

Original

11-118

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

RECEIVED**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

DEC 14 2011

This Section must be completed for all projects.

HEALTH FACILITIES &
SERVICES REVIEW BOARD**Facility/Project Identification**

Facility Name: Silver Cross Renal Center - Morris			
Street Address: 1551 Creek Drive			
City and Zip Code: Morris, Illinois 60450			
County: Grundy	Health Service Area	009	Health Planning Area: 009

Applicant /Co-Applicant Identification

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

Exact Legal Name: Total Renal Care, Inc.
Address: 1551 Wewatta Street, Denver, CO 80202
Name of Registered Agent: Illinois Corporation Service Company
Name of Chief Executive Officer: Kent Thiry
CEO Address: 1551 Wewatta Street, Denver, CO 80202
Telephone Number: (303) 405-2100

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 North Clark Street, Suite 4200, Chicago, Illinois 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number:

Additional Contact

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

Name: Kelly Ladd
Title: Regional Operations Director
Company Name: DaVita Inc.
Address: 2659 N. Milwaukee Ave., 2 nd Floor, Chicago, Illinois 60647
Telephone Number: 815-459-4694
E-mail Address: kelly.ladd@davita.com
Fax Number: 866-366-1681

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

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Name of Registered Agent: Illinois Corporation Service Company	
Name of Chief Executive Officer: Kent Thiry	
CEO Address: 1551 Wewatta Street, Denver, CO 80202	
Telephone Number: (303) 405-2100	

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

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Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli Shughart PC
Address: 161 North 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: Kelly Ladd
Title: Regional Operations Director
Company Name: DaVita Inc.
Address: 2659 N. Milwaukee Ave., 2 nd Floor, Chicago, Illinois 60647
Telephone Number: 815-459-4694
E-mail Address: kelly.ladd@davita.com
Fax Number: 866-366-1681

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: Kelly Ladd
Title: Regional Operations Director
Company Name: DaVita Inc.
Address: 2659 N. Milwaukee Ave., 2 nd Floor, Chicago, Illinois 60647
Telephone Number: 815-459-4694
E-mail Address: kelly.ladd@davita.com
Fax Number: 866-366-1681

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: Keith & Barbara Jaeschke
Address of Site Owner: 855 Michael Drive, Morris, IL 60450
Street Address or Legal Description of Site: 1551 Creek Drive, Morris, Illinois 60450
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: Total Renal Care, Inc.
Address: 1551 Wewatta Street, Denver, CO 80202
<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
<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)]

<p>Part 1110 Classification:</p> <p><input type="checkbox"/> Substantive</p> <p><input checked="" type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
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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.

The proposed project contemplates a change in ownership of Silver Cross Renal Center - Morris. Total Renal Care, Inc., a subsidiary of DaVita Inc., will acquire substantially all of the assets of Silver Cross Renal Center Morris from Silver Cross Hospital & Medical Center. The proposed transaction includes the sale of 3 in-center hemodialysis facilities to Total Renal Care, Inc. for approximately \$30 million.

Silver Cross Renal Center - Morris is a 9 station in-center hemodialysis facility located at 1551 Creek Drive, Morris, Illinois 60450. The new operating entity will be Total Renal Care, Inc.

The acquisition is projected to be complete by June 30, 2012.

This project has been classified as non-substantive because it proposes a change of ownership, which constitutes a facility conversion under 77 Ill. Admin. Code 1110.40(b).

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			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$461,930		\$461,930
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$461,930		\$461,930
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$461,930		\$461,930
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$461,930		\$461,930
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:

None or not applicable Preliminary

Schematics Final Working

Anticipated project completion date (refer to Part 1130.140): June 30, 2012

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

Purchase orders, leases or contracts pertaining to the project have been executed.

Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies

Project obligation will occur after permit issuance.

APPEND DOCUMENTATION AS ATTACHMENT-8, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

State Agency Submittals

Are the following submittals up to date as applicable:

Cancer Registry **NOT APPLICABLE**

APORS **NOT APPLICABLE**

All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted

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

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**.

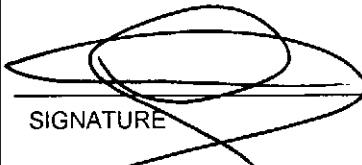
FACILITY NAME:		CITY:			
REPORTING PERIOD DATES:		From:		to:	
Category of Service	Authorized Beds	Admissions	Patient Days	Bed Changes	Proposed Beds
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal 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 manager 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 DaVita Inc. *
 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.



 SIGNATURE
 Dennis Lee Kogod

 PRINTED NAME


Chief Operating Officer

 PRINTED TITLE

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

Signature of Notary
 Seal

*Insert EXACT legal name of the applicant



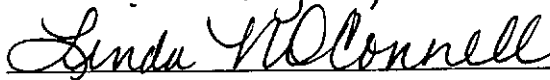
 SIGNATURE
 Kim M. Rivera

 PRINTED NAME

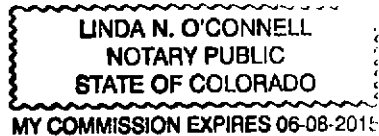
Secretary

 PRINTED TITLE

Notarization:
 Subscribed and sworn to before me
 this 22 day of August, 2011



 Signature of Notary

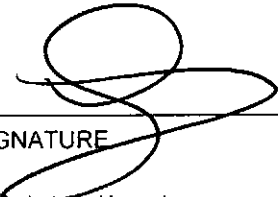
Seal


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 manager 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 Total Renal Care, Inc. *
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.



SIGNATURE

Dennis Lee Kogod

PRINTED NAME

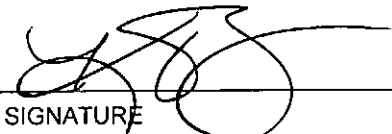
Chief Operating Officer

PRINTED TITLE

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

Signature of Notary

Seal *see attached*



SIGNATURE

Kim M. Rivera

PRINTED NAME

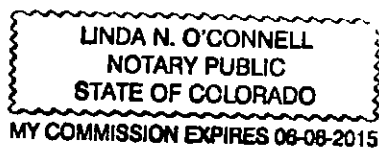
Secretary

PRINTED TITLE

Notarization:
Subscribed and sworn to before me
this 22 day of August, 2011



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 VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

NOTE: For all projects involving a change of ownership THE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.

A. Criterion 1110.240(b), Impact Statement

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

B. Criterion 1110.240(c), Access

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

C. Criterion 1110.240(d), Health Care System

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
 - a. the location (town and street address);
 - b. the number of beds;
 - c. a list of services; and
 - d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-19, 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:

\$461,930	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> 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;
_____	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: <ol style="list-style-type: none"> 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.
\$461,930	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.

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 Total Renal Care, Inc. (the "Applicants" or "DaVita") are attached at Attachment – 1. Total Renal Care, Inc., a subsidiary of DaVita Inc., will acquire substantially all of the assets of Silver Cross Renal Center - Morris from Silver Cross Hospitals and Medical Centers, Inc. ("Silver Cross"). DaVita Inc., as the parent corporation of Total Renal Care, Inc., is named as an applicant. DaVita Inc. does not do business in the State of Illinois. A Certificate of Good Standing for DaVita Inc. from Delaware, the state of its incorporation, is attached.

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.

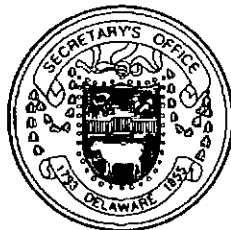
AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

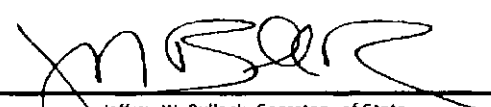
AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

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

23

Attachment - 1



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that I am the keeper of the records of the Department of Business Services. I certify that

TOTAL RENAL CARE, INC., INCORPORATED IN CALIFORNIA AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 10, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 18TH day of OCTOBER A.D. 2010



Jesse White

SECRETARY OF STATE

Authentication #: 1029100457
Verify at www.cyberdriveillinois.com

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

A copy of the lease between Keith W. Jaeschke & Barbara M. Jaeschke and Silver Cross is attached at Attachment – 2.

COMMERCIAL LEASE

THIS AGREEMENT is made and entered into this 1st day of March, 1999, by and between KEITH W. JAESCHKE and BARBARA M. JAESCHKE, (LESSOR) and SILVER CROSS HOSPITAL (LESSEE);

NOW, THEREFORE, in consideration of the mutual covenants, conditions and agreements contained herein, the parties do hereby agree as follows:

7,229 — **1. LEASED PREMISES:** LESSOR hereby leases to LESSEE approximately 4,250 square feet of commercial space of a commercial structure located at 1547, 1549 & 1551 Creek Drive in the City of Morris, Grundy County, Illinois. Said real property is legally described as follows:

Lot 6 and the North 47 feet of Lot 5 in Hickory Lake West Subdivision Phase 1, as delineated on a Plat of Subdivision recorded April 4, 1997 in Plat Cabinet G, Slide 97, as Document #353131; in Grundy County, Illinois.

The leased premises shall include a pro rata percentage of the parking lot and reasonable access and use of the exterior area at the rear of the unit.

2. BUILD OUT: LESSOR agrees to deliver the commercial space described herein to LESSEE on the commencement date of this lease in "AS IS" condition, except that LESSOR agrees to provide LESSEE with the following in conformance with industry standards at the inception of this lease;

- A. HVAC system allowance of up to \$6,000.00;
- B. Electrical service consisting of three phase, 200 amp service including an electrical distribution panel with a minimum of 60 circuits;
- C. Natural Gas Service;
- D. One (1) public restroom allowance up to \$1,000;
- E. Concrete floors;

- F. Front and rear doors to the premises in good working order.
- G. City water and city sanitary sewer;
- H. Four studded walls.

All other decorating, remodeling, and other construction modifications or improvements shall be the responsibility of LESSEE, and shall be subject to the written approval of LESSOR. LESSEE shall provide LESSOR with drawings satisfactory to LESSOR of all interior floor plans prior to commencement of construction. Any such construction, modifications or improvements shall become the property of LESSOR at the conclusion of the lease term (or any subsequent option period), except that LESSEE may remove trade fixtures.

3. **INITIAL LEASE TERM:** This lease shall commence on the 1st day of March, 1999 at 12:01 a.m. and shall continue for a period of five (5) years (60 months), terminating on the 28th day of February, 2004, unless terminated earlier pursuant to the terms of this agreement.

4. **OPTION:** LESSEE shall have the option to extend the term of this lease for two successive five (5) year terms, upon the condition that there has been no default by LESSEE in the performance of any conditions of this lease during the initial lease term (or subsequent term). Rent for the initial lease term shall be payable by LESSEE pursuant to paragraph 5 hereof. LESSEE shall exercise its option to extend the lease term by notifying LESSOR in writing at least 180 days prior to the expiration of the initial lease term or any subsequently exercised option term. The notice shall be served in accordance with the provisions of this agreement, and once notice has been served, this lease shall be deemed to be extended without the execution of any further lease or other instrument. If the parties are unable to agree on a rental amount, this Lease Agreement shall be declared terminated.

5. **RENT:** LESSEE shall pay to LESSOR rent in accordance with the following schedule:

Year 1-2, \$11.00 per square foot per year;
Year 3-4, \$11.50 per square foot per year;
Year 5-6 \$12.00, per square foot per year; (If option exercised)
Year 7-15, previous years rent plus an escalation of 4% annually (If options exercised).

All rent payments shall be made on a monthly basis at LESSOR's address stated herein, or such other address as LESSOR may designate in writing. There shall be a five day grace period for the payment of rent, and a 10% late penalty shall be applied to any past due rent.

6. **SECURITY DEPOSIT:** LESSEE shall deposit with LESSOR simultaneously upon execution of this Agreement a sum equal to 1 month rent for a security deposit. LESSEE shall receive no interest on said sum, and no part of said sum shall be considered or construed to be rent. Such security deposit shall be returned to LESSEE within 90 days following complete and satisfactory completion of the terms of this agreement, less such amounts as are reasonably necessary to restore the premises to the condition in which it existed at the time of the execution hereof excluding any improvements previously authorized by LESSOR, reasonable wear and tear excepted.

7. **USE OF PREMISES:** LESSEE shall use the leased premises as a medical facility. LESSEE shall not use the leased premises for any illegal or immoral purposes, or in such a manner so as to cause structural or other damage to the building or any improvements thereon. Further, LESSEE shall not use the leased premises in whole or in part for any purpose or use in violation of any of the laws, ordinances, regulations or rules of any federal state, county, city or any other public authority or regulatory agency. LESSEE shall keep or use or permit to be kept or

used any flammable liquids, explosives, toxic substances or other hazardous materials on or about the premises without the prior written permission of LESSOR, and LESSEE shall not store any items outside the leased premises, except that LESSEE may store and use those chemicals on the leased premises which are customarily used in the provision of renal dialysis services.

8. **UTILITIES:** LESSEE shall pay the costs and expenses of all utility services to the premises including but not limited to electric, gas, water, sewer and garbage.

9. **REAL PROPERTY TAXES:** The parties acknowledge that LESSEE will occupy only a portion of the commercial structure set forth in the above paragraph one. LESSEE shall pay its proportionate percentage of the total real property taxes based upon the actual tax bill, computed in a manner which is commensurate with LESSEE's percentage of possession of the entire structure. Said sum shall be tendered to LESSOR by LESSEE within 14 days following written notice thereof. Taxes for 1999 shall be pro rated based upon the inception date of this lease.

10. **SUB-LETTING/ASSIGNMENT:** This lease agreement may not be assigned or sub-let without the written consent of LESSOR. LESSOR reserves the right to withhold consent for any reason, and the parties agree that the determination whether to allow any proposed assignment or sub-letting of the leased premises shall be in the sole discretion of LESSOR. Any attempt to assign this lease or sub-let the leased premises without prior written consent of LESSOR shall be null, void and of no force or effect whatsoever.

11. **REPAIRS AND MAINTENANCE:** LESSEE acknowledges that it has inspected the leased premises, is satisfied with the condition thereof and accepts the

same "AS IS" free of any express, implied or other warranties. LESSEE's entry into the premises shall constitute acceptance of the condition of the premises and that the premises has been received and accepted by LESSEE in good order and repair, and shall serve as LESSEE's acknowledgement that no representation as to the condition and repair thereof had been made by the LESSOR or its agents prior to or at the execution of this lease that are not expressly contained herein.

LESSEE shall, at LESSEE's sole expense, keep the premises, including all utility, plumbing, ventilation, heating and air conditioning units and all other appurtenances under LESSEE's control, in good repair. LESSEE shall replace all broken glass with glass of the same size and quality as previously maintained, and shall replace all damaged plumbing, electrical and lighting fixtures with equal quality and shall keep said premises in a clean and healthful condition and in accordance with all applicable state, federal and/or local rules, requirements and ordinances.

LESSOR shall, during the term of this lease, make any and all necessary structural repairs to the parking lot, roof and exterior walls of the leased premises, except in the case of damage, alteration or modifications thereto caused by an act or neglect of LESSEE. In that event, said repairs shall be at LESSEE's sole expense.

12. INSURANCE: LESSEE shall procure and maintain, at its sole expense, insurance on the following terms and conditions:

A. General liability insurance in the amount of One Million Dollars per person and Three Million Dollars per occurrence, insuring claims for damages due to bodily injury, sickness, disease or death of any person including an injury to or destruction of property in claims involving contractual liability applicable to LESSEE's obligation of indemnifying the LESSOR.

B. Fire and extended coverage insurance covering LESSEE's property in/or on the leased premises.

C. Workers compensation and employers liability insurance containing statutory limits.

D. Each such certificate shall name LESSOR (and LESSOR's mortgage bank, if requested by LESSOR) as an additional insured thereon.

E. Each certificate shall contain a clause that says policies may not be cancelled by the insurance company without at least 30 days prior written notice to LESSOR of delinquency and/or intent to cancel.

F. Certificates of insurance acceptable to LESSOR shall be filed with LESSOR annually within 30 days following the commencement of the lease term or anniversary hereof.

13. INDEMNIFICATION: LESSEE covenants and agrees that it will protect, save, hold harmless and forever indemnify LESSOR from and against any loss, damage, injury, penalty or charge whatsoever imposed or sought to be imposed against LESSOR for any violation of any law, ordinance, rule or regulation, including, negligence, whether occasioned by the neglect of LESSEE or those holding under LESSEE, LESSEE's business invitees or others on the leased premises. Further, LESSEE shall protect, save, indemnify and hold LESSOR harmless from and against any and all losses, costs, damages or expenses arising out of any event, accident, act or omission or other occurrence on or about the leased premises causing injury to any personal property and that LESSEE will protect, indemnify and hold LESSOR harmless from and against any and all such claims and any and all such losses, damages, costs, injuries or other expenses arising out of any failure of LESSEE in any respect to comply with and perform each and every one of the terms, covenants,

conditions and agreements contained in this lease or incorporated herein. This indemnity shall extend to the recovery by LESSOR from LESSEE of all expenses incurred or expended by LESSOR to protect its interests in the property or otherwise hereunder including attorneys fees, court costs, discovery expenses, expert and other witness fees, collection expenses and other such fees, costs and expenses.

14. **TERMINATION - HOLDING OVER:** Upon termination of this lease agreement, by lapse of time or otherwise, LESSEE shall yield up immediate possession of the leased premises to the LESSOR, in the same condition or repair as existed upon the commencement of this agreement, ordinary wear and tear excepted. If LESSEE retains possession of the leased premises after termination of this lease agreement, LESSEE shall be responsible for payment of a pro rata portion of the monthly rent for each day that LESSEE is in wrongful possession of the leased premises, and said rental amounts shall be equal to three (3) times the rental amount set forth herein. In addition, LESSEE shall pay to LESSOR all damages, including reasonable attorneys fees and expenses sustained by LESSOR, resulting from the retaking of possession by LESSOR. any act or omission on the part of LESSEE in vacating the premises which leaves the leased premises in an untenable condition shall be deemed to be an act of holding over.

15. **DEFAULT:** Should LESSEE default in the performance of any covenants or agreements contained herein, and should such default continue for thirty (30) days after written notice thereof from LESSOR, or if the default of LESSEE is of a type which is not reasonably possible to cure within thirty (30) days, if LESSEE has not commenced to cure said default within said thirty (30) day period, LESSOR may declare this lease term ended, and may re-enter the premises, with or without process of law, and remove all persons and/or property therefrom at the

expense of LESSEE. Should any such default occur, LESSOR may, at its option, elect to declare all future rents immediately due and payable, and maintain an action against LESSEE at law or in equity. LESSOR shall use reasonable effort to re-let the leased premises to mitigate its damages.

16. **ATTORNEYS FEES:** In the event of a default by LESSEE or LESSOR, not otherwise cured as required herein, the prevailing party shall be entitled to recover, in addition to all other amounts due pursuant to this agreement, all fees, costs and expenses, including reasonable attorneys fees, incurred by reason of such default, whether incurred with or without a lawsuit.

17. **SUBORDINATION:** All rights and interests of LESSEE under this lease agreement shall be subject and subordinate to any mortgage or trust deed that may exist, or that may hereafter be placed on the leased premises.

18. **RIGHT TO INSPECT:** LESSOR hereby reserves the right for himself or his duly authorized agents to enter upon the leased premises for the purpose of inspecting the same or for the purpose of showing the same to any perspective purchaser or future tenant or for the purpose of making any repairs which LESSOR is required to make hereunder, at all reasonable times during business hours.

19. **NOTICES:** Any notices required to be given pursuant to this agreement shall be in writing. Such notice shall be served either personally or by United States Mail, certified mail, postage prepaid, addressed as follows:

TO LESSOR: Keith & Barbara Jaeschke
855 Michael Drive
Morris, Illinois 60450

with copies to: Scott M. Belt
SCOTT M. BELT & ASSOCIATES, P.C.
105 ½ W. Washington Street
Morris, Illinois 60450

TO LESSEE: Tim Geoppo
 1200 Maple Road
 Joliet, IL 60432

with copies to: McKeown, Fitzgerald, et al.
 2455 Glenwood Avenue
 Joliet, IL 60435

or as such other address as the parties may from time to time designate by written notice given the manner provided in this paragraph.

20. **CONDEMNATION:** In the event of the taking, through condemnation, or the exercise of the right of eminent domain of all the leased premises, or to such an extent that the leased premises are thereby rendered unusable for the intended purposes of LESSEE's possession, either party shall have the right to terminate this lease agreement, upon thirty (30) days prior written notice to the other party. In the event of such termination, the then current rental payments shall be prorated to the date of determination of the lease agreement. LESSEE shall not be entitled to any proceeds received from any eminent domain/condemnation proceeding.

21. **COVENANT AGAINST LIENS:** LESSEE covenants and agrees that he will not cause any lien to be attached to the leased premises, or any part thereof, by reason of any act or omission on the part of the LESSEE during the lease term, and agrees to indemnify and hold LESSOR harmless from or against any damages which it may sustain as a result of any such lien. In the event that any such lien does so attach, if it is not released within thirty (30) days after written notice to LESSEE, or if LESSEE has not indemnified LESSOR against such lien within said thirty (30) day period, LESSOR, in its sole discretion, may pay and discharge the same and LESSEE hereby agrees to reimburse LESSOR upon demand for the amount paid to satisfy any such lien.

22. **SIGNAGE:** LESSEE may, at its sole expense, erect signs on the building, utilizing LESSEE' s as required by LESSEE's franchisor. The size of the sign may be the maximum allowable by the local sign code and/or by the restrictive covenants affecting the leased premises. The placement of any such signage shall be subject to the prior written approval of LESSOR. All maintenance, repair and other related expenses associated with said signage shall be at LESSEE's expense.

23. **BROKER COMMISSION:** Neither LESSOR nor LESSEE have utilized the services of a real estate broker in connection with the execution of this commercial lease. As a consequence, no brokers commission is due and payable by either party.

24. **ENTIRE AGREEMENT/MODIFICATION:** This lease agreement contains the entire agreement between the parties, and shall not be modified in any manner except in writing, executed by both parties or their respective agents, successors or assigns.

25. **SUCCESSORS IN INTERESTS:** All of the covenants, agreements, obligations, conditions and provisions of this lease agreement shall enure to the benefit of and bind the heirs, executors, administrators, successors and assigns of the parties hereto.

26. **SEVERABILITY:** In the event that any of the provisions in this lease agreement are deemed invalid or unenforceable, the same shall be deemed severable from the remainder of this lease agreement, and shall not cause the invalidity or unenforceability of the remaining terms of this lease agreement. If such provision shall be deemed unenforceable due to their scope or breadth, such provision shall be deemed enforceable to the extent as may be permitted by law.

27. **VENUE:** Venue for enforcement of the provisions of this document shall be only in Grundy County, Illinois, and the terms of this agreement shall be interpreted and enforced pursuant to the laws of the State of Illinois.

28. **QUIET POSSESSION:** Lessor represents that they have an ownership interest in the leased premises, and have the authority to enter into this commercial lease agreement. Further, Lessor warrants and covenants that Tenant shall have quiet and peaceful possession thereof against any adverse claim of Lessor or a third party claiming under Lessor during the term of this lease, so long as Lessee is not in default hereunder.

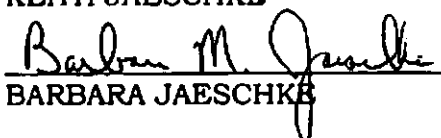
29. **CONTINGENCY.** This lease agreement shall be contingent upon Lessee obtaining a certificate of need from the health facilities planning board of the State of Illinois on or before June 15, 1999, except that Lessee agrees to pay rent consistent with paragraph 5 herein if it takes possession prior to the expiration of this contingency. Lessor reserves the right to continue to market the leased premises during the contingency period. In the event that Lessee obtains its certificate of need as set forth above, it shall notify Lessor in writing within 48 hours thereof that said certificate of need has been issued, and that this provision is waived.

IN WITNESS WHEREOF, the parties have set their hands and seals the day and year first above written.

LESSOR:



KEITH JAESCHKE



BARBARA JAESCHKE

LESSEE:

BY: 

Title

GUARANTOR

Real Estate/Leases/Commercial Lease Jaeschke Silver Cross

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

The Illinois Certificate of Good Standing for Total Renal Care, Inc. 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 I am the keeper of the records of the Department of Business Services. I certify that

TOTAL RENAL CARE, INC., INCORPORATED IN CALIFORNIA AND LICENSED TO TRANACT BUSINESS IN THIS STATE ON MARCH 10, 1995, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 18TH day of OCTOBER A.D. 2010



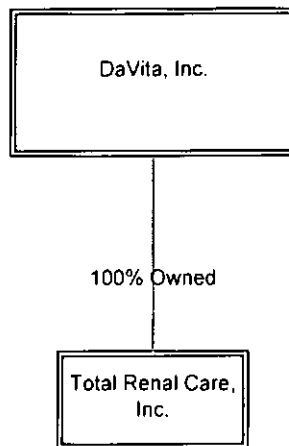
Jesse White

SECRETARY OF STATE

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

The organizational chart for DaVita Inc. and Total Renal Care, Inc. is attached at Attachment – 4.

DaVita Organizational Chart



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

The Applicants propose a change of ownership of Silver Cross Renal Center- Morris. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

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

The Applicants propose a change of ownership of Silver Cross Renal Center - Morris. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

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	\$461,930	4,229				4,229	
Total Clinical	\$461,930	4,229	0	0	0	4,229	0
NON CLINICAL	\$0	0	0	0	0	0	0
Total Non-clinical	\$0	0	0	0	0	0	0
TOTAL	\$461,930	4,229	0	0	0	4,229	0

Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230, Project Purpose, Background and Alternatives

Background of the Applicants

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, some of which is outlined below, details DaVita's commitment to quality, patient centric focus and community outreach, was previously submitted on July 11, 2011 as part of Applicants' applications for Proj. Nos. 11-027 to 11-036. The proposed project includes the acquisition of three Silver Cross in-center dialysis facilities (collectively "Silver Cross Renal Centers") by Total Renal Care, Inc., a subsidiary of DaVita. The facilities will maintain their current locations, but will be fully integrated with DaVita and will implement DaVita's operational processes and quality initiatives.

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 – 11A.

While most patients are not aware of it, there are over 26 million people with CKD in the United States and that number is expected to rise. Current data reveals two trends, which help explain the growing need for dialysis services:

- The prevalence of identified CKD stages 1 to 4 has increased from 10% to 13.1% between 1988 and 2004¹
- Increasing prevalence in the diagnosis of diabetes and hypertension, the two major causes of CKD²

Additionally, DaVita's EMPOWER program helps to improve intervention and education for pre-ESRD patients. Approximately 65% of CKD Medicare patients have never been evaluated by a nephrologist.³ Timely CKD care is imperative for patient morbidity and mortality. 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 and reduce ESRD:

- 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 nephrologist has been correlated with lower survival during the first 90 days of dialysis, and
- Timely referral of CKD patients to a multidisciplinary clinical 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

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 Int'l Diabetes Found., *One Adult in Ten will have Diabetes by 2030* (Nov. 14, 2011), available at <http://www.idf.org/media-events/press-releases/2011/diabetes-atlas-5th-edition>.

³ Id.

of untreated CKD. DaVita's EMPOWER program encourages CKD patients to take control of their health and make informed decisions about their dialysis care.

DaVita's 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.

DaVita's CathAway program seeks to reduce the number of patients with central venous catheters ("CVC"). Instead patients receive 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 \$509 million in savings to the health care system and the American taxpayer in 2010.

DaVita is also committed to sustainability and reducing its carbon footprint. In fact, it is the only kidney care company recognized by the Environmental Protection Agency for its sustainability initiatives. In 2010, DaVita opened the first LEED-certified dialysis center in the U.S. Furthermore, it saves approximately 8.5 million pounds of medical waste through dialyzer reuse and it also diverts 95% of its waste through composting and recycling programs. It has also undertaken a number of similar initiatives at its offices and is seeking LEED Gold certification for its corporate headquarters.

DaVita consistently raises awareness to community needs and makes cash contributions to organizations aimed at improving access to kidney care. In 2010, DaVita donated more than \$2 million to kidney disease- awareness organizations such as the Kidney TRUST, the National Kidney Foundation, the American Kidney Fund, and several other organizations. Its own employees assisted in these initiatives by raising more than \$3.4 million through Tour DaVita and DaVita Kidney Awareness Run/Walks.

DaVita does not limit its community engagement to the U.S. alone. It founded Bridge of Life, a 501(c)(3) nonprofit organization that operates on donations to bring care to those for whom it is out of reach. In addition to contributing dialysis equipment to DaVita Medical Missions, Bridge of Life has accomplished 18 Missions since 2006, with more than 75 participating teammates spending more than 650 days abroad. It provided these desperately needed services in Cameroon, India, Ecuador, Guatemala, and the Philippines, and trained many health care professionals there as well.

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 – 11B.

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 – 11C.
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 – 11C.



Office of the Chief
Medical Officer (OCMO)
Allen F. Nistenson, MD
Chief Medical Officer
Meredith Mathews, MD
Robert Provenzano, MD
John Robertson, MD
David E. Van Wyck, MD

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:

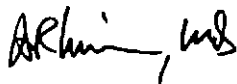
- **Assess incident patients regularly in their first 90 days:** Discuss patients individually and regularly. Use the IMPACT scorecard to prompt these discussions.
- **Adopt "Facility Specific Orders":** Create new facility specific orders using the form that will be provided to you.
- **Minimize the "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.

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.



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®



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 | Brea, CA 92620 | 800.735.2222 | www.davita.com





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±3SD), 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 ($33 \leq 3 \times \text{Hb} \leq 36$) 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

3

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

DATE: _____
BY: _____



6

IMPACT SCORECARD

Facility: XYZ - Sample Facility
Group: Sample Group
Division: Sample Division
Region: Sample Region 1
Period: 10/01/2009

Indicator	Target	Actual	Variance	Trend
Access	95%	92%	-3%	Down
Albumin	3.5	3.2	-0.3	Down
Adequacy	1.3	1.2	-0.1	Down
Anemia	12%	11%	-1%	Down

90

5

IMPACT Education Checklist

90

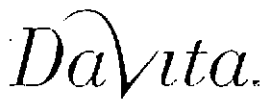
IMPACT Management Checklist

90

Indicator	Target	Actual	Variance	Trend
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Anemia	12%	11%	-1%	Down

4

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

**DaVita Inc.
Illinois Facilities**

Regulatory Name	Address 1	City	County	State	Zip	Medicare Certification Number
Adams County Dialysis	436 N 10TH ST	QUINCY	ADAMS	IL	62301-4152	14-2711
Alton Dialysis	3511 COLLEGE AVE	ALTON	MADISON	IL	62002-5009	14-2619
Benton Dialysis	1151 ROUTE 14 W	BENTON	FRANKLIN	IL	62812-1500	14-2608
Beverly Dialysis	8109 SOUTH WESTERN AVE	CHICAGO	COOK	IL	60620-5939	14-2638
Big Oaks Dialysis	5623 W TOUHY AVE	NILES	COOK	IL	60714-4019	14-2712
Centralia Dialysis	1231 STATE ROUTE 161	CENTRALIA	MARION	IL	62801-6739	14-2609
Chicago Heights Dialysis	177 W JOE ORR RD	CHICAGO HEIGHTS	COOK	IL	60411-1733	14-2635
Churchview Dialysis	5970 CHURCHVIEW DR	ROCKFORD	WINNEBAGO	IL	61107-2574	14-2640
Cobblestone Dialysis	934 CENTER ST	ELGIN	KANE	IL	60120-2125	14-2715
Crystal Springs Dialysis	720 COG CIRCLE	CRYSTAL LAKE	MCHENRY	IL	60014-7301	14-2716
Decatur East Wood Dialysis	794 E WOOD ST	DECATUR	MACON	IL	62523-1155	142599
Dixon Kidney Center	1131 N GALENA AVE	DIXON	LEE	IL	61021-1015	14-2651
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	COOK	IL	60005-3905	14-2628
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	COOK	IL	60089-4009	14-2650
DSI Evanston Renal Center	1715 Central Street	Evanston	COOK	IL	60201-1507	14-2511
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	COOK	IL	60429-2428	14-2622
DSI Loop Renal Center	1101 South Canal Street,	Chicago	COOK	IL	60607-4901	14-2505
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	COOK	IL	60428-4026	14-2575
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	COOK	IL	60193-4072	14-2654
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	COOK	IL	60473-1511	14-2544
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	LAKE	IL	60085-3676	14-2577
Edwardsville Dialysis	235 S BUCHANAN ST	EDWARDSVILLE	MADISON	IL	62025-2108	14-2701
Effingham Dialysis	904 MEDICAL PARK DR	EFFINGHAM	EFFINGHAM	IL	62401-2193	14-2580
Emerald Dialysis	710 W 43RD ST	CHICAGO	COOK	IL	60609-3435	14-2529
Freeport Dialysis	1028 S KUNKLE BLVD	FREEPORT	STEPHENSON	IL	61032-6914	14-2642

DaVita Inc.
Illinois Facilities

Regulatory Name	Address 1	City	County	State	Zip	Medicare Certification Number
Granite City Dialysis Center	9 AMERICAN VLG	GRANITE CITY	MADISON	IL	62040-3706	14-2537
Illini Renal Dialysis	507 E UNIVERSITY AVE	CHAMPAIGN	CHAMPAIGN	IL	61820-3828	14-2633
Jacksonville Dialysis	1515 W WALNUT ST	JACKSONVILLE	MORGAN	IL	62650-1150	14-2581
Jerseyville Dialysis	917 S STATE ST	JERSEYVILLE	JERSEY	IL	62052-2344	14-2636
Kankakee County Dialysis	581 WILLIAM R LATHAM SR DR	BOURBONNAIS	KANKAKEE	IL	60914-2439	14-2685
Kennedy Home Dialysis	5509 N CUMBERLAND AVE	CHICAGO	COOK	IL	60656-4702	14-2691
Lake County Dialysis Services	918 S MILWAUKEE AVE	LIBERTYVILLE	LAKE	IL	60048-3229	14-2552
Lake Park Dialysis	1531 E HYDE PARK BLVD	CHICAGO	COOK	IL	60615-3039	14-2717
Lake Villa Dialysis	37809 N IL ROUTE 59	LAKE VILLA	LAKE	IL	60046-7332	14-2666
Lincoln Dialysis	2100 WEST FIFTH	LINCOLN	LOGAN	IL	62656-9115	14-2582
Lincoln Park Dialysis	3157 N LINCOLN AVE	CHICAGO	COOK	IL	60657-3111	14-2528
Litchfield Dialysis	915 ST FRANCES WAY	LITCHFIELD		IL	62056-1775	14-2583
Little Village Dialysis	2335 W CERMAK RD	CHICAGO	COOK	IL	60608-3811	14-2668
Lockport Home Dialysis	16626 W 159TH ST	LOCKPORT	WILL	IL	60441-8019	14-2697
Logan Square Dialysis	2659 N MILWAUKEE AVE	CHICAGO	COOK	IL	60647-1643	14-2534
Macon County Dialysis	1090 W MCKINLEY AVE	DECATUR	MACON	IL	62526-3208	14-2584
Marion Dialysis	324 S 4TH ST	MARION	WILLIAMSON	IL	62959-1241	14-2570
Maryville Dialysis	2130 VADALABENE DR	MARYVILLE	MADISON	IL	62062-5632	14-2634
Maryville Home Dialysis	2136B VADALABENE DR	MARYVILLE	MADISON	IL	62062-5632	14-2686
Mattoon Dialysis	200 RICHMOND AVE E	MATTOON	COLES	IL	61938-4652	14-2585
Metro East Dialysis	5105 W MAIN ST	BELLEVILLE	SAINTE CLAIR	IL	62226-4728	14-2527
Montclare Dialysis Center	7009 W BELMONT AVE	CHICAGO	COOK	IL	60634-4533	14-2649
Mount Vernon Dialysis	1800 JEFFERSON AVE	MOUNT VERNON	JEFFERSON	IL	62864-4300	14-2541
Mt. Greenwood Dialysis	3401 W 111TH ST	CHICAGO	COOK	IL	60655-3329	14-2660
Olney Dialysis Center	117 N BOONE ST	OLNEY	RICHLAND	IL	62450-2109	14-2674

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DaVita Inc.
Illinois Facilities

Regulatory Name	Address 1	City	County	State	Zip	Medicare Certification Number
Olympia Fields Dialysis Center	4557B LINCOLN HWY	MATTESON	COOK	IL	60443-2318	14-2548
Pittsfield Dialysis	640 W WASHINGTON ST	PITTSFIELD	PIKE	IL	62363-1350	14-2708
Robinson Dialysis	1215 N ALLEN ST	ROBINSON	CRAWFORD	IL	62454-1100	14-2714
Rockford Dialysis	3339 N ROCKTON AVE	ROCKFORD	WINNEBAGO	IL	61103-2839	14-2647
Roxbury Dialysis Center	622 ROXBURY RD	ROCKFORD	WINNEBAGO	IL	61107-5089	14-2665
Rushville Dialysis	112 SULLIVAN DRIVE	RUSHVILLE	SCHUYLER	IL	62681-1293	14-2620
Sauget Dialysis	2061 GOOSE LAKE RD	SAUGET	SAINT CLAIR	IL	62206-2822	14-2561
Skyline Home Dialysis	7009 W BELMONT AVE	CHICAGO	COOK	IL	60634-4533	14-2560
Springfield Central Dialysis	932 N RUTLEDGE ST	SPRINGFIELD	SANGAMON	IL	62702-3721	14-2586
Springfield Montvale Dialysis	2930 MONTVALE DR	SPRINGFIELD	SANGAMON	IL	62704-5376	14-2590
Stonecrest Dialysis	1302 E STATE ST	ROCKFORD	WINNEBAGO	IL	61104-2228	14-2615
Stony Creek Dialysis	9115 S CICERO AVE	OAK LAWN	COOK	IL	60453-1895	14-2661



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

August 18, 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 Total Renal Care, Inc. 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,

Dennis Lee Kogod
Chief Operating Officer
DaVita Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This ___ day of ___
2011

~~Notary Public~~
*see attached
W. Keith Johnson
Notary*

CALIFORNIA JURAT WITH AFFIANT STATEMENT

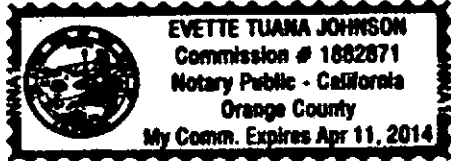
- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

1 _____
 2 _____
 3 _____
 4 _____
 5 _____
 6 _____

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 10 day of AUGUST, 2011
 by _____
 (1) DEHN'S L. KOPAR
Name of Signer



proved to me on the basis of satisfactory evidence
 to be the person who appeared before me (.) (.)
 (and
 (2) NONE
Name of Signer

Place Notary Seal and/or Stamp Above

proved to me on the basis of satisfactory evidence
 to be the person who appeared before me.)
 Signature Evette Tuana Johnson
Signature of Notary Public

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: APPLICATION FOR DEFERRED
 Document Date: 10 AUG 11 Number of Pages: 1
 Signer(s) Other Than Named Above: NONE

RIGHT THUMBPRINT OF SIGNER #1	RIGHT THUMBPRINT OF SIGNER #2
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Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230(b), Project Purpose, Background and Alternatives

Purpose of the Project

1. The purpose of the proposed acquisition of the Silver Cross Renal Centers is to ensure ESRD patients in Grundy County, Illinois have continued access to life sustaining dialysis services. The acquisition will create economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Given recent trends in the delivery of dialysis services including the demands the revised federal payment policies place on dialysis operations, many hospitals, including the University of Chicago and Sherman Hospital, have reviewed options for this service line and have decided it can be best managed by a strategic partner, like DaVita, which is better positioned to serve the growing needs of patients suffering from end stage renal disease ("ESRD") and to preserve the services in the community.

Dialysis companies, have advantages over smaller providers. Because they purchase supplies and equipment in huge volume, they can provide dialysis services at a lower cost. To thrive in the new reimbursement environment, providers will need to provide dialysis in the most cost effective manner and DaVita is one of the best positioned providers to meet that challenge.

2. A map of the market area for Silver Cross Renal Center - Morris is attached at Attachment – 12. The market area encompasses a 18.5 mile radius around the proposed facility. The boundaries of the market area of are as follows:
 - North approximately 30 minutes normal travel time to Yorkville
 - Northwest approximately 30 minutes normal travel time to Sheridan
 - West approximately 30 minutes normal travel time to Ottawa
 - Southwest approximately 30 minutes normal travel time to Ransom
 - South approximately 30 minutes normal travel time to Dwight
 - Southeast approximately 30 minutes normal travel time to Gardner
 - East approximately 30 minutes to Elwood
3. Silver Cross Renal Center - Morris is located in HSA 9. Based upon the November 17, 2011 Update to Inventory of Other Health Services, there is currently an excess of 30 stations in HSA 9. The proposed change of ownership will ensure ESRD patients residing in HSA 9 retain access to life sustaining dialysis.
4. Reference

Illinois Health Facilities and Services Review Board, Update to Inventory of Other Health Services 2 (Nov. 17, 2011) available at <http://www.hfsrb.illinois.gov/pdf/Other%20Services%20Update%2011-17-2011.pdf> (last visited Nov. 30, 2011).
5. The integration of Silver Cross Renal Centers into DaVita will allow DaVita to increase its operational efficiency in this new payment environment, improve quality and ensure dialysis patients have continued access to life sustaining dialysis services.
6. The acquired facilities will be integrated into DaVita's normal operational processes, including DaVita's quality outcomes programs, and, thus, are anticipated to have outcomes comparable to other DaVita facilities.

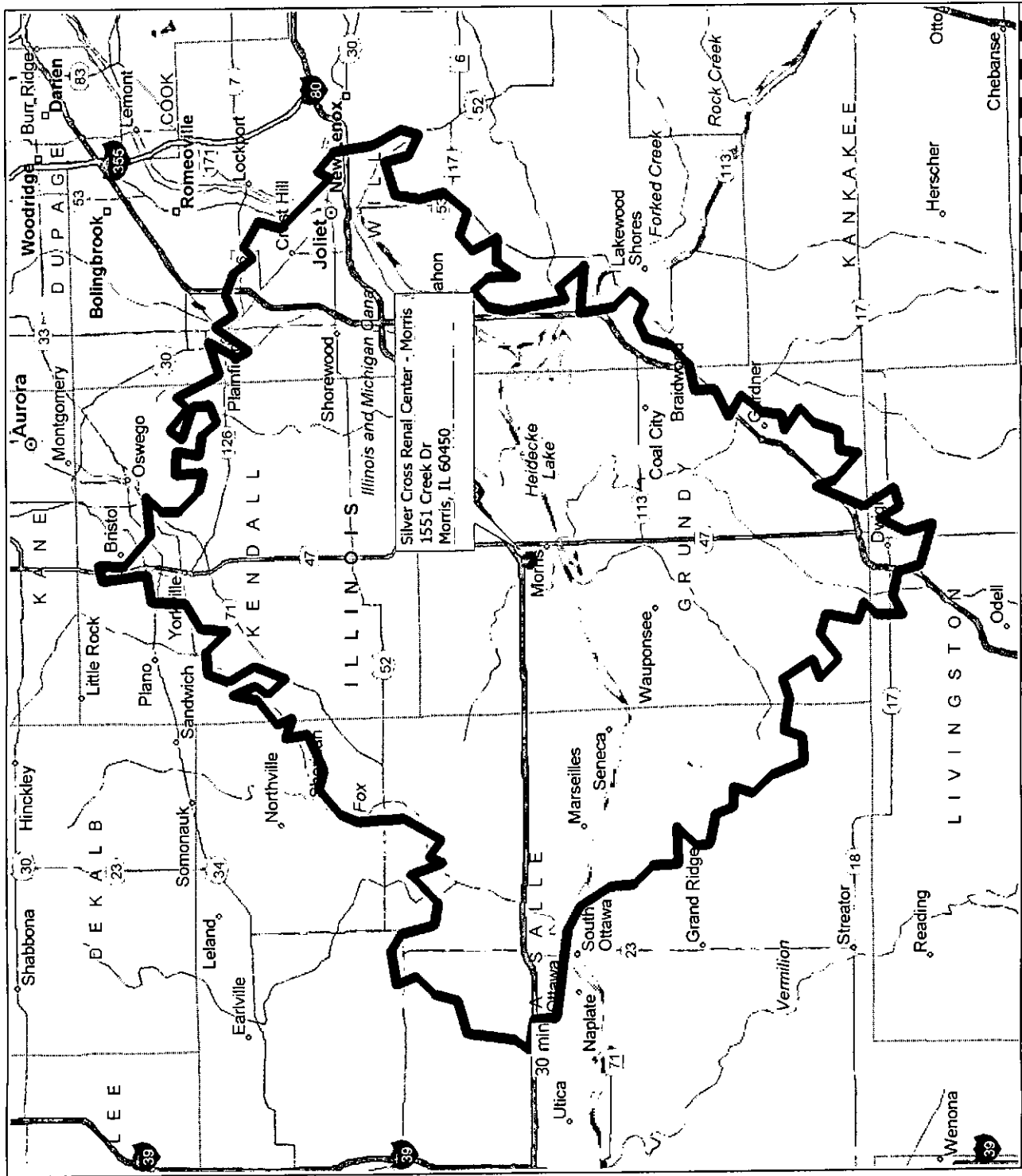
Additionally, in an effort to better serve all kidney patients, DaVita believes in requiring all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to

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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 was \$509M in hospitalization savings to the health care system and the American taxpayer in 2010.

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Silver Cross Renal Center Morris GSA



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Section III, Project Purpose, Background and Alternatives – Information Requirements
Criterion 1110.230(c), Project Purpose, Background and Alternatives

Alternatives

1. Do Nothing

Silver Cross operates three dialysis facilities in Illinois. These facilities are located in HSA 9. Given recent trends in the delivery of dialysis services including the demands the revised federal payment policies place on dialysis operations, many hospitals in the State, including Silver Cross, have decided their dialysis service line would be better managed by a strategic partner who is better positioned to serve the growing needs of patients suffering from ESRD and have opted to divest this service. Acquisition of the Silver Cross Renal Centers will permit Silver Cross to divest this service line while allowing DaVita to create greater economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Without an acquisition, these objectives cannot be achieved and, therefore, this option was rejected.

There is no cost associated with this alternative.

2. Joint Venture With Silver Cross

DaVita is open to joint venture relationships. Given Silver Cross' intent to divest their dialysis centers, this option was rejected. Additionally, even if a joint venture were possible, in DaVita's experience, joint ventures often pose significant hurdles in achieving the desired efficiencies and success. For these reasons, this option was rejected.

There is no cost associated with this alternative.

3. Acquire Silver Cross Renal Centers.

DaVita carefully considered whether to acquire the Silver Cross Renal Centers. Acquisition of these facilities will allow DaVita to reach a new patient base and will improve operational efficiency of the Silver Cross Renal Centers. Through the acquisition, DaVita will be able to bring the broader line of chronic kidney disease services to Silver Cross patients. These services will be beneficial for patients, physicians, payors, and taxpayers in providing more effective care and helping to reduce costs to the health care system. Accordingly, DaVita decided the acquisition of the Silver Cross Renal Centers was the most feasible option.

The cost of this alternative is \$461,930.

Table 1110.230(c)				
Alternative to the Proposed Project				
Cost-Benefit Analysis				
Alternative	Community Need	Access	Cost	Status
Do Nothing	Not met	Decreased	\$0	Reject
Joint Venture with Silver Cross	Not met	Decreased	\$0	Reject
Acquire Silver Cross Renal Center - Morris	Met	Maintained	\$461,930	Accept

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Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership
Criterion 1110.240(b), Impact Statement

1. Transactional Documents

Attached at Attachment 19-A is the executed letter of intent between DaVita and Silver Cross for the acquisition of the Silver Cross Renal Centers.

2. Change in Services Currently Offered

No change in the number of ESRD stations is anticipated as a result of the proposed acquisition. The Applicants may decide to add stations under the Health Facilities Planning Act at a later date, should the need arise based upon capacity and utilization trends.

3. Operating Entity

Total Renal Care, Inc. will be the operating entity of Silver Cross Renal Center - Morris. The facility will be fully integrated with DaVita, the parent of Total Renal Care, Inc.

4. Reason for the Transaction

As set forth in Criterion 1110.230(b), the purpose for the transaction is to ensure ESRD patients have continued access to dialysis services. Given recent trends in the delivery of dialysis services including the demands the revised federal payment policies place on dialysis operations, many hospitals in the State, including Silver Cross, have decided their dialysis service line would be better managed by a strategic partner who is better positioned to serve the growing needs of patients suffering from ESRD and have opted to divest this service. Acquisition of the Silver Cross Renal Centers will permit Silver Cross to divest its dialysis facilities while allowing DaVita to create greater economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives.

5. Anticipated Additions or Reductions of Employees

No significant additions or reductions in employees are anticipated now or for the next two years as a result of the proposed acquisition. All current employees at Silver Cross Renal Center - Morris will have the opportunity to continue their employment with DaVita after the acquisition. DaVita determines its staffing needs according to treatment needs. Staffing hours and/or positions will be added or reduced according to patient census and care needs. The Applicants anticipate no reduction in employees.

6. Cost-Benefit Analysis

As set forth throughout this application, the proposed transaction contemplates a change of ownership of Silver Cross Renal Center - Morris. Total Renal Care, Inc. will acquire substantially all of the assets of the Silver Cross Renal Center - Morris. The proposed transaction is part of a larger transaction, involving the acquisition of three in-center hemodialysis facilities for approximately \$30 million. While DaVita will incur costs inherent in operating the Silver Cross Renal Centers, the facilities will likely achieve cost savings due to economies of scale and shared resources.



August 12, 2011

Silver Cross Hospitals and Medical Centers, Inc.
1200 Maple Road
Joliet, Illinois 60432
Attention: Mr. Paul Pawlak, President and Chief Executive Officer

Dear Mr. Pawlak:

This letter of intent will serve to express our mutual understandings with respect to the proposed acquisition by DaVita Inc. or one of its subsidiaries ("Buyer") of substantially all of the assets (the "Assets") of Silver Cross Hospitals and Medical Centers, Inc. ("Seller") relating to the renal dialysis centers described on Attachment A (each, a "Center" and collectively, the "Centers").

The intended transaction (the "Transaction") is as follows:

1. Purchase Price; Adjustments.

(a) Purchase Price. Subject to further due diligence, the purchase price (the "Purchase Price") for the Assets shall be Thirty Million Dollars (\$30,000,000) plus the value of up to twenty one (21) treatment days of useable inventories and supplies (including, without limitation, EPO and other drugs and supplies used for dialysis treatments) on site at each of the Centers. The Purchase Price, less the Deposit (as defined below), shall be payable in cash via wire transfer at the closing (the "Closing") of the Transaction.

(b) Non-Refundable Deposit. Within three (3) business days of the full execution and delivery of this letter of intent, Buyer shall pay to Seller the sum of Four Hundred Fifty Thousand Dollars (\$450,000) in consideration of Seller's agreement to negotiate exclusively with Buyer (the "Deposit"). This Deposit shall be applied against Buyer's obligation to pay the Purchase Price at Closing. If the Closing does not occur, Seller shall retain the deposit unless the reason why the Closing does not occur is due to one or more of the following reasons: (i) Seller's board of directors or trustees fails to approve the Transaction; (ii) Seller's management does not recommend approval of a Transaction materially consistent with the terms of this letter of intent and with other standard terms for a transaction of this size and nature to Seller's board of directors or trustees; (iii) Seller breaches any of its binding obligations set forth in this letter of intent; (iv) Seller fails to use commercially reasonable efforts to cooperate with Buyer's diligence activities and the regulatory approval process and to consummate the Transaction; (v) Seller fails to satisfy the conditions to Closing set forth in the Purchase Agreement (as defined in Paragraph 4 below) for which Seller is responsible; or (vi) the operations of the Dialysis Business (as defined in Paragraph 2 below) are materially

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inconsistent with the information provided by Seller to Buyer during its preliminary due diligence in April 2011. If the Transaction does not close due to one or more of the foregoing, Seller shall return the deposit to Buyer no more than three (3) business days following such event.

2. **Assets.** The Assets to be acquired by Buyer at Closing will include all of the tangible and intangible assets which comprise or are used or are held for use in connection with or are necessary to the operation of the business at the Centers (the "**Dialysis Business**"), including, without limitation, all real property leasehold rights, improvements, furniture, fixtures, equipment, supplies, inventory, claims and rights under contracts and leases to be assigned to Buyer as set forth below, trade names, trademarks, and service marks, patient lists, copies of patient files and records, telephone numbers for the Center, trade secrets, other proprietary rights or intellectual property, goodwill, all Medicare provider numbers and agreements distinct to the Dialysis Business (if Buyer shall elect, in its sole discretion, to accept them), and, to the extent permitted by law, all permits, licenses and other rights held by Seller with respect to the ownership or operation of any or all of the Dialysis Business, and all of Seller's books and records to the extent relating to the foregoing, in each case, regardless of whether they are on Seller's or a related party's books. All of the Assets shall be transferred to Buyer free and clear of all liens, claims and encumbrances. At or prior to the Closing, Seller shall acquire all right, title and interest in and to any leased equipment that is used in connection with the Centers, and such acquired equipment shall constitute part of the Assets. Notwithstanding the foregoing, the Assets will not include cash and accounts receivable of the Centers, contracts and leases that are not to be assigned to Buyer as set forth below, and inventory and supplies disposed of from the date hereof until Closing in the ordinary course of business consistent with past practice.

3. **Liabilities.** Except for obligations arising on or after the Closing Date under contracts assigned to Buyer or otherwise relating to the operation of the Dialysis Business on or after the Closing Date (such obligations, "**Post-Closing Obligations**"), Buyer will not assume any of Seller's Liabilities (as defined below), including, without limitation, any Liabilities arising out of the operation of the Dialysis Business (or any part thereof) or the ownership or use of any of the Assets prior to the Closing Date. "**Liability**" means any claim, lawsuit, liability, obligation or debt of any kind or nature whatsoever, including without limitation, (a) any malpractice, tort or breach of contract claim asserted by any patient, former patient, employee or any other party that is based on acts or omissions or events occurring before the Closing Date; (b) any amount (including, if applicable, any penalty or interest) due or that may become due to Medicare or Medicaid or Blue Cross/Blue Shield or any other health care reimbursement or payment intermediary or other person or entity on account of any overpayment or duplicate payment or otherwise attributable to any period prior to the Closing Date ("**Reimbursement Liabilities**"); (c) any obligation or liability attributable to any period prior to the Closing Date that arises out of any contract, whether or not such contract is assigned to Buyer; and (d) any account payable of Seller.

4. **Purchase Agreement.** Buyer and Seller shall execute an asset purchase agreement for the Transaction (the "**Purchase Agreement**"), which shall provide for the purchase and sale of the Assets and assumption of the Liabilities as specified in Paragraphs 1 through 3, above, and contain such representations, warranties and other terms as are customary for a transaction of this nature, including, without limitation, representations and warranties relating to good and valid title, sufficiency of assets, no brokers, continuation of the business in the ordinary course and further assurances.

5. **Contracts.**

(a) **Contract Review and Assignment.** Prior to the execution of the Purchase Agreement, Seller shall provide Buyer with copies of all contracts and leases of Seller relating to the Centers except for third-party payor contracts, including, without limitation, employment agreements, and vendor agreements. Prior to the execution of the Purchase Agreement, Buyer shall designate which of the listed contracts and leases it shall assume at the Closing (it being anticipated that Buyer will designate relatively few, if any, of said contracts and leases). To the extent the contracts and leases are transferrable, Seller shall be responsible for obtaining and delivering any necessary consents for the assignment of such designated contracts and leases to Buyer at the Closing.

(b) **Real Property Leases.** At Closing, Buyer will enter into a new lease with Seller, as landlord, for each of the Centers (each, a "**Lease**" and collectively, the "**Leases**") for the current Center premises except for the Center premises located in Morris, Illinois, which premises are not owned or controlled by Seller. It is anticipated that each Lease will have a term of ten (10) years from the Closing Date and two (2) successive renewal options of five (5) years each, and other terms mutually acceptable to the parties. Notwithstanding the foregoing, the parties acknowledge that Seller is building a new facility at 1890 Silver Cross Boulevard, New Lenox and when complete, the Center currently located at 1200 Maple Road, Joliet will relocate to space within such new premises, whereupon the current lease will terminate and a new lease will be executed with the owner of that space. The parties further acknowledge that the rental amount under each Lease must reflect fair market value and will be supported by a broker's opinion of value, which Buyer will obtain at its own expense.

(c) **Acute Services Agreement.** It will be a condition to Closing that Buyer and Seller shall enter into an Acute Service Agreement (the "**Acute Services Agreement**") for dialysis treatments rendered at Seller's acute care hospital. The Acute Services Agreement will have terms and conditions mutually acceptable to Buyer and Seller and the rate per treatment thereunder shall reflect fair market value of the services provided.

6. **Employees.** On or before the Closing, Buyer shall offer to hire, effective as of the Closing Date, all of Seller's employees (other than physicians) who are employed principally in the Dialysis Business as of the Closing (the "**Dialysis**

Employees") on terms that in the aggregate are equal to or better than the terms currently offered such employees by Seller, subject, in each case, to Buyer's confirmation thereof during its due diligence review; provided, however, Buyer may elect not to offer employment to Dialysis Employees who (i) do not have the unrestricted ability to provide federally reimbursed services; (ii) do not release their personnel files to Buyer prior to Closing; (iii) are on a corrective action plan with Seller at any time within sixty (60) days prior to Closing; (iv) are former employees of Buyer who left their employment on unfavorable terms; or (v) do not pass a pre-employment drug test, background check and physical exam. At Closing, Buyer will assume up to eighty (80) hours of vacation and other payable time off ("PTO") accrued as of the Closing Date by each Dialysis Employee who accepts employment with Buyer and elects to transfer all or some of said PTO to Seller, and Seller shall pay to Buyer an amount equal to such accrued and transferred PTO or, alternatively, shall apply a credit to Buyer against the Purchase Price hereunder. Seller will be responsible for paying any accrued PTO in excess of eighty (80) hours or any non-transferred PTO to each Dialysis Employee in the next Seller disbursed payroll at or following the Closing. If Buyer is unable to process the transition of the Dialysis Employees who accept the offers from Buyer to Buyer's payroll and benefit plans by the Closing, then Seller will maintain such Dialysis Employees on its payroll and in its benefit plans until such transition is completed, in each case, solely at the cost and expense of Buyer.

7. **Medical Director Agreement.** Seller will use commercially reasonable efforts (provided, however, that Seller shall not be required to spend any funds or otherwise offer any consideration to any party in connection with such commercially reasonable efforts) to assist Buyer in negotiating a ten (10) year medical director agreement for each of the Centers (each, a "**Medical Director Agreement**"), to be effective as of the Closing Date, with a qualified, board-certified nephrologist acceptable to Buyer to serve as medical director for each Center, at fair market value rates and under reasonable terms and conditions.

8. **Naming Rights.** Seller agrees that Buyer shall retain the right to designate the name of the Centers; provided, however, that following the Closing, Buyer shall incorporate the name of the founder of Silver Cross Renal Center - East, Dr. Satish Kathpalia, into the Center names and/or on a memorial located within the Centers. Nothing in this Paragraph 8 shall preclude Buyer from identifying each Center as a Buyer facility following the Closing.

9. **Non-Competition and Non-Solicitation Covenant.** Pursuant to the Purchase Agreement, Seller, on its own behalf and on behalf of its affiliates, shall agree not to compete with the business of the Centers, directly or indirectly (whether through a subsidiary, employee, agent, affiliate or otherwise), or otherwise take any action that may result in owning any interest in, leasing, operating, managing, extending credit to, or otherwise participating (e.g., as a medical director, contractor, consultant, or employee) in a competitor of Buyer or the Centers, anywhere within a radius of twenty (20) miles of each Center (the "**Restricted Area**"), for a period of ten (10) years following the Closing

Date (the "**Restricted Period**"). Seller shall further agree, on its own behalf and on behalf of its affiliates, that they will not, during the Restricted Period, directly or indirectly (whether through a subsidiary, employee, agent, affiliate or otherwise), take any action that may induce any patient, customer, employee or vendor of any Center (either individually or in the aggregate) to discontinue his, her or its affiliation with such Center; provided that the foregoing is not intended to prohibit any physician employed by Seller from engaging in the professional practice of nephrology or exercising such person's independent medical judgment, without consideration for any pecuniary interests of said physician, nor to require the referral of any patients for any dialysis service provided by, or to any dialysis center owned by, Buyer or any of Buyer's affiliates. Five percent (5%) of the Purchase Price will be allocated to the covenant not to compete. The Parties agree that the non-competition and non-solicitation terms of this Paragraph 9 shall not apply if Buyer discontinues the Dialysis Business within the Restricted Period.

10. Closing. Subject to the satisfaction of the Closing conditions (including approval from the Illinois Health Facilities Planning Board for Buyer to acquire the Centers), the Closing shall take place as soon as possible, and in any event no later than March 31, 2012 (the "**Closing Date**"). The parties will use good faith efforts to complete and execute the Definitive Agreements (as defined in Paragraph 12(b) below) no later than October 14, 2011.

11. Due Diligence. Within ten (10) business days of the execution of this letter of intent, Buyer shall provide Seller with a list of all due diligence information requested by Buyer. Buyer shall have a period of forty five (45) days following the provision to Buyer by Seller of all requested diligence information to complete to its satisfaction its due diligence review of the Dialysis Business, including, without limitation, the assets and liabilities relating thereto and copies of any licenses, permits, and other regulatory materials and approval requirements pertaining to the Dialysis Business. During this review period, Buyer may request that Seller provide reasonable supplemental information from time to time. Seller shall furnish to Buyer and its representatives such information and access to such books and records and personnel as Buyer may reasonably request for such purpose, including, without limitation, with respect to financial matters, litigation and loss contingencies, employee matters, tax and ERISA matters, vendors and patient information, legal and healthcare regulatory compliance, licenses, insurance, contracts, and other matters as Buyer may reasonably request.

12. Conditions to Closing. Buyer's obligation to close the Transaction shall be subject to Buyer's completion to its satisfaction of its due diligence review of the Dialysis Business as set forth in Paragraph 11 above, and subject to the satisfaction of the conditions set forth below. Satisfaction of the conditions in subsections (a) and (c) below also shall be conditions to Seller's obligation to close the Transaction.

(a) **Documentation.** The parties will negotiate, execute and deliver the Purchase Agreement, Leases, Acute Services Agreement, and related documents, setting forth the terms and conditions of the Transaction and containing customary provisions, representations, warranties, covenants, and indemnifications in accordance with this letter of intent, and providing for the receipt by the parties of such ancillary documents as shall be reasonably acceptable to the parties and their respective counsel. Further, Seller shall have supplemented or amended all of its disclosure schedules to the Purchase Agreement through the Closing Date to reflect any fact necessary to make the representations true and correct, and no such supplement or amendment shall have resulted in a material adverse effect on the Dialysis Business. In addition, Buyer will have completed its negotiation of the Medical Director Agreements. All of the foregoing documents, inclusive of the Medical Director Agreements, are referred to hereafter as the "Definitive Agreements."

(b) **Regulatory Matters.** Seller shall be in material compliance with all standards of licensure and other applicable legal requirements, including, without limitation, all building, zoning, occupational safety and health, environmental, and health care laws, ordinances, and regulations relating to the Dialysis Business, its assets, its personnel and its operations. In addition, Buyer shall have obtained or been issued a certificate of need from the Illinois Health Facilities Planning Board and all other licenses, permits, and other regulatory approvals for its operation of the Centers after the change of control contemplated hereunder, provided that Buyer shall exercise its best efforts to obtain all such necessary licenses, permits and other regulatory approvals. Furthermore, the sale of the Assets to Buyer shall be in compliance with all applicable federal and state laws.

(c) **Board and Lender Approvals.** Buyer and Seller, to the extent necessary, shall have received all necessary corporate approvals and all required lender approvals.

(d) **Personnel.** A sufficient number of Dialysis Employees shall have accepted employment with Buyer on the terms and conditions offered by Buyer to operate the Centers in the same manner as they were operated prior to the Closing, and each of such employees shall have all licenses and permits required to carry out his or her obligations and none of them shall be on the OIG List of Excluded Individuals/Entities.

(e) **Inventory.** The Assets shall include that quantity of useable inventories and supplies, including, without limitation, EPO and other drugs and supplies used for dialysis treatments, as shall be sufficient to operate the Centers for a period of eighteen (18) days in a manner consistent with prior practice.

(f) **Material Adverse Change.** There shall not have been any material adverse change in the condition (financial or otherwise) of the assets, properties or operations of the Dialysis Business or the Assets.

13. Indemnification. The Purchase Agreement will provide that Seller will indemnify and hold harmless Buyer with respect to all losses arising out of any breach of any representation, warranty or covenant of Seller made pursuant to the Purchase Agreement, or arising out of any Liabilities, including without limitation, Reimbursement Liabilities. The Purchase Agreement will also provide that Buyer will indemnify and hold harmless Seller with respect to all losses arising out of any breach of any representation, warranty or covenant of Buyer made pursuant to the Purchase Agreement, or arising out of any Post-Closing Obligations. Any claim for indemnification for any breach of a representation or warranty must be asserted by written notice within five (5) years following the Closing Date, except that, with regard to those representations and warranties pertaining to Seller's payment programs, compliance with laws, benefit plans, and taxes, a claim for indemnification may be asserted at any time within the applicable statute of limitations. The indemnification provisions shall contain other provisions usual and customary for transactions of this nature, including a cap and basket, to be agreed upon following completion of Buyer's due diligence review of the Dialysis Business.

14. Maintenance of Business. Between the date of this letter and the Closing Date or the termination of the exclusivity period referred to in Paragraph 18 below, whichever occurs first, Seller (a) shall continue to operate the Dialysis Business and maintain the Assets in the usual and customary manner consistent with past operations; (b) shall use its reasonable efforts to preserve the business operations of the Dialysis Business intact, to keep available the services of its current personnel, and to preserve the good will and relationships of its suppliers, patients and others having business relations with the Dialysis Business; (c) shall notify Buyer in writing of any event involving the Dialysis Business or the Assets that has had or may be reasonably expected to have a material adverse effect on the business or financial condition of the Dialysis Business or the Assets; and (d) shall not sell, encumber, or otherwise dispose of any Assets without Buyer's consent, except in the ordinary course of business consistent with past practice.

15. Transition Period. From the date hereof, through the Closing Date and thereafter for a reasonable period of time, the parties will work cooperatively with each other to develop specific transition and integration plans to assure continued quality of care and operating effectiveness following the Closing, including but not limited to a plan to ensure that Buyer does not experience an interruption in reimbursement from Medicare after the Closing Date.

16. Public Announcements. Subject to requirements of law, any news releases or other announcements prior to Closing by Buyer, Seller, or any of their respective affiliates or agents pertaining to this letter or the transactions contemplated herein shall be approved in writing by all parties prior to release. Buyer and Seller agree that, prior to Closing, they shall keep the existence of this letter and its contents confidential, except as may be necessary to comply with applicable law. Buyer acknowledges and agrees that Seller shall have the right to disclose information to its employees regarding the transaction contemplated by this letter of intent as, when and to

the extent Seller in its sole discretion deems it reasonably necessary to further the purpose of this letter of intent and Seller's obligations hereunder, provided that Seller and Buyer shall jointly agree in advance to the timing and substance of all communications between Buyer and Seller's employees.

17. Confidentiality. Buyer and Seller hereby reaffirm their respective obligations under that certain Mutual Confidentiality Agreement dated as of March 24, 2011, which agreement remains in full force and effect.

18. Exclusivity. In consideration of Buyer's payment of the Deposit, for a period of one hundred twenty (120) days following full execution of this letter of intent (or such earlier date on which Buyer provides written notice to Seller that it has ended its active efforts to consummate the Transaction), neither Seller nor any of its affiliates or agents or representatives, shall, directly or indirectly, enter into any agreement, commitment or understanding with respect to, or engage in any discussions or negotiations with, or encourage or respond to any solicitations from, any other party with respect to the direct or indirect (including, without limitation by way of stock sale, merger, consolidation or otherwise) sale, lease or management of the Dialysis Business or any material portion of the Assets. Seller shall promptly advise Buyer of any unsolicited offer or inquiry received by it or any of its affiliates, agents or representatives while the provisions of this Paragraph 18 remain in effect, including the terms of any such offer that is equal to or greater than ninety percent (90%) of the Purchase Price.

19. Procedure. As soon as possible following full execution and delivery of this letter of intent, the parties will cooperate in the negotiation and preparation of the Purchase Agreement and other necessary documentation and will use all reasonable efforts to satisfy the conditions set forth in Paragraph 12 which are in their respective control.

20. Expenses. Each party shall bear its own expenses arising out of this letter of intent and the Transaction, with no liability for such expenses to the other party, whether or not the Transaction or any part thereof shall close.

21. Non-Binding Effect. It is understood that this letter of intent merely constitutes a statement of the mutual intentions of the parties with respect to the proposed Transaction, does not contain all matters upon which agreement must be reached in order for the proposed transactions to be consummated and, except in respect of Paragraphs 1(b), 14, 16, 17, 18, and 20, above, and this Paragraph 21, creates no binding rights in favor of any party. A binding commitment with respect to the Transaction will result only if Definitive Agreements are executed and delivered, and then, only subject to the terms and conditions contained therein. The parties agree to negotiate such Definitive Agreements in good faith on terms consistent with this Letter of Intent. This letter of intent may be executed in counterparts, each of which shall be deemed to be an original, and all of which, when taken together, shall constitute one and the same letter of intent. Signatures sent by facsimile transmission shall be deemed to be original signatures.

Silver Cross Hospitals and Medical Centers, Inc.
August 12, 2011
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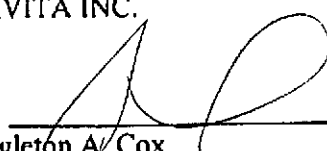
[SIGNATURES ON NEXT PAGE]

Silver Cross Hospitals and Medical Centers, Inc.
August 12, 2011
Page 10

This letter of intent will be void and the terms contained herein revoked unless accepted and returned by 5:00 p.m. (Central Time) on August 12, 2011. If the foregoing is acceptable to you, please so indicate by signing a copy of this letter of intent and returning it to the undersigned.


Very truly yours,

DAVITA INC.

By: 
Singleton A. Cox
Director, Corporate Development

Acknowledged and agreed this 12 day of August, 2011

SILVER CROSS HOSPITAL AND MEDICAL CENTERS, INC.

By: 
Name: Paul Pawlak
Title: President, Chief Executive Officer

ATTACHMENT A

CENTERS

Silver Cross Renal Center – East
1200 Maple Rd
Joliet, Illinois

Silver Cross Renal Center – West
1051 Essington Road
Joliet, Illinois

Silver Cross Renal Center – Morris
1551 Creek Drive
Morris, Illinois

Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership
Criterion 1110.240(c), Access

1. Current Admissions Policy

A copy of the current admissions policy and financial assistance policy for Silver Cross Renal Center - Morris is attached as Attachment 19-B.

2. Proposed Admissions Policy

A copy of the admissions policy and financial assistance policy for DaVita Inc. is attached as Attachment 19-C.

3. Admission Policy Certification

A letter from Dennis Kogod, Chief Operating Officer of DaVita, certifying the admissions policies of Silver Cross Renal Center - Morris will not become more restrictive is attached as Attachment 19-D.

TITLE: HOSPITAL ADMISSION PROCESS FOR DIRECT ADMITS THROUGH THE PATIENT REGISTRATION AREA

Policy and/or Procedure:

1. Physician or physician's office calls Admitting Case Manager for inpatient admission.
2. House Supervisor coordinates placement of the patient.
3. Admitting schedules patient as "SCH IN" via computer.
4. Upon arrival of the patient, the Patient Registration Rep will:
 - a. Review the demographic and insurance information with the patient or family member.
 - b. Confirm that the patient requests to be listed in the patient directory for phone calls and visitors.
 - c. Obtain signatures on all necessary forms.
 - d. Provide the patient with all regulatory documents.
 - e. Assign the patient to the room via computer.
 - f. Place the patient identification band on the patient and verify the accuracy of the patient name and date of birth.
 - g. Request the services of the volunteer to escort the patient to the room.
5. After hours, the patient will be admitted through the EOD.

DEPARTMENTS AFFECTED:

Admitting

EFFECTIVE DATE:

March 1, 1978

REVISED DATE (S):

08/05/98, 11/03/04, 04/25/06

APPROVED BY:

Theresa Quinn
Manager

DATE: 04/25/06

AUTHORIZED:

John Krepps
President (or designee)

DATE: 05/24/06

Manual Page A-1

TITLE: DETERMINATION OF CHARITY - GUIDELINES**Purpose:**

The hospital will provide services to all acutely ill patients requiring care, without regard of the patient's ability to pay. We will provide charity care to eligible persons who cannot afford to pay based on family income criteria pursuant to the Federal Poverty Income Guidelines.

Definition:

Charity care is the terminology used to describe persons with the inability to pay for services rendered.

Procedure:**I. EVALUATION**

- A. Patient, family member or agency will notify us prior to services rendered.
- B. Patient or family member will be interviewed by a financial counselor during the inpatient stay to assess the patient's eligibility for state aid.
- C. Post care communication will be performed by the collection department to determine the patient's ability to pay.

II. GUIDELINES

- A. We will provide charity care assistance to patients that maintain an income 200% above the Federal Poverty Level:

<u>Size of Family Unit</u>	<u>Federal Poverty Level</u>	<u>200% Above</u>
1	\$10,890	\$21,780
2	14,710	29,420
3	18,530	37,060
4	22,350	44,700
5	26,170	52,340
6	29,990	59,980
7	33,810	67,620
8	37,630	75,260

TITLE: DETERMINATION OF CHARITY - GUIDELINES**II. GUIDELINES (continued)**

- B. For family units with more than eight members, add \$7,640.00 for each additional member.
- C. We will update our guidelines upon publication of the Department of Health and Human Services in the Federal Register.

III. QUALIFICATION

- A. The completion of the Determination of Eligibility Application Form.
- B. Proof of family income:
 - 1. Copy of previous year income tax return.
 - 2. Copy of wage statement W-2 form,
 - 3. Copy of most recent pay statement of earnings.
- C. Indigent persons
 - 1. Homeless
 - 2. Deceased adults with no spouse, no probate and no assets.
- D. Persons who are denied for state aid yet meet our guidelines.
- E. We are committed to provide in and out patient care to those who have been referred from the Will-Grundy Medical Clinic.

IV. PROCESS

- A. Receive telephone call from patient or guarantor requesting uncompensated charity care.
- B. Mail the Determination of Eligibility Application Form to the guarantor.
- C. Upon receipt of completed application form, it will be reviewed by the collector and forwarded to the manager or senior person for approval or denial.
- D. Approved application:
 - 1. The patient account will be adjusted off of the receivables with the assigned adjustment code.
 - 2. Notes are entered into the financial system.
 - 3. Decision will be mailed to guarantor within 10 working days.
 - 4. Record of patient account will be maintained for 5 years and the application for 1 year.

TITLE: DETERMINATION OF CHARITY - GUIDELINES

IV. PROCESS (continued)

- E. Denied application:
 - 1. Collection efforts will prevail.
 - 2. Notes are entered into the financial system.
 - 3. Decision will be mailed to guarantor within 10 working days.
 - 4. Application will be maintained for 1 year.

DEPARTMENTS AFFECTED: Patient Accounts

EFFECTIVE DATE: 05/15/91 REVISED DATE(S): 3/21/97, 5/1/98, 11/17/99, 3/9/00,
3/26/01, 2/18/03, 2/27/04, 9/16/04
3/2/05, 2/1/06, 1/24/07, 2/1/08, 2/5/09,
1/25/11

APPROVED BY: Robert Mull, Director Patient Accounts
Department Head

DATE: 01/25/11_____

AUTHORIZED: William Brownlow
Senior Vice President of Finance
And Managed Care

DATE: 01/25/11_____

TITLE: ACCEPTING PATIENTS FOR TREATMENT

PURPOSE: To establish requirements for patient admission to a DaVita dialysis facility and to allow DaVita to obtain necessary information from the patient and to enter the correct information into the appropriate information system prior to providing dialysis treatment to a patient at a DaVita dialysis facility.

DEFINITION(S):

Beneficiary Selection Form (CMS 382): Required by Medicare for home dialysis patients (home hemo or peritoneal). The patient selects whether they will obtain home treatment supplies from a Durable Medical Equipment (DME) provider (Method II) or from the facility that will provide home dialysis support services (Method I). DaVita currently only supports patients selecting Method I.

Guest patient: A patient who is visiting a facility and plans to return to his/her home facility within 30 days. A guest patient refers to patients visiting from a non-DaVita facility to a DaVita facility as well as visiting from a DaVita facility to another DaVita facility.

Medical Evidence Report Form (CMS 2728): Required by Medicare to determine if an individual is medically entitled to Medicare under the ESRD provisions of the law and to register patients with the United States Renal Data System. The 2728 form is used as the primary source in determining the COB for patients insurance. Physicians have a 45 day grace period to sign the 2728 form when the patients are new to dialysis. Patients are only required to complete the 2728 form once, not for every facility visit or transfer.

Medicare Secondary Payor Form (MSP): Determines if a commercial Employer Group Health Plan (EGHP) (or other insurance carrier) will be primary payor. This form is completed online in the Registration System and must be completed for all patients who have Medicare coverage when they start treatment at DaVita.

Patient Authorization and Financial Responsibility Form (PAFR): Form that informs patients of their financial obligations regarding services provided to them by DaVita. The form must be signed and witnessed prior to the start of the first dialysis treatment and annually thereafter. By signing the PAFR, the patient is assigning the payment for services provided by DaVita, directly to DaVita from insurance companies. The PAFR form must be signed annually at each DaVita facility where the patient treats.

Permanent patient: A patient who has selected a DaVita dialysis facility as his/her home facility.

Personal Representative: An individual who is legally appointed, designated and/or authorized pursuant to state law to: (a) make health care decisions on behalf of a patient, or (b) act on behalf of a deceased individual or a deceased individual's estate. Reference *Personal Representatives of Patients* (available on the HIPAA website on the VillageWeb).

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Origination Date: September 2006

Revision Date: March 2008, September 2008, December 2008, April 2009, September 2009, October 2010

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Policy: 3-01-03

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Transfer patient: An existing dialysis patient who is permanently relocating from any dialysis facility to a DaVita dialysis facility. Once the transfer is complete, the patient will become a "permanent patient."

POLICY:

1. DaVita will accept and dialyze patients with renal failure needing a regular course of dialysis without regard to race, color, national origin, gender, sexual orientation, age, religion, or disability if:
 - a. The patient's care can be managed in an outpatient dialysis facility according to individual modality;
 - b. The patient is under the care of a nephrologist who is credentialed in the DaVita facility;
 - c. There is adequate treatment space and staffing available to provide appropriate care to the patient;
 - d. The patient (a) has been verified as Medicare or Medicaid eligible and/or has private insurance coverage issued by an Insurance Provider licensed and operating in the United States or United States Territories which has been verified, and from which an authorization for treatment has been received by DaVita as required, (b) accepts financial responsibility for care by signing the *Patient Authorization & Financial Responsibility (PAFR)* Form.
 - i. Patients who are uninsured must be authorized at the facility level with written approval by the facility's Divisional Vice President (DVP), or their designee, prior to treatment. (*Cash Payment Fee Schedule for Patients with no Insurance Coverage Policy (available on the ROPS website on the VillageWeb)*).
 - ii. Patients who have an out-of-state Medicaid plan that will not pay for treatment must be authorized at the facility level with written approval by the facility's DVP, or their designee, prior to treatment.
 - iii. Patients who are out-of-network and have no out of network benefits must be authorized at the facility level with written approval by the facility's DVP, or their designee, prior to treatment.
2. Patients without adequate medical insurance coverage will be responsible to pay their portion of the cost of providing treatment prior to actual treatment.
3. All visiting patients, including patients visiting a non-contracted facility, will be responsible to sign a new PAFR Form specific to the visiting facility.

4. A Purchase Order for services and treatments outside of their area is required prior to treatment for patients who have Indian Health Services coverage.
5. Any new patient who is uninsured must be approved for treatment by the facility's Operational Vice President, or their designee, prior to treatment.
6. DaVita dialysis facility will transmit the required information to the corresponding Corporate Business Office (CBO) ROPS registration teammate upon notification of a new or visiting patient.
7. ROPS registration teammate will verify all insurances and obtain authorization if needed to complete the registration process.
8. Guest patients must make payment for non-covered, and out of network (including out of state Medicaid plans that do not pay for treatment) services in the form of cashiers check, money order, travelers check, American Express, Visa, Discover or MasterCard prior to treatment. Please see *Money Received at Centers Policy* and *Credit Card Process Policy* (available on the ROPS website on the VillageWeb).
9. DaVita will bill using the name and number as it appears on the beneficiary Medicare card or other document confirming the patient's health care coverage through a third party, and as the patient's name is confirmed by two (2) additional forms of identification which has the patient's current legal name listed on it as outlined in section 9 of this policy. Please see *Entering Patient's Name Policy* (available on the ROPS website on the VillageWeb).
10. If any information on the beneficiary Medicare card is incorrect, DaVita will advise the beneficiary to contact their local servicing Social Security Office to obtain a new Medicare card.
11. If information contained on the insurance card is incorrect, DaVita will advise the policyholder to contact their insurance company to obtain a new insurance card. All insurance cards should match the patient's identification. The patient must produce evidence that a change was initiated with the appropriate insurance carrier within 90 days of the noted discrepancy.
12. There are three (3) mandatory data elements for any patient to be registered in Registration System. These fields must be completed accurately prior to treatment. Required Registration System fields are:
 - a. First and last name;
 - b. DOB (date of birth), and
 - c. Anticipated start date at DaVita.

13. Unless otherwise provided for under this policy, prior to the admission to the facility, all patients, including Transfer, Guest, and Permanent Patients will be given the following documents to read and sign:
- a. Patient's Rights;
 - b. Patient's Responsibilities;
 - c. Patient Authorization and Financial Responsibility Form (PAFR);
 - d. Patient's Standards of Conduct;
 - e. Patient Grievance Procedure;
 - f. Authorization for and Verification of Consent to Hemodialysis/Peritoneal Dialysis;
 - g. Reuse Information Consent form;
 - h. Caretaker Authorization form;
 - i. HIPAA Notice Acknowledgement form; and
 - j. Affidavit of Patient Identification form (Note: This form is only given if the patient or Personal Representative on behalf of the patient is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence upon admission or within seven (7) days of admission).
14. The patient will agree to follow the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure*. (Refer to *Patient's Standards of Conduct; Patient Grievance Procedure; Patient Rights and Responsibilities* available on the Clinical P&P website in Volume I on the VillageWeb.)
15. Guest Patients are only required to sign the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure* one time for each DaVita facility they visit, as long as these forms are visibly posted at the facility, unless there are changes made to any of those forms/policies, or state specifications require otherwise.
16. Listed below are the following documents that are required for hemodialysis patients and home dialysis patients prior to admission to a DaVita Dialysis facility:
- a. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:

- i. Federal or state government issued identification such as:
 - A. Driver's license;
 - B. Voter's registration card;
 - C. Passport;
 - D. ID card;
 - E. Marriage certificate;
 - F. Social Security card; or
 - G. US military photo ID card.
- ii. Divorce decree;
- iii. Credit card;
- iv. Utility bill;
- v. Pension statements;
- vi. Bank account and other financial asset records;
- vii. Property Deed;
- viii. Mortgage;
- ix. Lease Agreement;
- x. Auto registration;
- xi. Job paystub;
- xii. Letters from Social Security Office;
- xiii. US adoption papers;
- xiv. Court order for legal name change signed by a judge or county clerk;
- xv. Library card;
- xvi. Grocery store rewards card; or

- xvii. For minors, school records such as school identification card, nursery, or daycare records
- b. All copies of patient's current insurance cards-front and back;
- c. Copy of History and Physical (within the last year – must be legible);
- d. For Hepatitis and TB testing requirements, refer to policies: *Hepatitis Surveillance, Vaccination and Infection Control Measures* and *Tuberculosis Infection Control Policy* (available on the Clinical P&P website in Volume 1 on the VillageWeb);
Note: Hepatitis C testing is recommended, but not required.
- e. If patient is a new ESRD patient, pre dialysis labs including hematocrit or hemoglobin, albumin, BUN, creatinine, and, if available, creatinine clearance and/or urea clearance drawn within 45 days prior to first day of dialysis;
- f. Monthly labs within 30 days prior to first treatment date including hematocrit, hemoglobin, URR and electrolytes;
- g. Copies of three (3) flowsheets within two (2) weeks of requested treatment(s) for patients who have previously dialyzed;
- h. Copy of current hemodialysis orders for treatment;
- i. EKG, if available, OR if patient has known heart condition;
- j. Patient demographics;
- k. Copies of most recent Long Term Program, Patient Care Plan, Nursing, Dietary and Social Work Assessments and most recent progress notes for patients who have previously dialyzed;
- l. Current list of medications being administered to patient in-center and at home;
- m. Advance Directives, if applicable;
- n. Initiation of CMS 2728. Once completed, within the 45-day guideline, it should include the patients and nephrologist's signature and date. This is the official document of the patient's first date of dialysis ever, first dialysis modality, and provides transplant information, if applicable;
- o. *Patient Authorization & Financial Responsibility Form (PAFR)*. Must be signed and witnessed prior to the start of the first dialysis treatment. This form allows DaVita to receive payment from insurance companies and informs the patient of the financial responsibilities regarding treatment provided to them. Without a signed PAFR Form, we may not be reimbursed for services provided to the patient;

- p. CMS 382 Form. Required only for home dialysis patients (home hemo or peritoneal);
 - q. Medicare Secondary Payor Form (MSP). Determines if a commercial Employer Group Health Plan (EGHP) will be primary payor. Must be completed for all patients who have Medicare coverage when they start treatment at DaVita;
 - r. DaVita's *Notice of Privacy Practices*. Each patient will be provided with the notice.
17. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient should follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb), and any other relevant policies based on the situation at hand.
18. Any conflict with the criteria established or refusal to sign appropriate consents and authorization to bill would constitute a need for prior written authorization by the facility's DVP or designee.
19. A permanent DaVita patient may be treated at a DaVita facility other than his /her home facility without completing the required documentation, excluding the PAFR, when:
- a. The attending nephrologist has privileges at both the facilities in question (the patient's home facility and the anticipated visiting facility);
 - b. A visiting record is generated by the home facility at least one hour before the scheduled treatment;
 - c. The Facility Administrator (FA) at the visiting facility agrees to treat the patient; and
 - d. The visiting facility has the space and resources to treat the patient.
 - e. PAFR is always required.
20. All other exceptions to this policy are subject to approval by the DVP for the region/division.

ATTACHMENTS:

Attachment A: Procedures for Accepting Patients for Treatment

Teammates are expected to report possible violations of this policy and procedure. You may make your report to an appropriate DaVita manager, to the Corporate Compliance Hotline (1-888-458-5848 or DaVitaComplianceHotline.com) or to DaVita's Corporate Compliance Department (1-888-200-1041 x156037). DaVita has a Non-Retaliation policy and will not tolerate any form of retaliation against anyone who files a Compliance report in good faith. Reports can be made anonymously or you may request confidentiality. Questions regarding this policy should be directed to the QUESTionline@davita.com.

TITLE: PROCEDURES FOR ACCEPTING PATIENTS FOR TREATMENT

PURPOSE: To establish procedures for accepting patients for treatment in accordance with the *Accepting Patients for Treatment* policy.

DEFINITIONS:

Personal Representative: An individual who is legally appointed, designated and/or authorized pursuant to state law to: (a) make health care decisions on behalf of a patient, or (b) act on behalf of a deceased individual or a deceased individual's estate. Reference the *Personal Representatives of Patients* (available on the HIPAA website on the VillageWeb).

POLICY:

1. DaVita dialysis facility will gather all the required documents and patient information (for new patients) to properly register the patient into the Registration System and Snappy information systems.

PROCEDURE(S):

A. Patient Registration Procedures for all New or Visiting patients:

1. The facility's Social Worker (SW) or designee will interview all new patients to determine whether a patient has adequate medical insurance coverage.
2. If patient is an established DaVita patient, the patient's current Patient Financial Evaluation (PFE) will follow the patient to the DaVita facility they are visiting.
3. Prior to scheduling the patient for treatment, the following fields must be completed:
 - a. First and last name;
 - b. Date of birth; and
 - c. Anticipated start date at DaVita.
4. Insurance information is required on all patients regardless of insurance type or coverage. The insurance information must include:
 - a. Insurance Company/Companies and phone number(s) (patient may have more than one type of insurance); and
 - b. Insurance Policy ID number (for each insurance).

5. The facility will then transmit the initial key information to the appropriate CBO/Registration Teammate as soon as notified of intent to treat a patient at a DaVita dialysis facility. The transmission of the additional information listed below will help complete the registration process.
 - a. Demographics;
 - b. Address, permanent and billing;
 - c. Social Security number;
 - i. Ethnicity;
 - ii. Emergency numbers;
 - iii. Provider information;
 - iv. Credentialed nephrologist;
 - v. Clinical Information;
 - vi. First Date of Dialysis (FDOD);
 - vii. Modality type;
 - viii. Primary diagnosis for dialysis;
 - ix. Primary cause for ESRD from CMS 2728 form;
 - x. Method (home patient supplies);
 - xi. Employed Status (required on patient, spouse, guardian or child) if there is an Employer Group Health Plan (EGHP). A Registration Teammate can unlock the Insurance Change Request (ICR) so the facility may complete this information. If the insurance subscriber is someone other than the patient, Registration Teammate will require the DOB of the subscriber;
 - xii. Date(s) of previous transplant(s), if applicable; and
 - xiii. MSP Form completed online in Registration System (if patient is Medicare eligible).
6. If the patient does not have a Social Security Number (SSN); please call Palms Customer Support at DaVita Laboratories @ 1-800-944-5227 to obtain a Reflab number. The Reflab number will be used by DaVita Laboratories and populated into Registration System.

7. Prior to the start of the first dialysis treatment, the patient or the patient's Personal Representative must sign, and have witnessed by a Registered Nurse, the Authorization for and Verification of Consent to Hemodialysis Procedure Form or the Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form.
8. The *Patient Authorization & Financial Responsibility (PAFR) Form* must be signed and dated by the patient or the patient's Personal Representative annually at each DaVita facility the patient is treated, and witnessed, prior to the start of the first dialysis treatment.
9. The facility will give the patient or the patient's Personal Representative DaVita's *Notice of Privacy Practices* (available on the HIPAA website on the VillageWeb). The HIPAA Notice Acknowledgement Form must be signed by the patient or the patient's Personal Representative or by a teammate prior to the start of the first dialysis treatment.
10. The patient/Personal Representative or a DaVita teammate must sign the Notice of Acknowledgement Form attesting that the patient received DaVita's *Notice of Privacy Practices*.
11. All additional forms, specific to the patient's modality, are to be signed prior to, or within 30 days of the first treatment.
12. The following documents must be scanned into Registration System prior to or within seven (7) days of the first treatment:
 - a. An insurance card for each insurance;
 - b. Insurance letter for Authorization/Referral if the insurance carrier requires an authorization; and
 - c. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:
 - i. Federal or state government issued identification such as:
 - A. Driver's license;
 - B. Voter's registration card;
 - C. Passport;
 - D. ID card;
 - E. Marriage certificate;

- F. Social Security card; or
- G. US military photo ID Card;
- ii. Divorce decree;
- iii. Credit card;
- iv. Utility bill;
- v. Pension statements;
- vi. Bank account and other financial asset records;
- vii. Property Deed;
- viii. Mortgage;
- ix. Lease Agreement;
- x. Auto registration;
- xi. Job paystub;
- xii. Letters from Social Security Office;
- xiii. US adoption papers;
- xiv. Court order for a legal name change signed by a judge or court clerk;
- xv. Library card;
- xvi. Grocery store rewards card; or
- xvii. For minors, school records such as school identification card, nursery or daycare records

13. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient will follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb).

14. A signed CMS 2728 form must be completed, signed and scanned into Registration System within 45 days of the first treatment date. This is scanned into Registration System one (1) time only.

15. The dialysis facility will fax the following required documents to 1-888-720-4008 for electronic imaging:

- a. CMS 382 Beneficiary Selection (PD patients)-this is faxed one (1) time only or if modality changes and then is faxed in January;
- b. Patient Authorization & Financial Responsibility Form (PAFR);
- c. Authorization for and Verification of Consent to Hemodialysis Procedure Form;
- d. Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form (if applicable);
- e. Reuse Information Consent Form (if applicable);
- f. Patient's Rights;
- g. Patient's Responsibilities;
- h. Patient's Standards of Conduct;
- i. Patient Grievance Procedure;
- j. Dialysis Emergency Form/Emergency Evacuation Acknowledgement (Hemodialysis patients);
- k. Patient's Choice of Transportation; and/or
- l. Caretaker Authorization.

16. The facility will file all original documents in the patient's medical record.

B. Visiting DaVita Patient Procedures:

1. The facility will verify that the documents and patient information for existing patients are current within the Registration System.
2. PAFR must be signed specific to the clinic being visited.
3. The home facility must setup a transfer record for a returning DaVita patient. This may be entered up to 30 days in advance.
4. The facility will transmit the required information to the corresponding CBO/Registration Teammate as soon as possible upon notification of a returning visiting patient.
5. ROPS registration teammate will verify all insurances and obtain authorization if needed to complete the registration process .

C. Registration Teammate Procedures:

1. Registration teammate will complete the system driven tasks generated from Registration System for the new patient to continue the patient intake process within 48 hours of receipt of patient information.
 - a. Registration teammate will complete one Benefits Verification Form (BVF) for each insurance.
 - b. Registration teammate will obtain authorization if required by the insurance carrier. If no authorization can be obtained, the Registration teammate Representative will update Registration System Notes and notify the Facility Administrator with the information.
 - c. Contact the facility for any additional information required to register the patient into Registration System.
 - d. Registration Teammate will respond to inquires made by the dialysis facility within a 24-hour period.

D. Exceptions to these Procedures:

1. The documentation requirement for visiting DaVita to DaVita patients may be waived by the facility administrator under specific conditions described here:
 - a. The referring physician has privileges at both the home and the visiting facility;
 - b. A transfer record has been created at least one hour before the patient arrives for treatment; and
 - c. The visiting facility has the resources and space to accept the patient for dialysis.
2. Under this exception, the visiting facility must have the patient sign:
 - a. *Patient Authorization & Financial Responsibility Form (PAFR)*; and
 - b. *Authorization and Consent for Treatment (Hemodialysis / Peritoneal Dialysis)*

Teammates are expected to report possible violations of this policy and procedure. You may make your report to an appropriate DaVita manager, to the Corporate Compliance Hotline (1-888-458-5848 or DaVitaComplianceHotline.com) or to DaVita's Corporate Compliance Department (1-888-200-1041 x156037). DaVita has a Non-Retaliation policy and will not tolerate any form of retaliation against anyone who files a Compliance report in good faith. Reports can be made anonymously or you may request confidentiality. Questions regarding this policy should be directed to the QUESTionline@davita.com.

TITLE: FINANCIAL RESPONSIBILITIES: PATIENTS

PURPOSE: To outline the financial responsibilities and rules for patients treated in dialysis facilities owned or managed by DaVita Inc. Each of these facilities will be referred to as a DaVita facility.

POLICY:

1. DaVita will accept for treatment at each DaVita facility, from a physician with admitting privileges to the facility, all patients who (a) require dialysis services; (b) comply with the patient financial responsibilities as set forth in this policy; (c) meet all other patient responsibilities required by DaVita policies; and (d) either permanently reside in the community served by the DaVita facility or satisfy DaVita's visiting patient criteria. Acceptance for treatment shall be without regard to age, national origin, disability, race, creed, religion or other factors unrelated to the provision of appropriate medical care per DaVita policies: *Accepting Patients for Treatment and Patient Discharge*.
 - "Referring physician" means any physician who has been granted admitting privileges to a DaVita facility in accordance with the DaVita Medical Staff Bylaws/Rules and Regulations.
2. Exceptions to the above can only be made with the advance approval of the responsible DaVita Regional Director. Such exceptions will be done on a case-by case basis only.
3. DaVita's goal is to obtain compliance with this policy and other DaVita policies governing patient responsibilities, not to discharge patients. However, if all efforts to encourage and ensure cooperation fail, non-compliant patients may be discharged from the DaVita facility.
4. Visiting patients are addressed in this policy/procedure and the DaVita policy for *Financial Responsibility: Visiting Patients*. Visiting patients do not live within the facility service area; therefore, DaVita will not accept responsibility to treat these patients unless they comply with all applicable policies and procedures related to visiting patients.

Responsibility for Payment:

1. The patient (or guardian/guarantor, if applicable) is responsible for full payment of all services provided by DaVita.
2. Any deductibles, co-insurance, co-pays and uninsured amounts are the responsibility of the patient and should be paid in full within 30 days of receipt of the billing statement by the patient unless other arrangements have been made.

3. If during the course of ascertaining the appropriate patient demographic and/or third party insurance information, it is suspected that the patient is providing false information to obtain DaVita's services, the teammate will notify the Facility Administrator immediately, who will then conduct further activity in accordance with the *Potential Misuse of Public and Private Health Care Program Benefits to Obtain Health Care Services from DaVita* policy.
4. DaVita will not knowingly submit claims for payment based on false information.
5. Patients who do not have insurance coverage for 100% of their financial liability will be offered financial counseling by a DaVita Social Worker or other appropriate teammate to determine if any other programs or benefits may be available to the patient to assist in full payment for the patient's medical services and needs.
6. The patient or the guardian/guarantor is expected to pay the full amount due within 30 days of receipt of the statement. Patients who fail to pay their liabilities may be offered an option of payment terms. Payment terms and liability will be based on a patient's ability to pay as determined by the Patient Financial Report. The patient will be required to provide DaVita with full, verifiable financial disclosure. If a satisfactory payment schedule is not agreed upon or a Patient Financial Report is not completed, DaVita will pursue and expect full payment from the patient or legal guardian/guarantor.
7. If the patient receives insurance monies from the insurance company to pay a specified claim due DaVita and refuses to turn said money over to DaVita, the patient will be added to the Patient Liability Report and may be referred to an external collection agency.
8. Financial liabilities for deceased patients will be billed to the patient's estate or legal guardian/guarantor.

Patient Assistance:

1. After counseling with a DaVita Social Worker or other appropriate teammate, patients may be eligible to submit a request for financial assistance per DaVita's Patient Financial Evaluation Policy, the policy for the American Kidney Fund Health Insurance Premium Program and other assistance programs as are made available to patients.

Patient Compliance:

1. Patients are expected to cooperate fully with DaVita efforts to secure appropriate reimbursement for treatment. Cooperation includes, but is not limited to:

- Supplying DaVita with true, correct, accurate, and valid identification, demographic and insurance coverage information in a timely manner.
 - Applying for any and all available health care program benefits and other sources of financial aid or subsidy available to the patient that would improve the individual patient's health care coverage, including but not limited to Medicare, state Medicaid Assistance or state renal programs where applicable.
 - Paying insurance coverage premiums on time; and/or requesting assistance from the facility's Social Worker or other appropriate teammate for seeking aid from other sources, including but not limited to, the American Kidney Fund Health Insurance Premium Program.
 - Supplying true, correct, accurate, and valid information in response to all requests for information made by third party payers.
 - Notifying the facility Social Worker or other appropriate teammate of changes in insurance, demographic or financial status that may affect healthcare.
 - Providing required documentation of all home care treatments.
2. When a patient refuses to cooperate with DaVita financial policies and/or other DaVita policies governing patient responsibilities, discharge from the facility may result per this policy and the policy for *Patient Discharge*.

Other:

1. To the extent that this policy may not be in compliance with the terms and provisions of any agreement between DaVita and a third party payer, the provisions of the third party payer agreement will prevail with respect to patients served by the DaVita facilities to which the third party agreement applies.
2. To the extent that this policy may be in conflict with local, state or federal law(s), the provisions of such law(s), if any, prevail with respect to patients served by the DaVita facility.

Patient Overpayments:

1. DaVita will make every effort to refund overpayments made by patients in a timely manner.



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

August 18, 2011


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

Re: Admission Policies

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 the admissions policy for Silver Cross Renal Center – Morris will not become more restrictive as a result of the proposed change of ownership.

Sincerely,


Dennis Lee Kogod
Chief Operating Officer
DaVita Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This ___ day of _____
2011

Notary Public

Handwritten notes:
See attached
subject
Elliott Johnson
notary

Attachment – 19D

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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 _____

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 18 day of AUGUST, 2011
 by _____
 (1) DENNIS L KOEHL
 Name of Signer

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



Place Notary Seal and/or Stamp Above

(2) _____
 Name of Signer

proved to me on the basis of satisfactory evidence
 to be the person who appeared before me.)
 Signature Evette Johnson
 Signature of Notary Public

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: ADMISSION POLICIES
 Document Date: 18 AUGUST 11 Number of Pages: 1
 Signer(s) Other Than Named Above: NONE

RIGHT THUMBPRINT OF SIGNER #1
Top of thumb here

RIGHT THUMBPRINT OF SIGNER #2
Top of thumb here

Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership
Criterion 1110.240(d), Health Care System

1. Impact on Other Area Providers

There will be no change in the scope of services as a result of the acquisition of the Silver Cross Renal Centers. DaVita intends to continue to provide dialysis services to patients in Grundy and Will Counties through the existing facilities. All anticipated changes will be operational to align the Silver Cross Renal Centers with the operations and resources available within DaVita and which are customary for all DaVita facilities. The merger will not impact other unaffiliated area dialysis facilities as the transaction consists of a change of control of the operating entity.

2. Facilities within Applicant's Health Care System

A list of all DaVita and Total Renal Care facilities in Illinois is attached at Attachment 19-E. The list includes the name, address, number of stations, list of services, and utilization for the most recent 12 month period.

3. Present and Proposed Referral Agreements

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

4. Time and Distance for Proposed Referrals

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

5. Use of Care System Providers

The change of ownership of Silver Cross Renal Center - Morris will have no impact on area in-center hemodialysis facilities. The change of control will not restrict the use of other area health care providers and the DaVita facilities, including the integrated Silver Cross Renal Centers, will have open medical staffs and admit patients pursuant to a non-discriminatory admission policy.

6. Duplication of Services

As set forth throughout this application, the proposed transaction contemplates a change of ownership of Silver Cross Renal Center - Morris. Total Renal Care, Inc. will acquire substantially all of the assets of the Silver Cross Renal Centers. Because the proposed transaction involves the acquisition of existing in-center hemodialysis facilities, there will be no duplication of services.

7. Services Not Available to the Community

DaVita will continue to provide dialysis services currently provided in the Silver Cross Renal Centers, including in-center hemodialysis, peritoneal dialysis (CAPD and CCPD), and home hemodialysis. No new services are planned for the acquired facilities; however, as new treatment options and technology evolve, DaVita will implement new treatment modalities as warranted.

DaVita Inc. Illinois Facilities

Facility	Address	City	Services	Number of Stations 10/12/2011	Average In-Center Patients	Average Utilization 10/01/2010 to 09/30/2011
Adams County Dialysis	1005 Broadway	Quincy	In-Center Hemo, CAPD	17	46	45.10%
Alton Dialysis	3511 College Avenue	Alton	In-Center Hemo, CAPD	14	58	69.52%
Barrington Creek Dialysis	28160 West Northwest Highway	Lake Barrington	In-Center Hemo	12	0	N/A
Benton Dialysis	1151 West Route #14	Benton	In-Center Hemo, CAPD	13	51	65.64%
Beverly Dialysis	8111 South Western Avenue	Chicago	In-Center Hemo	12	62	86.39%
Big Oaks Dialysis	5623 West Touhy Avenue	Niles	In-Center Hemo	12	11	15.00%
Centralia Dialysis	1231 State Illinois Route 161 E.	Centralia	In-Center Hemo, CAPD	12	50	69.72%
Chicago Heights Dialysis	177 West Joe Orr Road	Chicago Heights	In-Center Hemo	16	78	81.25%
Churchview Dialysis	5970 Churchview Drive	East Rockford	In-Center Hemo, CAPD	24	80	55.83%
Cobblestone Dialysis	934 Center Street	Elgin	In-Center Hemo, CAPD	14	62	74.05%
Crystal Spring Dialysis	4900 South Route 31	Crystal Lake	In-Center Hemo	12	26	35.56%
Decatur East Wood Dialysis	794 East Wood Street	Decatur	In-Center Hemo, CAPD, HHD	16	61	63.13%
Dixon Kidney Center	1131 North Galena Avenue	Dixon	In-Center Hemo	8	25	52.92%
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	In-Center Hemo	18	60	55.74%
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	In-Center Hemo	16	63	66.04%
DSI Evanston Renal Center	1715 Central Street	Evanston	In-Center Hemo	18	56	51.85%
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	In-Center Hemo	17	89	86.86%
DSI Loop Renal Center	1101 South Canal Street	Chicago	In-Center Hemo, HHD	28	74	44.17%
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	In-Center Hemo	24	91	63.47%
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	In-Center Hemo, HHD	14	70	83.10%
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	In-Center Hemo	20	110	91.67%
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	In-Center Hemo, HHD	22	94	71.36%
Edwardsville Dialysis	235 South Buchanan Street	Edwardsville	In-Center Hemo, CAPD	8	22	45.83%
Effingham Dialysis	904 Medical Park Drive, Suite #1	Effingham	In-Center Hemo, CAPD, HHD	16	52	53.96%
Emerald Dialysis	710 W 43rd Street	Chicago	In-Center Hemo, CAPD	24	126	87.78%
Freeport Dialysis Unit	1028 Kunkle Avenue	Freeport	In-Center Hemo	10	55	92.33%
Grand Crossing Dialysis	7319 South Cottage Grove	Chicago		12	0	N/A
Granite City Dialysis Center	9 American Village	Granite City	In-Center Hemo, CAPD	20	71	59.33%
Illini Renal Dialysis	507 E. University Avenue	Champaign	In-Center Hemo, CAPD, HHD	10	39	64.33%
Jacksonville Dialysis	1515 West Walnut	Jacksonville	In-Center Hemo	14	52	62.38%
Kanakee County Dialysis	581 William R. Latham Sr. Drive	Bourbonnais	In-Center Hemo, HHD	12	39	53.61%
Lake County Dialysis Services	918 South Milwaukee Avenue	Libertyville	In-Center Hemo	16	69	72.29%
Lake Park Dialysis	1531 East Hyde Park Boulevard	Chicago	In-Center Hemo, Noct Hemo	20	107	89.00%
Lake Villa	37809 N. Route 59	Lake Villa	In-Center Hemo	12	31	43.33%
Lincoln Dialysis	2100 West 5th Street	Lincoln	In-Center Hemo	14	19	22.86%
Lincoln Park Dialysis	3155-57 N. Lincoln Avenue	Chicago	In-Center Hemo	22	105	79.70%
Litchfield Dialysis	915 St. Francis Way	Litchfield	In-Center Hemo	11	43	65.15%
Little Village Dialysis	2335 W. Cermack Road	Chicago	In-Center Hemo	16	90	93.75%

Facility	Address	City	Services	Number of Stations 10/12/2011	Average In-Center Patients	Average Utilization 10/01/2010 to 09/30/2011
Logan Square Dialysis	2658 North Milwaukee Ave.	Chicago	In-Center Hemo	20	113	94.17%
Macon County Dialysis	1016 West McKinley Avenue	Decatur	In-Center Hemo	21	80	63.49%
Marion II	324 South 4th Street	Marion	In-Center Hemo, CAPD, HHD	13	54	68.72%
Manville Dialysis	2130 Vadalarberne Drive	Manville	In-Center Hemo, CAPD	12	57	79.72%
Mattoon Dialysis	200 Richmond Avenue, East	Mattoon	In-Center Hemo	16	45	47.29%
Metro East Dialysis	5105 West Main Street	Belleville	In-Center Hemo, CAPD, HHD	36	160	74.07%
Montclare Dialysis Center	7009-7011 West Belmont	Chicago	In-Center Hemo	16	83	86.25%
Mount Vernon Dialysis	1800 Jefferson Avenue	Mount Vernon	In-Center Hemo, CAPD, HHD	16	53	55.42%
MT Greenwood Dialysis	3401 W. 111th Street	Chicago	In-Center Hemo	16	78	81.25%
Olney Dialysis Center	117 North Boone	Olney	In-Center Hemo	7	19	45.71%
Olympia Fields Dialysis Center	4557-B West Lincoln Highway	Matteson	In-Center Hemo	24	102	70.83%
Palos Park Dialysis	13155 S. LaGrange Road	Orland Park		12	0	N/A
Pittsfield Dialysis	640 West Washington Street	Pittsfield	In-Center Hemo	5	7	22.67%
Robinson Dialysis	1215 North Allen Street	Robinson	In-Center Hemo	8	16	34.17%
Rockford Memorial Hospital	2400 North Rockton Avenue	Rockford	In-Center Hemo	20	103	86.17%
Roxbury Dialysis	612 Roxbury Road	Rockford	In-Center Hemo	16	87	90.42%
Rushville Dialysis	Route 67 & Route 24, RR #1	Rushville	In-Center Hemo	7	23	54.76%
Sauget Dialysis	2061 Goose Lake Road	Sauget	In-Center Hemo, CAPD	16	76	78.75%
Springfield Central Dialysis	932 North Rutledge Street	Springfield	In-Center Hemo, CAPD, HHD	21	93	73.81%
Springfield Central Dialysis	932 North Rutledge Street	Springfield	In-Center Hemo, CAPD, HHD	12	0	0.00%
Springfield Montvale Dialysis	2930 Montvale Drive, Suite A	Springfield	In-Center Hemo	17	78	76.47%
Springfield South Dialysis	2930 South 6th Street	Springfield	In-Center Hemo, CAPD, HHD	7	8	19.05%
Stonecrest Dialysis	1302 East State Street	Rockford	In-Center Hemo, CAPD	10	34	57.00%
Stoney Creek Dialysis	9115 S. Cicero	Oak Lawn	In-Center Hemo	12	67	93.06%

Section VIII, Financial Feasibility
Criterion 1120.120 Availability of Funds

The project will be funded entirely with cash and cash equivalents. 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 IX, Financial Feasibility
Criterion 1120.130 – Financial Viability Waiver

The project will be funded entirely with cash and cash equivalents. 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 Dennis Kogod, Chief Operating Officer of DaVita Inc., attesting the total estimated project costs will be funded in total with cash.



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

August 18, 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,


Dennis Lee Kogod
Chief Operating Officer
DaVita Inc.
Total Renal Care, Inc.

Subscribed and sworn to me
This ___ day of _____
2011

Notary Public

*see attached
notary
Cristina Johnson
notary*

Attachment - 42A

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

The project will be funded entirely with cash and cash equivalents. Accordingly, this criterion is not applicable.

Section X, Economic Feasibility Review Criteria
Criterion 1120.310(c), Reasonableness of Project and Related Costs

The Applicants propose a change of ownership of Silver Cross Renal Center - Morris. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

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

Operating Expenses: \$1,071,623

Treatments: 3,636

Operating Expense per Treatment: \$294.72

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

Capital Costs: \$113,500

Treatments: 3,636

Capital Costs per Treatment: \$31.07

Section XI, Safety Net Impact Statement

The Applicants propose a change of ownership of Silver Cross Renal Center - Morris. A change of ownership constitutes a non-substantive project. 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	\$138,964,396	\$149,370,292	\$161,884,078
Amount of Charity Care (charges)	\$321,510	\$597,263	\$957,867
Cost of Charity Care	\$321,510	\$597,263	\$957,867

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:

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22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
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26	In-Center Hemodialysis	
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28	General Long Term Care	
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
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32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
34	Children's Community-Based Health Care Center	
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37	Clinical Service Areas Other than Categories of Service	
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