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May 21, 2021

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Via Federal Express
Via Email

Ms. Courtney R. Avery
Administrator
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: Hickory Creek Dialysis (Proj. No. 17-063) – Relinquishment of Permit

Dear Ms. Avery:

I am writing on behalf of DaVita Inc. and Joliet Dialysis, LLC. (collectively, the “Permit Holders”) to notify the Illinois Health Facilities and Services Review Board (the “State Board”) of the Permit Holders’ relinquishment of the permit for Proj. No. 17-063 for the facility noted above (the “Project”). The approved permit amount for the project was \$4,035,260. At the time the Project was considered, the three-year compound annual growth rate (CAGR) for the Hickory Creek geographic service area was 4.12%, which was more than sufficient to justify the Permit Holders’ 12 station facility. Since Project approval, growth has decreased and utilization in the Hickory Creek geographic service area is down. Further, as of March 31, 2021, nine of the eleven dialysis clinics within the Hickory Creek geographic service area operated below the State Board’s utilization standard, including Fresenius’s New Lenox facility, which was recently Medicare certified.

Additionally, the challenges created by the COVID pandemic have forced DaVita to focus its human and capital resources on ensuring continued safe access to dialysis care at existing clinic sites. Early on in the pandemic, DaVita developed resources for testing patients and began cohorting patients to separate them by their COVID status treating patients testing positive for COVID at certain clinic locations and non-COVID patients at other clinics with consistent monitoring of patients to ensure that new COVID cases in the non-COVID group were identified as soon as possible and then moved for their care for so long as they were contagious. As the challenges and uncertainties of the pandemic were identified, DaVita determined it would have to carefully execute on additional expansion plans in all the markets it serves. Ultimately, despite the fact that the pandemic is currently waning, the risk of further disruption on DaVita operations

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based on the continued expectation that the U.S. population will not reach herd immunity based on current vaccine uptake and because vaccines may not protect patient from variants of the virus, reinforced that the footprint of the company should not further be expanded in Will County at this time.

DaVita had every intent to open the Hickory Creek Dialysis clinic. DaVita obligated the Project through the execution of the lease for the facility effective on April 17, 2018, began paying rent on September 16, 2019, and will continue to pay rent until lease termination. Further, DaVita executed the medical director agreement for Hickory Creek. Given the declining utilization and the number of underutilized facilities in the geographic service area, the most prudent course of action is for the Permit Holders' to relinquish its permit for Hickory Creek Dialysis. Importantly, DaVita currently has three dialysis facilities within 5 miles of the proposed site of Hickory Creek Dialysis (Sun Health Dialysis, Renal Center New Lenox, and Renal Center West Joliet). Collectively, these three facilities operated at 54% utilization as of March 31, 2021 and have sufficient capacity to accommodate the patients projected to utilize Hickory Creek Dialysis.

If you have any questions pertaining to this request, or need additional information, please feel free to contact me at (312) 873-3606.

Sincerely,

A handwritten signature in blue ink that reads 'Anne M. Cooper'.

Anne M. Cooper

cc: Michael Constantino, HFSRB
Dawn Thomas, DaVita Inc.