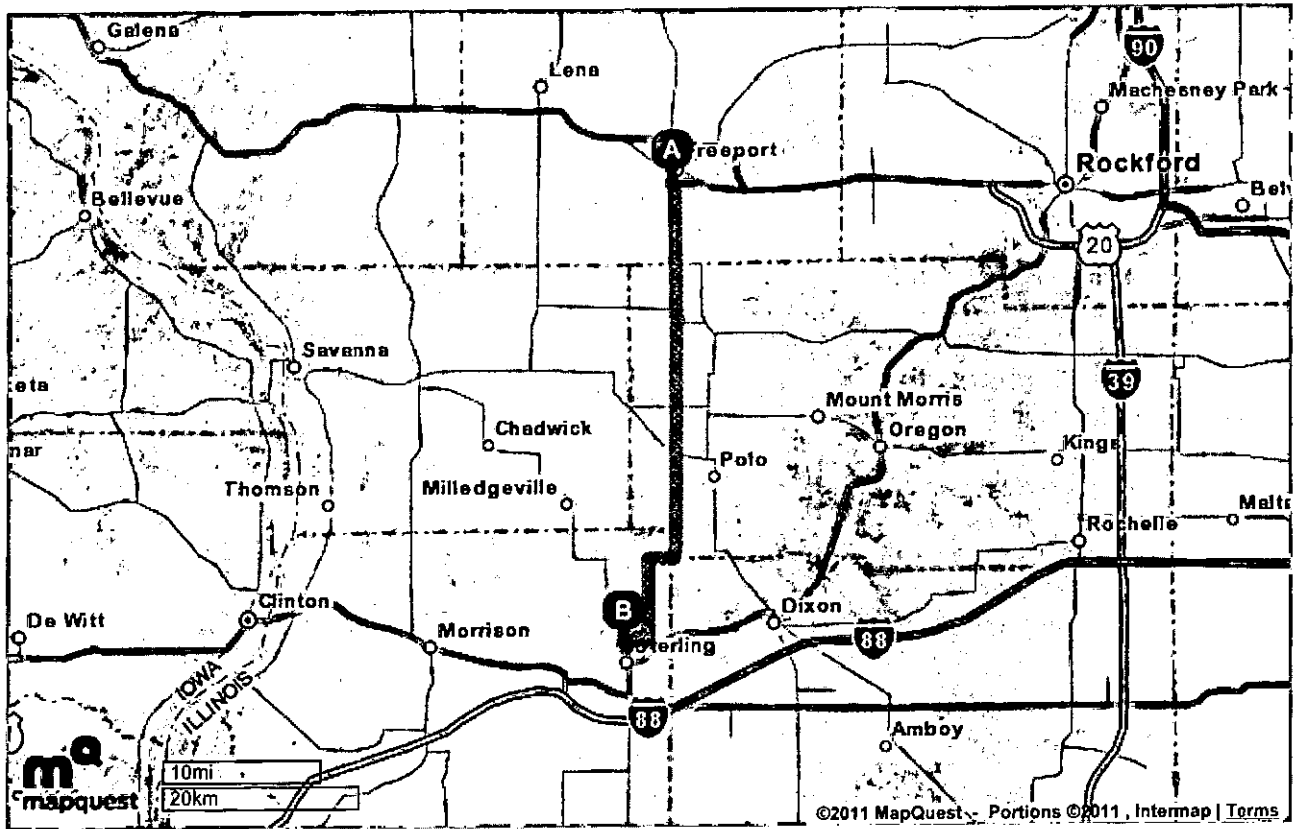


Trip to:
 Da Vita Whiteside Dialysis
 2600 Locust St # D
 Sterling, IL 61081
 (815) 626-3173
 35.60 miles
 44 minutes

Notes

A	1808 S West Ave Freeport, IL 61032-6712	Miles Per Section	Miles Driven	
●	1. Start out going SOUTH on S WEST AVE / IL-26 S toward WOODSIDE DR. Continue to follow IL-26 S.	Go 9.2 Mi	9.2 mi	
➔	2. Turn RIGHT onto N FREEPORT RD / CR-12. <i>N FREEPORT RD is 0.9 miles past IL-72 If you reach CR-30 you've gone about 2.1 miles too far</i>	Go 15.8 Mi	25.0 mi	
➔	3. Turn RIGHT onto S FREEPORT RD / COUNTY LINE RD / CR-12 / CR-9.	Go 0.9 Mi	26.0 mi	
➔	4. Turn SLIGHT RIGHT onto PILGRIM RD / CR-9.	Go 2.0 Mi	28.0 mi	
➔	5. Turn LEFT onto FREEPORT RD. <i>FREEPORT RD is 0.9 miles past POLO RD If you reach HOOVER RD you've gone about 0.9 miles too far</i>	Go 5.4 Mi	33.4 mi	
➔	6. Turn RIGHT onto E 37TH ST / E SCIENCE RIDGE RD. <i>E 37TH ST is 0.1 miles past E 39TH RD If you reach E LYNN BLVD you've gone about 0.9 miles too far</i>	Go 1.5 Mi	34.9 mi	
➔	40	7. Turn LEFT onto IL-40. <i>IL-40 is 0.5 miles past 6TH AVE If you are on W SCIENCE RIDGE RD and reach HILLCREST LN you've gone about 1.3 miles too far</i>	Go 0.7 Mi	35.6 mi
■	8. 2600 LOCUST ST # D is on the LEFT. <i>Your destination is 0.1 miles past MALLARD RD If you reach E 26TH ST you've gone a little too far</i>		35.6 mi	
B	Da Vita Whiteside Dialysis 2600 Locust St # D, Sterling, IL 61081 (815) 626-3173	35.6 mi	35.6 mi	

Total Travel Estimate: **35.60 miles - about 44 minutes**



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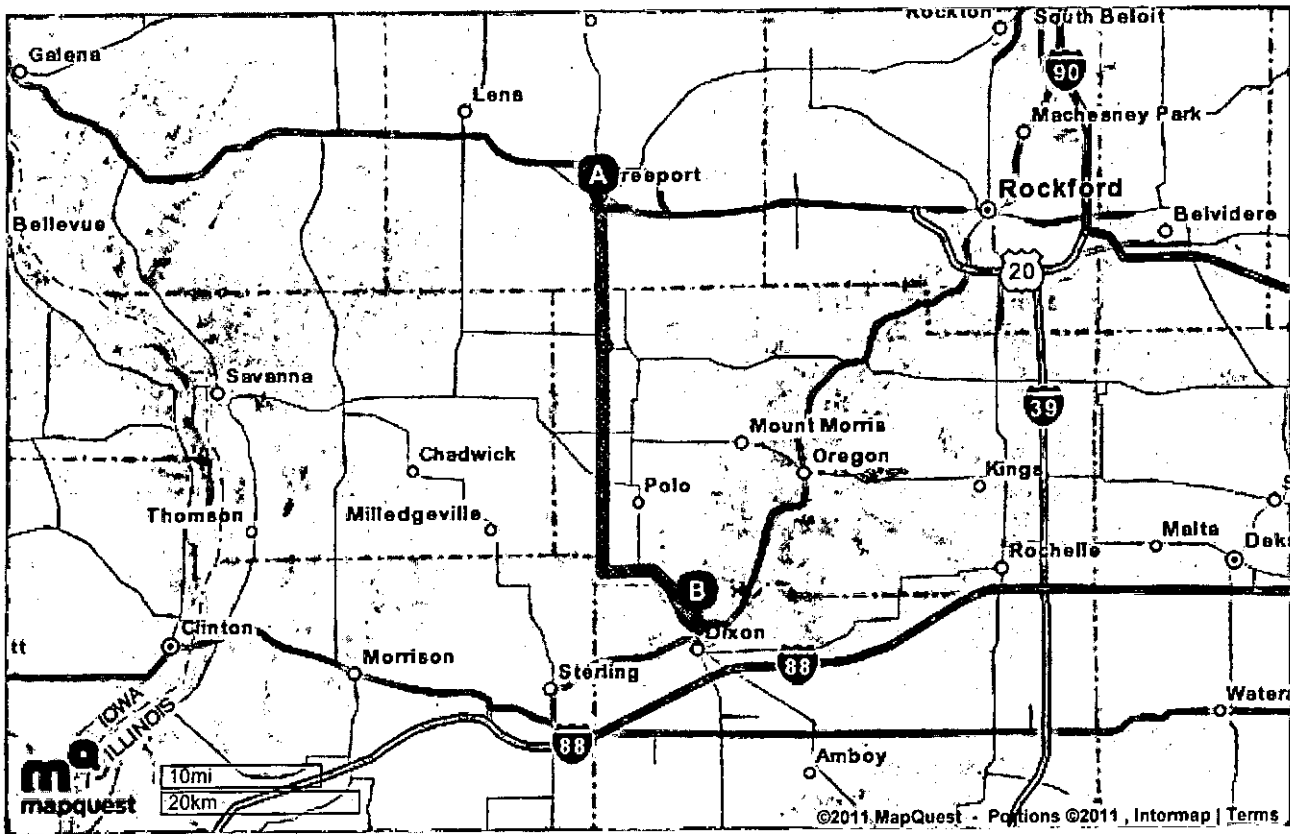


Notes

Trip to:
 Da Vita Dixon Kidney center
 1131 NORTH GALENA AVENUE
 DIXON, IL 61021
 (815) 284-0595
34.08 miles
41 minutes

	1808 S West Ave Freeport, IL 61032-6712	Miles Per Section	Miles Driven	
	1. Start out going SOUTH on S WEST AVE / IL-26 S toward WOODSIDE DR. Continue to follow IL-26 S.	Go 9.2 Mi	9.2 mi	
	2. Turn RIGHT onto N FREEPORT RD / CR-12. <i>N FREEPORT RD is 0.9 miles past IL-72</i> <i>If you reach CR-30 you've gone about 2.1 miles too far</i>	Go 15.8 Mi	25.0 mi	
	3. Turn LEFT onto W STERLING RD.	Go 3.7 Mi	28.7 mi	
		4. Stay STRAIGHT to go onto US-52 / IL-26.	Go 5.3 Mi	34.1 mi
	5. 1131 NORTH GALENA AVENUE. <i>Your destination is 0.2 miles past 4TH AVE</i> <i>If you reach N COURT ST you've gone a little too far</i>		34.1 mi	
	Da Vita Dixon Kidney center 1131 NORTH GALENA AVENUE, DIXON, IL 61021 (815) 284-0595	34.1 mi	34.1 mi	

Total Travel Estimate: **34.08 miles - about 41 minutes**



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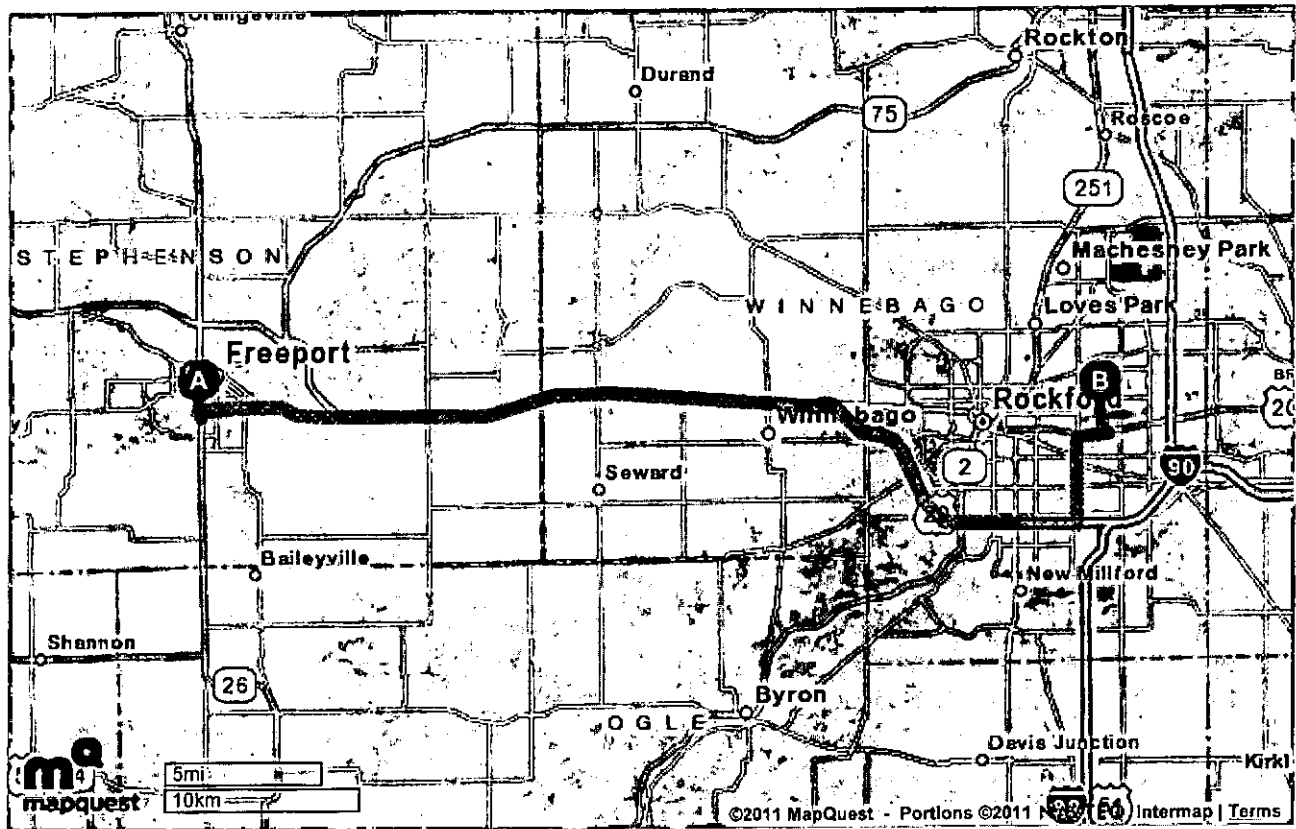
Trip to:
 622 Roxbury Rd
 Rockford, IL 61107-5089
 38.36 miles
 47 minutes

Notes

Roxbury Dialysis

		Miles Per Section	Miles Driven
A	1808 S West Ave Freeport, IL 61032-6712		
●	1. Start out going NORTH on S WEST AVE / IL-26 toward W MEADOWS DR.	Go 0.3 Mi	0.3 mi
➔	2. Take the 3rd RIGHT onto W SOUTH ST. <i>W SOUTH ST is 0.1 miles past MIDWEST CT If you reach YOUNGS LN you've gone about 0.1 miles too far</i>	Go 1.9 Mi	2.3 mi
↑	3. W SOUTH ST becomes US-20-BR E. 	Go 2.8 Mi	5.1 mi
↗	4. Merge onto US-20 E / ULYSSES S GRANT MEMORIAL HWY. 	Go 28.2 Mi	33.3 mi
EXIT	5. Take the ALPINE RD exit.	Go 0.3 Mi	33.6 mi
↶	6. Turn LEFT onto S ALPINE RD. <i>If you reach US-20 E you've gone about 0.2 miles too far</i>	Go 3.2 Mi	36.7 mi
➔	7. Turn RIGHT onto E STATE ST / US-20-BR. <i>E STATE ST is just past MANHEIM RD If you are on N ALPINE RD and reach RAVEN ST you've gone about 0.1 miles too far</i> 	Go 1.1 Mi	37.8 mi
↶	8. Turn LEFT onto ROXBURY RD. <i>ROXBURY RD is 0.3 miles past N NEWTOWNE DR If you reach JUSTIN CT you've gone a little too far</i>	Go 0.5 Mi	38.4 mi
■	9. 622 ROXBURY RD is on the LEFT. <i>Your destination is 0.1 miles past STRATHMOOR DR If you reach REGENTS PARK RD you've gone about 0.1 miles too far</i>		38.4 mi
B	622 Roxbury Rd Rockford, IL 61107-5089	38.4 mi	38.4 mi

Total Travel Estimate: 38.36 miles - about 47 minutes



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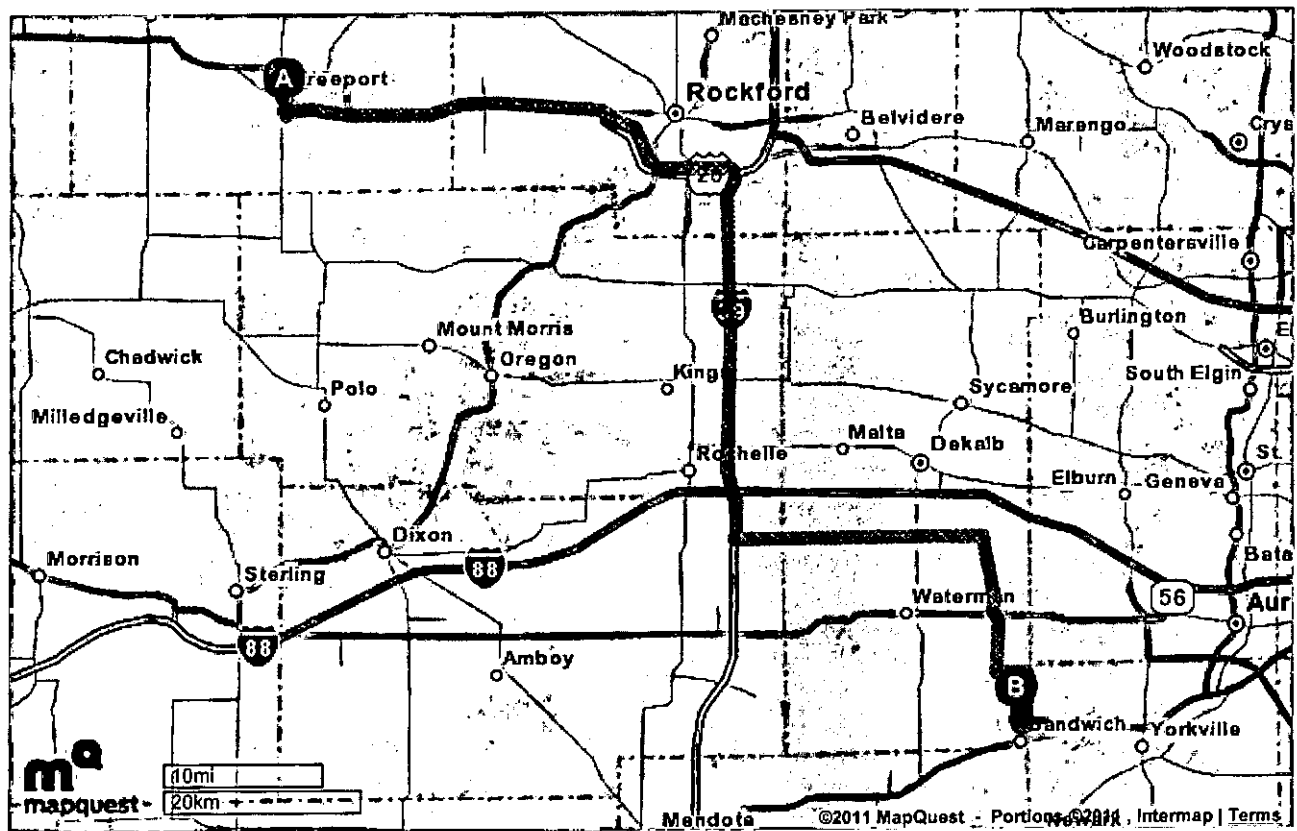
Trip to:
 Fresenius Medical Care
 1310 N Main St # 105
 Sandwich, IL 60548
 (815) 786-8470
94.21 miles
1 hour 45 minutes

Notes

A	1808 S West Ave Freeport, IL 61032-6712	Miles Per Section	Miles Driven
●	1. Start out going NORTH on S WEST AVE / IL-26 toward W MEADOWS DR.	Go 0.3 Mi	0.3 mi
↗	2. Take the 3rd RIGHT onto W SOUTH ST. <i>W SOUTH ST is 0.1 miles past MIDWEST CT If you reach YOUNGS LN you've gone about 0.1 miles too far</i>	Go 1.9 Mi	2.3 mi
↑		3. W SOUTH ST becomes US-20-BR E.	Go 2.8 Mi
↗		4. Merge onto US-20 E / ULYSSES S GRANT MEMORIAL HWY.	Go 28.9 Mi
↗		5. Merge onto I-39 S / US-51 S toward BLOOMINGTON-NORMAL.	Go 25.9 Mi
	6. Take EXIT 93 toward STEWARD.	Go 0.4 Mi	60.4 mi
↙	7. Turn LEFT onto PERRY RD / CR-2 E. Continue to follow PERRY RD.	Go 17.6 Mi	78.0 mi
↘	8. Turn RIGHT onto CR-10 / SOMONAUK RD. <i>CR-10 is 0.4 miles past MACK RD If you reach CHASE RD you've gone about 0.5 miles too far</i>	Go 9.8 Mi	87.8 mi
↙	9. Turn LEFT onto CHICAGO RD. <i>If you reach CRYSTAL ACRES DR you've gone about 0.5 miles too far</i>	Go 2.0 Mi	89.8 mi
↘	10. Turn RIGHT onto E SANDWICH RD. <i>If you are on GALENA RD and reach TYLER RD you've gone about 1.1 miles too far</i>	Go 3.6 Mi	93.3 mi

↑	11. E SANDWICH RD becomes N LATHAM ST.	Go 0.3 Mi	93.6 mi
↘	12. Turn RIGHT onto E PLEASANT AVE. <i>E PLEASANT AVE is just past E KNIGHTS RD If you reach E ARNOLD ST you've gone a little too far</i>	Go 0.5 Mi	94.1 mi
↘	13. Turn RIGHT onto N MAIN ST. <i>N MAIN ST is 0.2 miles past N DEKALB ST If you are on W PLEASANT AVE and reach N SPRUCE ST you've gone about 0.2 miles too far</i>	Go 0.09 Mi	94.2 mi
■	14. 1310 N MAIN ST # 105. <i>Your destination is just past W KNIGHTS RD If you reach E PLEASANT AVE you've gone about 0.2 miles too far</i>		94.2 mi
B	Fresenius Medical Care 1310 N Main St # 105, Sandwich, IL 60548 (815) 786-8470	94.2 mi	94.2 mi

Total Travel Estimate: 94.21 miles - about 1 hour 45 minutes



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After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

INDEX OF ATTACHMENTS		
ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	25 – 27
2	Site Ownership	28 – 32
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	33 – 34
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	35 – 36
5	Flood Plain Requirements	37 – 38
6	Historic Preservation Act Requirements	39 – 40
7	Project and Sources of Funds Itemization	41
8	Obligation Document if required	
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16	Unfinished or Shell Space	122
17	Assurances for Unfinished/Shell Space	123
18	Master Design Project	
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21	Comprehensive Physical Rehabilitation	
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