

DIALYSIS CARE CENTER OLYMPIA FIELDS LLC

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RECEIVED

SEP 07 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

September 2, 2016

Via Federal Express
Via E-Mail

Mr. Michael Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2ND Floor
Springfield, Illinois 62761

Re: Project #16-022

Dear Mike,

Please accept this document in response to your letter for request of additional request dated August 29, 2016.

1. The State Board considers leasing a form of debt financing; therefore I need a letter attesting to 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.
 - 1) That the selected form of debt financing for the project will be at the lowest net cost available; and
 - 2) 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 is less costly than constructing a new facility or purchasing new equipment

I need this letter for both projects. The letter needs to be signed and notarized.

Please see attached, as requested, however please note this was previously provided in the original CON application, listed as page 90 "Availability of funds Attachment -36" (Attachment A).

2. I received an Admission Policy by mail for #16-022 - Dialysis Care Center Olympia Fields and I need the Admission Policy for #16-020 Dialysis Care Center Oak Lawn. I also need the policy for both facilities that provides guidance on how charity care patients will be served.

The Admission Policy and Charity Care Policy for Dialysis Care Center Olympia Fields and Oak Lawn are the same. Please note that this was also previously included in the CON application. Please see attached Policy and Procedures (Attachment B).

3. I am still unclear why Kidney Care Center should not be a co-applicant on these two applications. I need responses to the questions listed below.

Kidney Care Center is not a co-applicant as they are solely a physician practice entity whereas Dialysis Care Center Olympia Fields is a dialysis provider. Each entity has their own separate Federal Tax-Id Number and are managed on an individual basis.

- Does Kidney Care Center have the right or power to approve and remove a controlling portion of the governing body of Dialysis Care Center Oak Lawn and Dialysis Care Center Olympia Fields?

No, Kidney Care Center does not have the right or power to approve and remove a controlling portion of the governing body of Dialysis Care Center Olympia Fields.

- Does Kidney Care Center have the right or power to approve the use of funds or assets of Dialysis Care Center Oak Lawn and Dialysis Care Center Olympia Fields?

No, Kidney Care Center does not have the right or power to approve the use of funds or assets of Dialysis Care Center Olympia Fields.

- Does Kidney Care Center have the right or power to approve the Dialysis Care Center Oak Lawn and Dialysis Care Center Olympia Fields, amend, or modify by-laws or other rules of governance?

No, Kidney Care Center does not have the right or power to approve Dialysis Care Center Olympia Fields, amend, or modify by-laws or other rules of governance.

- Will be Kidney Care Center be financially responsible for guaranteeing or making payments on any debt or leases related to the Dialysis Care Center Oak Lawn and Dialysis Care Center Olympia Fields?

No, Kidney Care Center will not be financially responsible for guaranteeing or making payments on any debt or leases related to the Dialysis Care Center Olympia Fields.

- Will Kidney Care Center be involved in the operation or provision of care and control the use of equipment or other capital assets that are components of the Dialysis Care Center Oak Lawn and Dialysis Care Center Olympia Fields?

No, Kidney Care Center will not be involved in the operation or provision of care and control the use of equipment or other capital assets that are components of the Dialysis Care Center Olympia Fields.

4. I need the projected balance sheet for Dialysis Care Center Oak Lawn, LLC and Dialysis Care Center Olympia Fields, LLC.

Please see attached balance sheet (Attachment C).

The State Board rules require both applicants to submit projected financial information (ratio information). I do need the projected financial information (ratio information) for Dialysis Care Center Holdings, LLC.

As Dialysis Care Center Holdings, LLC has no direct patient involvement, the ratio information is not applicable.

I also need the projected income statement and balance sheet for Dialysis Care Center Holdings, LLC.

As Dialysis Care Center Holdings, LLC is a management only entity, it will collect a management fee from Dialysis Care Center Olympia Fields. The cash shown is a management fee of collections. Please see attached projections (Attachment D).

5. Will any of the patients currently receiving care at the facilities the physicians are referring to be transferred to the Dialysis Care Center Oak Lawn and/or Dialysis Care Center Olympia Fields if these two projects are approved. If not I need a letter attesting that no patients currently being referred to

other ESRD facilities will be receiving care at the Dialysis Care Center Oak Lawn or Dialysis Care Center Olympia Fields signed and notarized.

Let me clearly emphasize, again, that no patients will be transferred from existing ESRD facilities, as previously stated in the physicians' attestation letters that were submitted with the original CON application. Please see attached attestation letter (Attachment E).

6. I reviewed the bank letter from Chase dated June 20, 2016. I am still unclear where the cash for both projects will be coming from. From the letter it appears to me that the funding will be coming from Dialysis Care Center. If that is the case the entity known as Dialysis Care Center needs to be a co-applicant.

Dialysis Care Center is the same entity as Dialysis Care Center Holdings; the "Holdings" was omitted by JPMorgan Chase on the previously supplied letter. As the letter states, should additional funds be required, Dialysis Care Center Holdings, LLC will be eligible for a business line of credit. Please find the revised Chase bank letter attached (Attachment F).

If you have any questions or need any additional information, please feel free to contact me.

Sincerely,



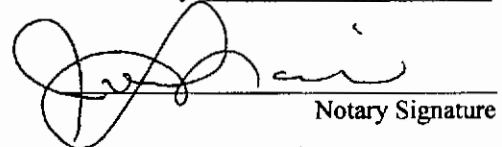
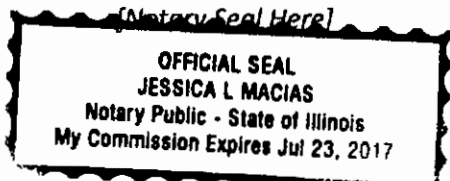
Asim M. Shazzad
Administrator
Dialysis Care Center Olympia Fields
shazzad@kidneycare.com
Cell: (630) 965-9007
Direct: (708) 737-7200

State of Illinois County of Cook

Subscribed and sworn to before me this 2nd day of September 2016.

By Asim Shazzad Personally known X
-or-

Produced proof of identification by _____



Notary Signature

My Commission Expires: July 23, 2017

Kathryn Olson
Chair
Illinois Health Facilities and services review Board
525 west Jefferson Street, 2nd floor
Springfield, Illinois, 62761

Dear Chairwoman Olson:

I hereby certify the following:

- Dialysis Care Center Olympia Fields will be funded through cash and cash equivalents, and a lease, and no debt financing to be used
- Dialysis Care Center maintains sufficient cash and short term securities to fund this project; and
- The expenses to be incurred through the lease of space and selected equipment are less than those associated with the construction of a new facility or the purchase of equipment.

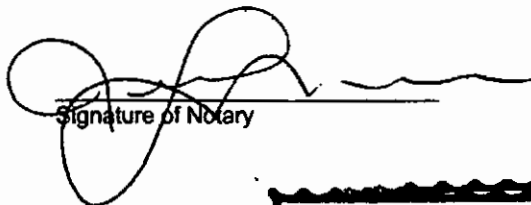
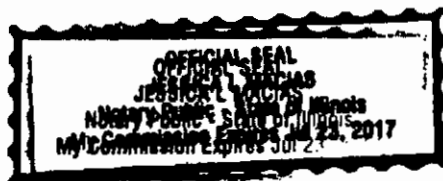
Sincerely,



Asim M Shazzad
Chief Operating Officer

Notarization:

Subscribed and sworn to before me
this 17th day of May, 2014


Signature of Notary

Availability of funds
Attachment-36

DIALYSIS CARE CENTER OLYMPIA FIELDS LLC

Admission Policy

I. Purpose: The purpose of this policy is to define requirements for admission to the Dialysis Care Center Olympia Fields, LLC (DCC) Program.

II. Performed By: Medical Director, Program Manager, Program Nurse

III. Overview: All patients must receive modality education by their referring physician prior to being admitted to the facility. The Program staff will further educate the patient on the modality he/she has chosen. The facility Patient Handbook will also include education on the different treatment modalities and instruct the patient on his/her right to change their treatment modality provided they meet the criteria for that modality and they have discussed this with their physician and the members of the interdisciplinary team (IDT).

IV. Supplies:

- A. Assignment of Benefits Form
- B. Release of Information Form
- C. Admission Agreement
- D. Consent for Dialysis: Hemodialysis
- E. Patient Handbook

V. Policy:

A. All patients referred to Dialysis Care Center Olympia Fields, LLC (DCC) will be treated regardless of race, creed, age, sex, color, disability, or national origin.

B. In order to develop the admission treatment orders and to identify and address any urgent medical needs prior to the completion of the comprehensive patient assessment by the IDT, the Medical Director, nephrologist or physician extender and the Program Registered Nurse will be responsible for an initial assessment before the initiation of the patient's first dialysis treatment in the facility.

C. The initial medical assessment may be completed by review of the patient's medical records or consultation with the referring physician and is not intended to require the medical staff physically see the patient in the facility prior to the first treatment.

D. Orders for treatment must be obtained prior to the initial dialysis treatment. The Registered Nurse will meet with the patient new to dialysis to perform an initial nursing assessment prior to initiation of treatment. The minimum nursing evaluation prior to initiating treatment for a patient new to dialysis will include the following:

- Neurologic: level of alertness, orientation
- Subjective complaints

- Pain status
- Activity: ambulation status, support needs, falls risk
- Access assessment
- Respiratory: description of respirations and lung sounds
- Cardiovascular: heart rate and rhythm, blood pressure, any edema
- Fluid gains
- Integumentary: skin color, temperature, and any type/location of wounds

F. All appropriate paper work must be completed prior to admission and includes receipt of medical and financial records to allow enough time for review by the physician and clinical staff. The following forms must be signed before admission to the facility:

- Assignment of Benefits (AOB)
- Release of Information
- Admission Agreement

G. Hepatitis testing is required prior to admission.

H. Financial approval for the patient's admission will be granted based on the patient's insurance coverage and the patient's intent to pursue other assistance programs if indicated. Any individual unable to obtain or ineligible for financial or insurance coverage, or refusing to disclose insurance information will be granted financial clearance to be admitted to the DCC Program.

I. Copies of insurance coverage are required prior to admission.

J. Prior to initiation of dialysis, a consent form for the specific dialysis treatment modality must be signed by the patient or authorized Caregiver. (See Hemodialysis Consent Policy and Consent Forms).

VI. Procedure: Follow the steps in the table below:

1.	Review admission policy with appropriate staff to ensure admission process is understood and followed.
2.	Obtain and review hepatitis status of patient with the Medical Director, physician or physician extender prior to admission.
3.	Obtain patient or authorized caregiver signature on all admission documents including but not limited to the AOB, Release of Information and Consent Forms.
4.	Ascertain that the patient has received financial and medical clearance and has been approved for admission to the DCC Program/facility before accepting the patient for treatment.

VII. References:

- Federal Register (April 2008). Centers for Medicare & Medicaid Services (CMS), Conditions for Coverage, 494.150 Medical Director.

VIII. Associated Policies:

- Hemodialysis Consent Policy

DIALYSIS CARE CENTER OLYMPIA FIELDS LLC

Charity Policy

- I. **Purpose:** The purpose of this policy is to define requirements for admission to the Dialysis Care Center Olympia Fields, LLC (DCC).
- II. **Performed By:** Medical Director, Program Manager, Program Nurse
- III. **Policy:**
 - A. Provide care for patients in the community who are economically challenged and/or who are undocumented aliens, who do not qualify for Medicare/Medicaid pursuant to an Indigent Waiver policy
 - B. Assist patients who do not have insurance in enrolling when possible in Medicaid and/or Medicaid as applicable, and also our social services department assists patients who have issues regarding transportation and/or who are wheel chair bound or have other disabilities which require assistance with respect to dialysis services and transport to and from the unit.
 - C. Provides care to patients who do not qualify for any type of coverage for dialysis services. These patients are considered "self-pay" patients. They are billed for services rendered, and after three statement reminders the charges are written off as bad debt. Collection actions are not initiated unless the applicants are aware that the patient has substantial financial resources available and/or the patient has received reimbursement from an insurer for services we have rendered, and has not submitted the payment for same to the applicants
 - D. Provide community benefit by supporting various medical education activities and associations, such as the Renal Network and National Kidney Foundation

Dialysis Care Center Olympia Fields
Projected Balance Sheet

	Year 1	Year 2	Year 3
Assets			
Cash	174,258.00	565,956.00	753,136.00
Leasehold Improvements	350,000.00	350,000.00	350,000.00
Equipment	58,000.00	58,000.00	58,000.00
Water Treatment System	81,000.00	81,000.00	81,000.00
Depreciation	(8,150.00)	(8,150.00)	(8,150.00)
Total Assets	<u>655,108.00</u>	<u>1,046,806.00</u>	<u>1,233,986.00</u>
Liabilities			
Lease Payable	(292,000.00)	(292,000.00)	(292,000.00)
Total Liabilities	<u>(292,000.00)</u>	<u>(292,000.00)</u>	<u>(292,000.00)</u>
Shareholders Equity			
Equity - Dialysis Care Center	1,000,000.00	1,000,000.00	1,000,000.00
Net Income (Loss)	(52,892.00)	338,806.00	525,986.00
Total Shareholders Equity	<u>947,108.00</u>	<u>1,338,806.00</u>	<u>1,525,986.00</u>
Total Liabilities and Shareholders Equity	<u>655,108.00</u>	<u>1,046,806.00</u>	<u>1,233,986.00</u>

Dialysis Care Center Holdings
Projected Balance Sheet

	Year 1	Year 2	Year 3
Assets			
Cash	33,696.16	86,170.36	115,208.22
Investment in DCC Oak Lawn	1,000,000.00	1,000,000.00	1,000,000.00
Investment in DCC Olympia Fields	1,000,000.00	1,000,000.00	1,000,000.00
Total Assets	<u>2,033,696.16</u>	<u>2,086,170.36</u>	<u>2,115,208.22</u>
Liabilities			
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Shareholders Equity			
Equity - Dr Alausa	1,000,000.00	1,000,000.00	1,000,000.00
Equity - Dr Shafi	1,000,000.00	1,000,000.00	1,000,000.00
Net Income	33,696.16	86,170.36	115,208.22
Total Shareholders Equity	<u>2,033,696.16</u>	<u>2,086,170.36</u>	<u>2,115,208.22</u>
Total Liabilities and Shareholders Equity	<u>2,033,696.16</u>	<u>2,086,170.36</u>	<u>2,115,208.22</u>

Dialysis Care Center Holdings
Projected Income Statement

	Year 1	Year 2	Year 3
Revenues			
Management fee revenue	<u>50,544.24</u>	<u>129,255.54</u>	<u>172,812.33</u>
Expenses			
Mangement Fee expense	<u>16,848.08</u>	<u>43,085.18</u>	<u>57,604.11</u>
Net Income(Loss)	<u>33,696.16</u>	<u>86,170.36</u>	<u>115,208.22</u>

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September 2, 2016

Mr. Michael Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2ND Floor
Springfield, Illinois 62761

Re: Dialysis Care Center Olympia Fields (Proj. No. 16-022)

Dear Mike,


This letter is attesting that under no circumstances, as previously explained, will the physicians at Kidney Care Center transfer any patients from existing ESRD facilities.

However, the ESRD clinic choice is at the discretion of each and every individual patient and will remain so. Some of the qualifying factors that may directly or indirectly influence a patient's choice are proximity of facility, quality of care and/or patient satisfaction.

Physicians will continue to refer patients to other dialysis facilities in the area based on patients' preference. Kidney Care Center physicians will not willingly transfer patients from other existing ESRD facilities to Dialysis Care Center Olympia Fields and will discourage this type of behavior.

If you have any questions or need any additional information, please feel free to contact me.

Sincerely,

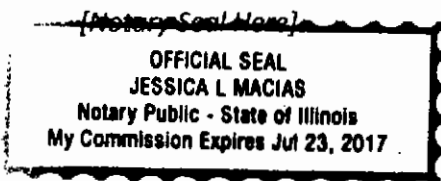

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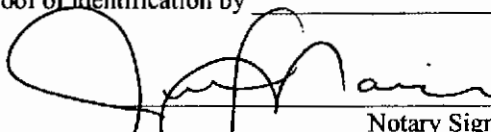
State of Illinois County of Cook

Subscribed and sworn to before me this 2nd day of September 2016.

By Asim Shazzad Personally known Y
-or-

Produced proof of identification by _____




Notary Signature

My Commission Expires: July 23, 2017



Leticia G. Ruffolo
Vice President
Business Relationship Manager
Business Banking

June 20th 2016

To Whom It May Concern:

My name is Leticia Ruffolo I'm a Business Relationship Manger with Chase Bank. I've been with Chase for over 20yr. I'm currently managing Dr. Alausa's accounts. It's been a pleasure to work with Dr. Alausa & his Staff. Dr. has a strong relationship with the bank since 2004, and growing to this date. All of his accounts have always been in good standing.

Currently the Dialysis Care Center Holdings LLC account ending in 0179 has in excess of \$2,000,000.00 in that account as of today June 20th. If additional funds are needed we can provided a Business Line Of Credit upon full credit approval.

If you should have any additional questions, or concerns I can be reached at 708-579-4272.

Sincerely,

A handwritten signature in black ink that reads "Leticia Ruffolo". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Leticia Ruffolo
Vice President