



DIALYSIS CARE CENTER, LLC
15786 S. Bell Road
Homer Glen, IL 60491
PH: 708-645-1000
FAX: 931-484-4701

June 6, 2018

VIA Federal Express

Michael Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, 2nd floor
Springfield, Illinois 62761
Attn: Michael Constantino

Re: Additional information - Dialysis Care Center Hazel Crest, #17-071

Dear Mr. Constantino:

I am writing on behalf of Dialysis Care Center Hazel Crest to provide clarification and additional information as requested by your letter dated 05/25/2018.

1. Page 8 -Please find attached a replacement page as Attachment 1.
2. Page 97- As documented and discussed previously, our dialysis facilities are “transitional” dialysis facilities, which will typically be smaller in size than traditional dialysis facilities that the board has seen in the past.
We have a very reputable and well-known dialysis architect firm that designs all our dialysis facilities. As a company, we do not compromise on patient care or safety. As such, the transitional dialysis facility floor plan is attached on page 79 on the application. and attached as Attachment 2
3. Page 103 – Please find attached additional pages 103 A. as Attachment 3
4. Page 108- The population for the 30-minute service area was determined utilizing U.S Census Bureau, Census 2010, Zip Code Fact Sheet
Url Link: <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

5. Page 114 – The applicant provided a letter certifying the facility will maintain an open medical staff. As shown on pg. 117, Attachment 24 from original application, and as attached to this document as Attachment 4.
6. Page 174 – We are not a publicly traded company and do not have any loans from financial institutions that require us to have audited financial statements. When and if we will require a loan or line of credited from a financial institution, we will obtain the services of an auditor. Please find attached additional financial information as Attachment 5.

Please do not hesitate to contact me if you have any questions or need any additional information regarding this project.

Sincerely,



Asim M. Shazzad
Chief Operating Officer

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 ☐ Yes ☒ 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 \$ 724,655.75.

Project Status and Completion Schedules

For facilities in which prior permits have been issued please provide the permit numbers.

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): February, 29, 2020

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

☐ Purchase orders, leases or contracts pertaining to the project have been executed. ☐ Financial commitment is contingent upon permit issuance. Provide a copy of the contingent "certification of financial commitment" document, highlighting any language related to CON Contingencies
☒ Financial Commitment 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 [Section 1130.620(c)]

Are the following submittals up to date as applicable:

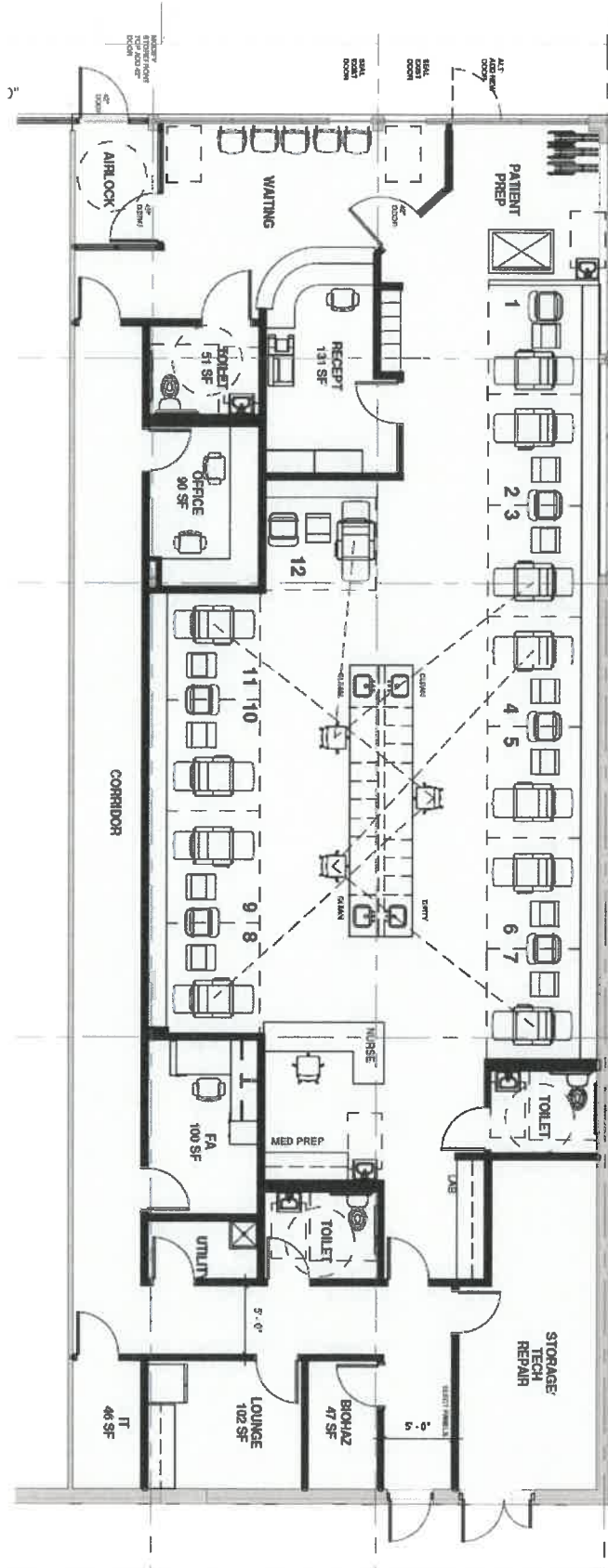
☐ Cancer Registry
☐ APORS
☒ All formal document requests such as IDPH Questionnaires and Annual Bed Reports been submitted
☒ All reports regarding outstanding permits

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

PRELIMINARY PLAN
DIALYSIS CARE CLINICS
DIALYSIS CARE CENTER HAZEL CREST
18325 P JITSKI AVE - Hazel Crest IL 60429

1/8" = 1'-0" PRELIMINARY FLOOR PLAN

TOTAL USEF: 3,706 sf
TOTAL RSF: 3,954 sf



**183 RD AND PULASKI
HAZEL CREST, IL**

KVA & ASSOCIATES, INC. ARCHITECTS
1161 LANE COOK ROAD, SUITE C
DEERFIELD, ILLINOIS

KWLA JOB No. #0840

Attachment 2

Kidney Care Center Olympia Fields
CKD Patients by Zip Code

Zip	Number of Patients
60202	1
60409	2
60411	29
60417	7
60419	2
60422	1
60423	1
60425	3
60426	5
60428	1
60429	32
60430	2
60438	1
60443	5
60449	3
60452	3
60461	1
60465	2
60466	16
60471	6
60473	3
60475	6
60476	1
60477	2
60478	13
60617	1
60621	1
60628	2
60637	1
60643	1
60827	1
60940	1
60950	1
95762	1
TOTAL	158

Section VII. Service Specific Review Criteria
In-Center Hemodialysis
Criterion 1110.1430(f) Support Services

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 under of perjury as provided in § 1-109 of the Illinois code of civil procedure, 735 ILCS 5/109 and pursuant to 77 Ill. Admin. Code § 1110-1430 (f) that Dialysis Care Center Hazel Crest will maintain an open medical staff.

I also certify the following with regards to need support services:

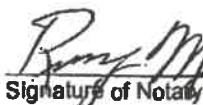
- Dialysis Care Center Hazel Crest will utilize a dialysis electronic patient data tracking system
- Dialysis Care Center Hazel Crest will have available all needed support services required by CMS which may consist of nutritional counseling, clinical laboratory services, blood bank, rehabilitation, psychiatric services, and social services;
- Patients will have access to training for self-care dialysis, self-care instruction, and home hemodialysis and peritoneal dialysis

Sincerely,


Asim M Shazzad
Chief Operating Officer

Notarization:

Subscribed and sworn to before me
this 7 day of December


Signature of Notary

Seal



Attachment-24

10:39 AM
6/4/2018

DCC Hazel Crest, LLC
Balance Sheet
Projected for years ending
December 31st, Inception, YE1 & YE2

	YE Inception	YE 1	YE 2
Current Assets			
Cash - Main	426,335	\$587,791	\$900,797
Cash - Expense			
Cash - Overpayment Account			
Total Cash	426,335	587,791	900,797
Accounts Receivable	17,503	163,273	218,190
Total Accounts Receivable	17,503	163,273	218,190
Prepaid Expenses			
Total Other Current Assets	0	0	0
Total Current Assets	443,838	751,063	1,118,987
Fixed Assets			
Fixed Assets Clearing Account			
Leasehold Improvements	487,500	487,500	487,500
Medical Equipment	339,000	339,000	339,000
Other Equipment	100,000	100,000	100,000
Furniture & Fixtures	41,000	41,000	41,000
Accum Amortization - Leasehold Improvements	(\$32,500)	(65,000)	(97,500)
Accum Deprec - Medical Equipment	(24,024)	(48,048)	(72,071)
Accumulated Depreciation - Other Equipment	(21,467)	(42,933)	(64,400)
Accumulated Depreciation - Furniture & Fixtures	(8,200)	(16,400)	(24,600)
Total Fixed Assets	881,310	795,119	708,929
Security Deposit		0	0
Other Assets			
Total Assets	1,325,147	\$1,546,182	\$1,827,916
Liabilities			
Accounts Payable	71,545	141,901	189,298
Other Accounts Payable	-	0	0
Total Accounts Payable	71,545	141,901	189,298
Total Liabilities	71,545	141,901	189,298
Shareholders Equity			
Retained Earnings	-	(736,800)	(586,121)
DCC Holdings LLC Equity	1,990,402	1,990,402	1,990,402
Net Income	(736,799.56)	150,679	234,337
Total Shareholder Equity	1,253,602	1,404,281	1,638,618
Liabilities & Shareholder Equity	\$1,325,147	\$1,546,182	\$1,827,916



Proforma

Summarized Profit and Loss Statement 2017

[HAZEL CREST]

	INCEPTION	YE 1	YE 2
Total Patients	5	45	58
Total Treatments	726	6534	8422
Revenue	\$ 210,032	\$ 1,959,273	\$ 2,618,284
Expenses			
Total Personnel	556,000.00	823,603.53	991,135.55
Total Supplies	47,190.00	434,053.62	721,089.00
Total Facilities Expenses	244,024.61	386,375.69	480,800.41
Total Initial Fees	5,025.00	-	-
Depreciation	53,690.48	53,690.48	53,690.48
Amortization of Leasehold In	32,500.00	32,500.00	32,500.00
Overhead-3% of Rev	6,300.95	58,778.19	78,548.51
Write Offs - 1% of Rev	2,100.32	19,592.73	26,182.84
TOTAL EXPENSES	946,831.36	1,808,594.24	2,383,946.77
Income (Loss) Operations	(736,799.56)	150,678.85	234,336.86
Percent Profit	-351%	8%	9%

DCC Hazel Crest, LLC

Balance Sheet

Projected for years ending December 31st Inception, YE1 & YE2

Financial Ratios		Financial Ratios			Inception		
		Inception	YE1	YE2	Inception	YE1	YE2
Current Ratio	Current Assets/current Liabilities	6.2	5.3	5.9	\$443,838/\$71,545	\$751,063/\$141,901	\$1,118,987/\$189,298
Net Margin Percentage	Net Income / Net Patient Revenue	-350.80%	7.69%	8.95%	-\$736,800/\$210,032	\$150,679/\$1,959,273	\$234,337/\$2,618,284
Long Term Debt to Total Capitaliz.	Long Term Debt/(LTD+Net Assets)	0	0	0	\$0/\$1,253,602	\$0/\$1,404,281	\$0/\$1,638,618
Debt Service Coverage	Net Income+(Depr+Interest+ Amort)/ (Principal pmt+Int Exp)	0	0	0	-\$736,800+\$53,690+\$32,500/\$0	\$150,679+\$53,690+\$32,500/\$0	\$234,337+\$53,690+\$32,500/\$0
Daily Cash on Hand	Cash +Cash Equivalent/ Daily Operating Expense	188	159	178	\$426,335/\$17,503/\$2358	\$587,791+\$163,272/\$4719	\$900,797+\$218,190/\$6295
Cushion Ratio	(Cash+Investments)/(Principal Pmt+Int Exp)	0	0	0	\$426,335/\$0	\$587,791/\$0	\$900,797/\$0

*There are no short term or long term debts

*Investors are cash funding the project in full plus cash for 1st year operations

Assumptions

Assumptions (Census/Treatments / Revenue Payor Mix)	Inception		
	Inception	YE1	YE2
Patients			
# HD Patients	5	45	58
# PD Patients	0	0	0
# CAPD Patients	0	0	0
# CCPD Patients	0	0	0
# HM Hemo Patients	0	0	0
TOTAL PATIENTS	5	45	58
Treatments			
# HD Treatments	726	6534	8422
# PD Patients	0	0	0
# CAPD Treatments	0	0	0
# CCPD Treatments	0	0	0
# HM Hemo Treatments	0	0	0
TOTAL TREATMENTS	726	6534	8422
REVENUE			
<u>Medicare</u>			
HD PATIENTS	125235	1161268	1542098
CAPD PATIENTS	0	0	0
CCPD PATIENTS	0	0	0
HM HEMO PATIENTS	0	0	0
TOTAL MEDICARE	125235	1161268	1542098
<u>Medicaid</u>			
HD PATIENTS	21562	194060	250122
CAPD PATIENTS	0	0	0
CCPD PATIENTS	0	0	0
HM HEMO PATIENTS	0	0	0
TOTAL MEDICAID	21562	194060	250122
<u>Commercial</u>			
HD PATIENTS	63235	603946	826064
CAPD PATIENTS	0	0	0
CCPD PATIENTS	0	0	0
HM HEMO PATIENTS	0	0	0
TOTAL COMMERCIAL	63235	603946	826064
TOTAL REVENUE HD PTS	210032	1959273	2618284
TOTAL REVENUE CAPD PTS	0	0	0
TOTALREVENUE CCPD PTS	0	0	0
TOTAL REVENUE HM HEMO PTS	0	0	0
TOTAL REVENUE	210032	1959273	2618284

Dialysis Care Center Holdings LLC
Consolidated Balance Sheet Statement
Accrual Basis
For the Year Ended

		<u>December 31, 2016</u>
CURRENT ASSETS		
Bank	\$ 6,182,596	
Account Receivable (Net of Allowance)	<u>5,962,414</u>	
		\$ 12,145,010
FIXED ASSETS		
Depreciable Assets	1,762,147	
Less: Accum Depreciation	<u>(867,888)</u>	
		894,259
OTHER ASSETS		
Deposit	101,387	
Inter-company Transfers	<u>783,352</u>	
		884,739
		<u> </u>
TOTAL ASSETS		<u><u>\$ 13,924,009</u></u>
CURRENT LIABILITIES		
Account Payable	\$ 528,783	
Income Tax	<u>129,344</u>	
		658,126.56
LONG TERM LIABILITIES		
BCBS overpayment account	\$ 6,606,545	
Inter-company transfers	<u>-</u>	
		6,606,545
PARTNERS' CAPITAL		
Capital - Controlling Entity - HDS Holdings	\$ (9,399,212)	
Capital - Non Controlling Entities	(979,729)	
Retained Earnings	15,205,955	
Net Income	<u>1,832,323</u>	
		6,659,337
		<u> </u>
TOTAL LIABILITIES & PARTNERS' CAPITAL		<u><u>\$ 13,924,009</u></u>

Dialysis Care Center Holdings LLC
Consolidate Income Statements
Accrual Basis
For the Year Ended

	December 31, 2016	
INCOME		
Fee for service	\$ 19,295,839	100%
Insurance Returns	-	0%
Total Income	\$ 19,295,839	100%
EXPENSES		
Auto & Travel Expenses	261,158	1%
Bank Charges	9,207	0%
Charitable contribution	236,998	1%
Compensation, Related Taxes & Benefits	5,145,487	27%
Computer & IT Cost	179,473	1%
Dues & Subscription	20,606	0%
Equipment Rentals	480,685	2%
Insurance	53,946	0%
Legal & Professional Fee	256,344	1%
Medical Services	244,310	1%
Medical Supplies	5,549,792	29%
Office Supplies	310,395	2%
Other Expenses	80,665	0%
Rent	838,108	4%
Repairs	49,207	0%
Provision for Bad Debt	2,492,788	13%
Utilities	153,678	1%
Total Expenses	16,362,847	85%
EARNINGS BEFORE TAXES & DEPRECIATION	2,932,992	15%
IL Corporation Tax	129,344	1%
Interest	-	0%
Depreciation	154,880	1%
NET PROFIT	2,648,769	14%
Non-Controlling Interest	816,447	4%
PROFIT ATTRIBUTABLE TO HDS HOLDINGS	\$ 1,832,323	9%

Dialysis Care Center Holdings LLC
Consolidated Balance Sheet Statement
Accrual Basis
For the Period Ended

		<u>December 31, 2017</u>
CURRENT ASSETS		
Bank	\$ 10,851,261	
Prepayment	43,632	
Account Receivable (Net of Allowance)	<u>14,742,759</u>	
		\$ 25,637,652
FIXED ASSETS		
Depreciable Assets	1,943,826	
Less: Accum Depreciation	<u>(1,018,785)</u>	
		925,041
OTHER ASSETS		
Deposit	24,553	
Inter-company Transfers	<u>1,630,239</u>	
		1,654,792
TOTAL ASSETS		<u><u>\$ 28,217,485</u></u>
CURRENT LIABILITIES		
Account Payable	\$ 142,975	
Payroll Tax Payable	<u>363,162</u>	
		506,137
LONG TERM LIABILITIES		
BCBS Unearned Income	<u>14,412,145</u>	
		14,412,145
PARTNERS' CAPITAL		
Capital - Controlling Entity - HDS Holdings	Note 5 (7,501,711)	
Capital - Non Controlling Entities	(1,552,980)	
Retained Earnings	17,038,278	
Net Income	<u>5,315,616</u>	
		13,299,203
TOTAL LIABILITIES & PARTNERS' CAPITAL		<u><u>\$ 28,217,485</u></u>

Dialysis Care Center Holdings LLC
Consolidated Income Statement
Accrual Basis
For the Period Ended

	<u>December 31, 2017</u>	
INCOME		
Fee for service	\$ 47,089,727	100%
Insurance Returns	-	0%
Total Income	\$ 47,089,727	100%
EXPENSES		
Auto & Travel Expenses	358,494	1%
Charitable contribution	579,975	1%
Compensation, Related Taxes & Benefits	8,113,968	17%
Computer & IT Cost	276,358	1%
Equipment Rentals	1,166,519	2%
Insurance	77,456	0%
Legal & Professional Fee	174,511	0%
Medical Services	753,492	2%
Medical Supplies	8,676,385	18%
Office Supplies	384,891	1%
Other Expenses	191,601	0%
Rent	1,113,541	2%
Repairs	125,372	0%
Telephone Expense	132,383	0%
Provision for Bad Debt	15,962,414	34%
Utilities	90,188	0%
Total Expenses	38,177,548	81%
EARNINGS BEFORE TAXES & DEPRECIATION	8,912,179	19%
IL Corporation Tax	346,910	1%
Depreciation	189,860	0%
NET PROFIT	8,375,409	18%
Non-Controlling Interest	3,059,793	6%
PROFIT ATTRIBUTABLE TO HDS HOLDINGS	\$ 5,315,616	11%

Dialysis Care Center Holdings LLC
Consolidated Balance Sheet Statement
Accrual Basis

For the Period Ended December 31st 2016 & 2017

		YE 2016	YE 2017	YE 2016	YE 2017
Current Ratio	Current Assets/current Liabilities	18.5	50.7	\$12,145,030/\$658,127	\$25,637,652/\$506,137
Net Margin Percentage	Net Income / Net Patient Revenue	9.5%	11.29%	\$1,832,323/\$19,295,839	\$5,315,616/\$47,089,727
* Long Term Debt to Total Capitalization	Long Term Debt/(LTD+Net Assets)	49.8%	52.01%	\$6,606,545/(\$6,606,545+\$6,659,337)	\$14,412,145/(\$14,412,145+\$13,299,203)
* Debt Service Coverage	Net Income+(Depr+Interest+ Amort)/Principal Pmt+Int Exp	0	0	\$1,832,323+/\$867,888/\$0	\$5,315,616+\$189,860/\$0
Days Cash on Hand	Cash +Cash Equivalent/ Daily operating Expense	870	400	(\$6,182,596+(\$5,962,414+\$783,352))/ \$14865	(\$10,851,261+\$16,416,630)/\$68150
* Cushion Ratio	(Cash+Investments)/(Principal Pmt+Int Exp)	0	0	\$6,182,596/\$0	\$10851261/\$0

* There are no loans or debt outstanding other than unearned Revenue