



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-01	BOARD MEETING: July 24, 2018	PROJECT NO: 17-068	PROJECT COST:
FACILITY NAME: DaVita Oak Meadows Dialysis		CITY: Oak Lawn	Original: \$4,153,523
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (DaVita Inc. and Motte Dialysis, LLC) propose to establish a 12-station dialysis facility located in Oak Lawn, Illinois at a cost of \$4,153,523 and a completion date of April 30, 2020.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (DaVita Inc. and Motte Dialysis, LLC) propose to establish a 12-station dialysis facility located in Oak Lawn, Illinois at a cost of \$4,153,523 and a completion date of April 30, 2020.
- In April 2018 the Applicants notified the State Board Staff that there was an error in the Original Application for Permit that affected the population size of the 30-minute service area. On May 4, 2018 the Applicants provided responses to questions from the State Board Staff and provided revised zip code and population information that increased the population of the 30-minute service area provided in the Original Application for Permit. The State Board Staff review of the revised 30-minute service area confirmed the Applicants contention that the original submittal was incorrect. The State Board Staff had relied upon the zip code and population information that was provided in the Original Application for Permit to reach the conclusion that there was a surplus of ESRD stations in the 30-minute service area. The original submittal had used a 10-mile radius to determine the population instead of a 30-minute radius.
- **The Board Staff Notes** this correction is considered a Modification of an Application that is allowed by rule until a final decision is rendered by the State Board [77 ILAC 1130.650 a)].
- The review for this project was extended from the June 2018 State Board Meeting to the July 24, 2018 State Board Meeting.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The Applicants are proposing to establish a health care facility as defined by the Illinois Health Facilities Planning Act. (20 ILCS 3960/3)
- One of the objectives of the Health Facilities Planning Act is *“to assess the financial burden to patients caused by unnecessary health care construction and modification. Evidence-based assessments, projections and decisions will be applied regarding **capacity, quality, value and equity** in the delivery of health care services in Illinois. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process.”* [20 ILCS 3960/2]
- As part of the Illinois Health Care Facilities Plan Section 77 ILAC 1100.410 states that *“Health care services should be appropriately located to best meet the needs of the population. Illinois residents needing services should not be forced to travel excessive distances. Where feasible, underutilized services should be consolidated to promote efficiency of operation and quality when such consolidation does not create access problems.”*

PURPOSE OF PROJECT

- *The purpose of the project is to improve access to life sustaining dialysis services to the residents in the southwest suburbs of Chicago, Illinois and the surrounding area. There are 34 dialysis facilities within 30 minutes of the proposed Oak Meadows Dialysis the ("Oak Meadows GSA"). Excluding recently approved dialysis facilities which are being developed to serve distinct groups of patients, as well as facilities that are not yet operational for 2 years, average utilization of area dialysis facilities is 80.47%, exceeding the State Board's utilization standard of 80%. Furthermore, patient census among the existing facilities within the Oak Meadows GSA has increased by 53 patients over the past 12 months, since September 30, 2016. This growth is anticipated to continue to increase for the foreseeable future due to the demographics of the community and U.S. Centers for Disease Control and Prevention estimates that 15% of American adults suffer from CKD.*

PUBLIC HEARING/COMMENT:

- A public hearing was offered in regard to the proposed project, but none was requested. No letters of support or opposition were received pertaining to this project.

SUMMARY:

- **The State Board has estimated a need for 25 stations** in the HSA VII ESRD Planning Area by 2020. Based upon the information provided in the Application for Permit; it would appear there are a sufficient number of pre-ESRD patients to justify the 12 stations proposed by this project and all of the pre-ESRD patients identified come from within the HSA VII Planning Area.
- The Applicants addressed 21 criteria and appear to have met all them all.

STATE BOARD STAFF REPORT
Project #17-068
Oak Meadows Dialysis

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants(s)	DaVita Inc. and Motte Dialysis, LLC
Facility Name	Oak Meadows Dialysis
Location	5020 West 95 Street, Oak Lawn, Illinois
Permit Holder	DaVita Inc. and Motte Dialysis, LLC
Operating Entity	Motte Dialysis, LLC
Owner of Site	ShenLife Shoppes at Eagle Harbor, LLC
Description	Establish a 12-station dialysis facility
Total GSF	6,660 GSF
Application Received	November 30, 2017
Application Deemed Complete	November 30, 2017
Review Period Ends	March 30, 2018
Financial Commitment Date	April 30, 2020
Project Completion Date	April 30, 2020
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	No
Expedited Review?	No

I. Project Description

The Applicants (DaVita Inc. and Motte Dialysis, LLC) propose to establish a 12-station dialysis facility located in Oak Lawn, Illinois at a cost of \$4,153,523 and a completion date of April 30, 2020.

II. Summary of Findings

- A. State Board Staff finds the proposed project in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project appears to be in conformance with the provisions of 77 ILAC 1120 (Part 1120).

III. General Information

The Applicants are DaVita Inc. and Motte Dialysis, LLC. DaVita, Inc. is a Fortune 500 company established in Delaware, and is the parent company of Total Renal Care, Inc. Total Renal Care, Inc. is incorporated in California and licensed in Illinois and is a leading provider of kidney care, delivering dialysis services to patients with chronic kidney failure and end stage renal disease. DaVita serves patients with low incomes, racial and ethnic minorities, women, handicapped persons, elderly, and other underserved persons in its facilities in the State of Illinois.

Motte Dialysis, LLC is owned 51% by Total Renal Care, Inc., 15% by DuPage Medical Center, 5% by MEA Investment Properties, LLC and 5% by Michael Arvan, MD.

Financial commitment will occur after permit issuance. This project is a substantive project subject to a Part 1110 and 1120 review.

Substantive Projects are projects that are defined in the Act and classified as substantive. *Substantive projects shall include no more than the following:*

Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.

Projects proposing a new service or a discontinuation of a service; shall be reviewed by the Board within 60 days.

Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]

Table One below outlines the current DaVita projects approved by the State Board and not yet completed.

TABLE ONE Current DaVita Projects			
Project Number	Name	Project Type	Completion Date
16-015	Forest City Dialysis	Establishment	6/30/2018
16-023	Irving Park Dialysis	Establishment	8/31/2018
16-033	Brighton Park Dialysis	Establishment	10/31/2018
16-040	Jerseyville Dialysis	Establishment	7/31/2018
16-041	Taylorville Dialysis	Expansion	7/31/2018
16-051	Whiteside Dialysis	Relocation	3/31/2018
17-014	Rutgers Park Dialysis	Establishment	06/30/2019
17-016	Salt Creek Dialysis	Establishment	6/30/2019
17-032	Illini Dialysis	Relocation/Expansion	5/31/2019
17-040	Edgemont Dialysis	Establishment	5/31/2019
17-049	Northgrove Dialysis	Establishment	7/31/2019
17-053	Ford City Dialysis	Establishment	8/31/2019
17-062	Auburn Park Dialysis	Establishment	02/29/2020
17-063	Hickory Creek Dialysis	Establishment	11/30/2019
18-001	Garfield Kidney Center	Establishment	06/30/2020

IV. **Health Planning Area**

IV. The proposed facility will be located in the HSA VII ESRD Planning Area. The HSA VII ESRD Planning Area includes Suburban Cook and DuPage County. As of June 2018 there is a calculated need for 25 ESRD stations in this ESRD planning area. As can be seen by the Table One below the State Board is projecting an increase in the population in this ESRD Planning Area of 1.22% and an increase in the number of dialysis patients of approximately 28% for the period 2015 thru 2020.

IV. The five-year need determination is a short-term assessment that applies to the planning area need requirements in the 77 Ill. Adm. Code 1110 category of service review criteria. The in-center hemodialysis or end stage renal disease (ESRD) station need is a five year projection from the base year. The need for additional treatment stations is projected utilizing the following methodology. [77 ILAC 1100.630 - In-Center Hemodialysis Category of Service]

TABLE TWO	
Need Methodology HSA VII ESRD Planning Area	
Planning Area Population – 2015	3,466,200
In Station ESRD patients -2015	5,163
Area Use Rate 2015 ⁽¹⁾	1.472
Planning Area Population – 2020 (Est.)	3,508,600
Projected Patients – 2020 ⁽²⁾	5,163
Adjustment	1.33
Patients Adjusted	6,867
Projected Treatments – 2020 ⁽³⁾	1,071,219
Calculated Station Needed ⁽⁴⁾	1,430
Existing Stations	1,405
Stations Needed-2020	25
1. Usage rate determined by dividing the number of in-station ESRD patients in the planning area by the 2015 – planning area population per thousand. 2. Projected patients calculated by taking the 202 projected population per thousand x the area use rate. Projected patients are increased by 1.33 for the total projected patients. 3. Projected treatments are the number of patients adjusted x 156 treatments per year per patient 4. $1,071,219/747 = 1,430$ 5. $936 \times 80\% = 747$ [Number of treatments per station operating at 80%]	

V. Project Costs and Uses of Funds

The Applicants are funding this project with cash in the amount of \$2,251,769 and the FMV of a lease of \$1,901,754.

TABLE THREE
Project Costs and Sources of Funds

USE OF FUNDS	Reviewable	Non Reviewable	Total	% of Total
Modernization Contracts	\$827,666	\$352,183	\$1,179,849	28.41%
Contingencies	\$82,766	\$35,217	\$117,983	2.84%
Architectural/Engineering Fees	\$96,000	\$25,000	\$121,000	2.91%
Consulting and Other Fees	\$80,000	\$10,000	\$90,000	2.17%
Movable or Other Equipment (not in construction contracts)	\$643,015	\$99,922	\$742,937	17.89%
Fair Market Value of Leased Space or Equipment	\$1,334,083	\$567,671	\$1,901,754	45.79%
TOTAL USES OF FUNDS	\$3,063,530	\$1,089,993	\$4,153,523	100.00%
SOURCE OF FUNDS	Reviewable	Non Reviewable	Total	% of Total
Cash and Securities	\$1,729,447	\$522,322	\$2,251,769	54.21%
Leases (fair market value)	\$1,334,083	\$567,671	\$1,901,754	45.79%
TOTAL SOURCES OF FUNDS	\$3,063,530	\$1,089,993	\$4,153,523	100.00%

VI. Background of the Applicants

A) Criterion 1110.1430(b)(1) & (3) – Background of the Applicants

An applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character to adequately provide a proper standard of health care service for the community. To demonstrate compliance with this criterion the Applicants must provide

- A) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;
- C) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH 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 the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
- D) An attestation that the Applicants have not had *adverse action*¹ taken against any facility they own or operate or a listing of adverse action taken against a facility that they own.

1. The Applicants have attested that there has been no adverse action taken against any of the facilities owned or operated by DaVita, Inc., and Motte Dialysis, LLC during the three (3) years prior to filing the application. [Application for Permit pages 74-75]

¹ “Adverse action is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type “A” and Type “AA” violations.” (77 ILAC 1130.140)

2. The Applicants have authorized the Illinois Health Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connections the applicants' certificate of need to establish a twelve station ESRD facility. The authorization includes, but is not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. [Application for Permit pages 74-75]
3. Motte Dialysis, LLC will be the operator of Oak Meadows Dialysis. Motte Dialysis, LLC is a subsidiary of DaVita, Inc. and is not separately organized. (Application, p.28) As the person with final control over the operator, DaVita Inc. is named as an applicant for this CON application. DaVita Inc. does not do business in the State of Illinois. A Certificate of Good Standing for DaVita Inc. from the state of its incorporation, Delaware, has been provided (Application, p. 27).
4. The site is owned by ShenLife Shoppes at Eagle Harbor, LLC and evidence of this can be found at pages 30-40 of the application for permit in the Letter of Intent to lease the property at 5020 W 95th Street, Oak Lawn, IL 60453.
5. The Applicants provided evidence that they were in compliance with Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.*
6. The proposed location of the ESRD facility is in compliance with the Illinois State Agency Historic Resources Preservation Act, which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State owned historic resources* (20 ILCS 3420/1).

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANTS (77 ILAC 1110.1430(b)(1) & (3))

VII. Purpose of the Project, Safety Net Impact, Alternatives

The three criteria below are for informational purposes only and the State Board Staff does not make a determination on the adequacy of the information submitted.

A) Criterion 1110.230 – Purpose of the Project

To demonstrate compliance with this criterion the Applicants must document that the project will provide health services that improve the health care or well-being of the market area population to be served. The applicant shall define the planning area or market area, or other area, per the applicant's definition.

According to the applicants:

The purpose of the project is to improve access to life sustaining dialysis services to the residents in the southwest suburbs of Chicago, Illinois and the surrounding area. There are 34 dialysis facilities within 30 minutes of the proposed Oak Meadows Dialysis the ("Oak Meadows GSA"). Excluding recently approved dialysis facilities which are being developed to serve distinct groups of patients, as well as facilities that are not yet operational for 2 years, average utilization of area dialysis facilities is 80.47%, exceeding the State Board's utilization standard of 80%. Furthermore, patient census among the existing facilities within the Oak Meadows GSA has increased by 53 patients over the past 12 months, since September 30, 2016. This growth is anticipated to continue to increase for the foreseeable future due to the demographics of the community and U.S. Centers for Disease Control and Prevention estimates that 15% of American adults suffer from CKD. Unfortunately, kidney disease is often undetectable by the patient until the late stages when it is often too late to stop or slow the disease progression. As more working families obtain health insurance through the Affordable Care Act and 1.5 million Medicaid beneficiaries transition from traditional fee for service Medicaid to Medicaid managed care,¹⁰ more individuals in high risk groups now have better access to primary care and kidney screening. As a result of these health care reform initiatives, DaVita anticipates continued increases in newly diagnosed cases of CKD in the years ahead. However, once diagnosed, many of these patients will be further along in the progression of CKD due to the lack of nephrologist care prior to diagnosis. It is imperative that enough dialysis stations are available to treat this new influx of ESRD patients who will require dialysis in the next two years. [Application for Permit page 76-78]

B) Criterion 1110.230(b) - Safety Impact Statement

To demonstrate compliance with this criterion the Applicants must document the safety net impact if any of the proposed project. *Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]*

The Applicants provided a Safety Impact Statement that is attached at the end of this report. Please note, the charity care provided by the Applicants does not meet the statutory definition of charity care. *"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 3920/3]

C) Criterion 1110.230(c) – Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

1. Facility of Lesser or Greater Scope

The Applicants rejected an 8-station ESRD facility because of the number of pre-ESRD patients identified by the Applicants and the State Board's requirement that an ESRD facility located within a Metropolitan Statistical Area must have 8-stations. The Applicants believe the number of pre-ESRD patients identified will result in an 8-station facility being quickly at target occupancy and will need additional stations to accommodate the expected workload.

New facilities in the GSA recently came online or are projected to come online within the next year. Each of these facilities will serve a distinct patient base and is projected to reach 80% occupancy within two years. The Applicants do not want to create unnecessary duplication.

2. Pursue a Joint Venture for the Establishment of a New Facility

DaVita Inc., DuPage Medical Group, Ltd., and Michael Arvan, MD have entered into a joint venture agreement to combine resources and areas of expertise in order to offer the highest level of patient care. Given the historic growth of ESRD patients and the current utilization levels of area clinics, it is expected that area clinics will exceed the 80% utilization mark within two years of project completion. The Oak Meadows Dialysis facility is necessary to address this growth and allow existing facilities to operate at an optimum capacity. Further, DaVita is seeking to collaborate with DMG on the proposed facility in order to increase access to care for individuals with ESRD patients and address identified issues with care coordination and physician communication in the treatment of patients with kidney disease. The cost of this alternative is \$4,153,523.

3. Utilize Existing Facilities

The Applicants rejected this alternative because there are 35 dialysis facilities within the Oak Meadows 30-minute service area with the 24 currently operating facilities averaging approximately 78% utilization. With the expected growth in the number ESRD patients within the 30-minute service area estimated to be 2,480 patients the Applicants believe the existing approved stations (35 facilities with 647 stations) with their dedicated patient population base that there would not be sufficient capacity to accommodate the workload being proposed by this Application for Permit. [Application for Permit pages 79-81]

VIII. Size of the Project, Projected Utilization, and Assurances

A) Criterion 1110.234(a) –Size of the Project

To demonstrate compliance with this criterion the Applicants must document that the size of the project is in conformance with State Board Standards published in Part 1110 Appendix B.

The Applicants are proposing a 12-station ESRD facility in a total of 6,660 GSF of space. Of that total space 4,672 GSF of space will be reviewable space. The State Board Standard is 650 GSF per station or a total of 7,800 GSF. The Applicants have successfully addressed this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 ILAC 1110.234(a))

B) Criterion 1110.234(b) – Projected Utilization

To demonstrate compliance with this criterion the Applicants must document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Part 1110 Appendix B. The number of years projected shall not exceed the number of historical years documented.

The Applicants are projecting 62 patients by the second year after project completion.

62 patients x 156 treatments per year = 9,672 treatments

12 stations x 936 treatments available = 11,232 treatments

9,672 treatments/11,232 treatments = 86.1%

Based upon the referral letters there appears to be a sufficient number of patients to justify the proposed 12-station facility at the State Board's target occupancy of 80%.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 ILAC 1110.234(b))

C) Criterion 1110.234(e) - Assurances

To demonstrate compliance with this criterion the Applicants submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after the project completion, the applicant will meet or exceed the utilization standards specified in Appendix B.

The Applicants provided the necessary assurance at page 118-119 of the Application for Permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.234 (e))

IX. In-Center Hemodialysis Projects

A) Criterion 1110.1430 (c) - Planning Area Need

To demonstrate compliance with this criterion the Applicants must document that the number of stations to be established or added is necessary to serve the planning area's population.

1) 77 Ill. Adm. Code 1100 (Formula Calculation)

To demonstrate compliance with this sub-criterion the Applicants must document that the number of stations to be established is in conformance with the projected station need.

There is a calculated need of 25 ESRD stations in the HSA VII ESRD Planning Area by 2020 per the June 2018 Revised Station Need Determinations.

2) Service to Planning Area Residents

To demonstrate compliance with this sub-criterion the Applicants must document that the primary purpose is to serve the residents of the planning area.

Sreya Pallath, M.D. with J. R. Nephrology & Associates provided a schedule of projected patient referrals from zip codes within the HSA VII ESRD Planning Area as required. Of these 146 CKD patients the Applicants are predicting 62 patients will require dialysis within two years of project completion.

TABLE FOUR			
Number of Pre-ESRD Patients by Zip Code			
Zip Code	City	Number of Pre-ESRD Patients	Planning Area
60453	Oak Lawn	97	VII
60415	Chicago Ridge	13	VII
60482	Worth	5	VII
60803	Alsip	17	VII
60455	Bridgeview	14	VII
Total		146	

3) Service Demand – Establishment of In-Center Hemodialysis Service

To demonstrate compliance with this sub-criterion the Applicants must document that there is sufficient demand to justify the twelve stations being proposed.

Based upon the referral letter provided by the Applicants, it appears that that there will be sufficient demand to justify the 12-stations proposed by this Application for Permit.

5) Service Accessibility

To demonstrated compliance with this sub-criterion the Applicants must document that the number of stations being established or added for the subject category of service is necessary to improve access for planning area residents. The applicant must document one of the following:

- i) The absence of the proposed service within the planning area;
 - ii) Access limitations due to payor status of patients, including, but not limited to, individuals with health care coverage through Medicare, Medicaid, managed care or charity care;
 - iii) Restrictive admission policies of existing providers;
 - iv) The area population and existing care system exhibit indicators of medical care problems, such as an average family income level below the State average poverty level, high infant mortality, or designation by the Secretary of Health and Human Services as a Health Professional Shortage Area, a Medically Underserved Area, or a Medically Underserved Population;
 - iv) For purposes of this subsection (c) (5) only, all services within the 30-minute normal travel time meet or exceed the utilization standard specified in 77 Ill. Adm. Code 1100.
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- 1. There are currently 78 dialysis facilities in the HSA VII ESRD Planning Area. There is no absence of dialysis services in the HSA VII ESRD Planning Area.
 - 2. There has been no evidence of access limitation due to payor status.
 - 3. There has been no evidence of restrictive admission policies of existing providers.
 - 4. It does not appear that the area population and existing care system exhibit indicators of medical care problems.
 - 5. The 25 facilities within 30-minutes currently operating are averaging approximately 81% utilization. The remaining 12 facilities are either in ramp-up or are not operational.

Summary

The State Board has calculated a need for 25 ESRD stations by CY 2020 in the HSA VII ESRD planning area (June 2018). Based upon the information provided in the Application for Permit, it would appear there are a sufficient number of pre-ESRD patients to justify the number of stations proposed and all of the pre-ESRD patients identified come from within the HSA VII Planning Area.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.1430(c)(1), (2), (3) and (5))

TABLE FIVE

Facilities within 30-minutes

Name	City	HSA	Time	Stations	Utilization	Star Rating ⁽²⁾	Met Standard
FMC - Alsip	Alsip	7	11.5	20	68.33%	3	No
FMC - Crestwood	Crestwood	7	17.25	24	61.11%	3	No
USRC - Scottsdale	Chicago	6	17.25	36	55.09%	3	No
Palos Park Dialysis	Orland Park	7	20.7	12	73.61%	2	No
FMC - Blue Island	Blue Island	7	21.85	28	66.67%	3	No
Country Hills Dialysis	Country Club Hills	7	27.6	24	63.19%	3	No
Fresenius Medical Care Cicero	Cicero	7	28.75	16	73.96%	5	No
Chicago Heights Dialysis	Chicago Heights	7	29.9	16	82.29%	4	No
DaVita - Stony Creek	Oak Lawn	7	8.2	14	97.62%	3	Yes
FMC Dialysis Services - Burbank	Burbank	7	17.25	26	76.28%	3	Yes
FMC - Merrionette Park	Merrionette Park	7	17.25	24	93.75%	3	Yes
FMC - South Side	Chicago	6	17.25	39	83.33%	2	Yes
DaVita Mount Greenwood Dialysis	Chicago	6	17.65	16	95.83%	3	Yes
Fresenius Medical Care - Midway	Chicago	6	18.75	12	81.94%	3	Yes
West Lawn Dialysis	Chicago	6	19.55	12	98.61%	4	Yes
Beverly Dialysis Center	Chicago	6	20.7	16	106.25%	3	Yes
Concerto Dialysis	Crestwood	7	24.15	9	40.74%	1	No
FMC Hazel Crest	Hazel Crest	7	25.3	16	84.38%	3	Yes
Fresenius Medical Care Chatham	Chicago	6	25.3	16	88.54%	3	Yes
Fresenius Medical Care Oak Forest	Oak Forest	7	27.6	12	80.56%	3	Yes
Hazel Crest Renal Center	Hazel Crest	7	27.6	20	83.33%	3	Yes
FMC - Marquette Park	Chicago	6	27.6	16	98.96%	4	Yes
South Holland Renal Center	South Holland	7	28.75	24	85.42%	4	Yes
Davita Harvey Dialysis Center	Harvey	7	29.9	18	72.22%	2	Yes
Greenwood Dialysis Center	Chicago	6	29.9	28	95.83%	2	No
Total Stations/Ave. Occ.				494	80.31%		
Dialysis Care Center of Oak Lawn	Oak Lawn	7	4.6	11	43.94%	NA	
DaVita Auburn Park Dialysis	Chicago	6	16.1	12	0.00%	N/A	
DaVita Chicago Ridge Dialysis	Worth	7	13.8	16	51.04%	NA	
DaVita Rutgers Park Dialysis	Woodridge	7	27	12	0.00%	N/A	
DaVita Tinley Park	Tinley Park	7	28.75	12	26.39%	NA	
DaVita Washington Heights Dialysis	Chicago	6	20.7	16	0.00%	NA	
Dialysis Care Center Beverly	Chicago	6	21.85	14	0.00%	NA	
FMC - Evergreen Park	Evergreen Park	7	12.65	30	25.00%	NA	
Fresenius Medical Care Beverly Ridge	Chicago	6	21.85	16	4.17%	NA	
Fresenius Medical Care Summit	Summit	7	25.3	12	47.22%	NA	
US Renal Care Hickory Hills	Hickory Hills	7	20.7	13	0.00%	NA	
US Renal Care West Chicago	Chicago	6	27	13	0.00%	NA	
Total Stations/Ave. Occ.				671	55.44%		

1. Number of stations as of June 2018
2. Utilization as of March 31, 2018
3. Star Rating taken from Medicare Compare Website

B) Criterion 1110.1430(d)(1), (2) & (3) - Unnecessary Duplication/Mal-distribution
To demonstrate compliance with this criterion the Applicants must document that the proposed project will not result in

1. An unnecessary duplication of service
2. A mal-distribution of service
3. An impact on other area providers

1. To determine if there is an unnecessary duplication of service the State Board identifies all facilities within 30-minutes and ascertains if there is existing capacity to accommodate the demand identified in the application for permit. As documented above there are 37 facilities with 671 approved stations within 30 minutes with an average utilization of approximately 56%. Twelve of the 37 facilities are in ramp-up or are not operational. Of the remaining 25 facilities, 15 of the facilities are at target occupancy or above.
2. To determine a mal-distribution (i.e. surplus) of stations in the thirty (30) minute service area the State Board compares the ratio of the number of stations per population in the 30-minute service area to the ratio of the number of stations in the State of Illinois to the population in the State of Illinois. To determine a surplus of stations the number of stations per resident in the 30-minute service area must be 1.5 times the number of stations per resident in the State of Illinois.

	Population	Stations	Ratio
30-Minute Service Area	2,468,874	671	1 Station per every 3,680 residents
State of Illinois (2015 est.)	12,978,800	4,818	1 Station per every 2,694 residents

The population in the 30-minute service area is 2,468,874 residents. There are 683 stations in the 30-minute service area. The ratio of stations to population is one (1) station per every 3,680 residents. The number of stations in the State of Illinois is 4,818 stations (*as of June 2018*). The 2015 estimated population in the State of Illinois is 12,978,800 residents (*Illinois Department of Public Health Office of Health Informatics Illinois Center for Health Statistics -2014 Edition*). The ratio of stations to population in the State of Illinois is one (1) station per every 2,694 residents. To have a surplus of stations in this 30-minute service area the number of stations per population would need to be one (1) station per every 1,796 residents. The ratio in this service area is 1 station per every 3,680 residents. Based upon this methodology there is no surplus of stations in this service area.

3. The Applicants stated the following regarding the impact on other facilities.
“The proposed dialysis facility will not have an adverse impact on existing facilities in the Oak Meadows GSA. Excluding recently approved dialysis facilities which are being developed to serve distinct groups of patients, as well as facilities that have been operational less than 2 years, average utilization of area dialysis facilities is 80.47%, or just above the State Board’s utilization standard of 80%. Furthermore, patient census among the existing facilities within the Oak Meadows GSA has increased by 53 patients over the past 12 months, since September 30, 2016. This growth is anticipated to continue to increase for the foreseeable future due to the demographics of the community and U.S. Centers for Disease Control and Prevention estimates that 15% of

American adults suffer from CKD. Unfortunately, kidney disease is often undetectable by the patient until the late stages when it is often too late to stop or slow the disease progression. As more working families obtain health insurance through the Affordable Care Act²³ and 1.5 million Medicaid beneficiaries transition from traditional fee for service Medicaid to Medicaid managed care more individuals in high risk groups. Further, the in-center hemodialysis facilities approved by the State Board within the last 3.5 years are either in development or operational less than two years. Each facility will serve a distinct patient base within the greater southwest suburban Chicago area. As stated in the physician referral letters for these facilities, each physician projects to refer a sufficient number of patients to achieve 80% utilization by the second year after project completion. Accordingly, the proposed Oak Meadows Dialysis will not adversely impact existing facilities in the Oak Meadows GSA. The proposed dialysis facility will not lower, to a further extent, the utilization of other area facilities that are currently operating below HFSRB standards. As noted above, there are 34 dialysis facilities within the Oak Meadows GSA. Excluding recently approved dialysis facilities which are being developed to serve distinct groups of patients, as well as facilities that have been operational for less than 2 years, average utilization of area dialysis facilities is 80.47%, or just above the State Board's utilization standard of 80%. Furthermore, patient census among the existing facilities within the Oak Meadows GSA has increased by 53 over the past 12 months, since September 30, 2016. This growth is anticipated to continue to increase for the foreseeable future due to the demographics of the community and U.S. Centers for Disease Control and Prevention estimates that 15% of American adults suffer from CKD. Unfortunately, kidney disease is often undetectable by the patient until the late stages when it is often too late to stop or slow the disease progression. As more working families obtain health insurance through the Affordable Care Act²³ and 1.5 million Medicaid beneficiaries transition from traditional fee for service Medicaid to Medicaid managed care," more individuals in high risk groups now have better access to primary care and kidney screening. As a result of these health care reform initiatives, DaVita anticipates continued increases in newly diagnosed cases of CKD in the years ahead. However, once diagnosed, many of these patients will be further along in the progression of CKD due to the lack of nephrologist care prior to diagnosis. It is imperative that enough dialysis stations are available to treat this new influx of ESRD patients who will require dialysis in the next two years. Further, the in-center hemodialysis facilities approved by the State Board within the last 3.5 years are either in development or operational less than two years. Each facility will serve a distinct patient base within the greater southwest suburban Chicago area. As stated in the physician referral letters for these facilities, each physician projects to refer a sufficient number of patients to achieve 80% utilization by the second year after project completion. Accordingly, the proposed Oak Meadows Dialysis will not lower, to a further extent, the utilization of other area facilities that are currently operating below HFSRB standards."

Summary

There is a calculated need for 25 ESRD stations within the HSA VII ESRD Planning Area. There are 37 facilities within 30 minutes. Twelve of the facilities are in ramp-up or are not operational. The remaining 25 facilities are operating at an average utilization of 81%.

The applicants submitted updated information pertaining to the station per population ratio, based upon the State Board's methodology. The Applicants have successfully addressed this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION OF SERVICE, MALDISTRIBUTION OF SERVICE IMPACT ON OTHER FACILITIES (77 ILAC 1110.1430(d)(1), (2) &(3))

C) Criterion 1110.1430 (f) - Staffing

To demonstrate compliance with this criterion the Applicants must document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and Joint Commission staffing requirements can be met.

The proposed facility will be staffed in accordance with all State and Medicare staffing requirements. The Medical Director will be Sreya Pallath, M.D. A copy of Sreya Pallath, M.D curriculum vitae has been provided as required. Initial staffing for the proposed facility will be as follows:

- Administrator (1.00 FTE)
- Registered Nurse (4.24 FTE)
- Patient Care Technician (3.92 FTE)
- Biomedical Technician (0.34 FTE)
- Social Worker (licensed MSW) (0.52 FTE)
- Registered Dietitian (0.53 FTE)
- Administrative Assistant (0.76 FTE)

As patient volume increases, nursing and patient care technician staffing will increase accordingly to maintain a ratio of at least one direct patient care provider for every 4 ESRD patients. At least one registered nurse will be on duty while the facility is in operation. All staff will be training under the direction of the proposed facility's Governing Body, utilizing DaVita's comprehensive training program. DaVita's training program meets all State and Medicare requirements. The training program includes introduction to the dialysis machine, components of the hemodialysis system, infection control, anticoagulation, patient assessment/data collection, vascular access, kidney failure, documentation, complications of dialysis, laboratory draws, and miscellaneous testing devices used. In addition, it includes in depth theory on the structure and function of the kidneys; including, homeostasis, renal failure, ARF/CRF, uremia, osteodystrophy and anemia, principles of dialysis; components of hemodialysis system; water treatment; dialyzer reprocessing; hemodialysis treatment; fluid management; nutrition; laboratory; adequacy; pharmacology; patient education, and service excellence. A summary of the training program has been provided. Oak Meadows Dialysis will maintain an open medical staff.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING (77 ILAC 1110.1430(f))

D) Criterion 1110.1430(g) - Support Services

To demonstrate compliance with this criterion the Applicants must submit a certification from an authorized representative that attests to each of the following:

- 1) Participation in a dialysis data system;
- 2) Availability of support services consisting of clinical laboratory service, blood bank, nutrition, rehabilitation, psychiatric and social services; and

- 3) Provision of training for self-care dialysis, self-care instruction, home and home-assisted dialysis, and home training provided at the proposed facility, or the existence of a signed, written agreement for provision of these services with another facility.

The Applicants have provided the necessary attestation as required at pages 112-113 of the application for permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SUPPORT SERVICES (77 ILAC 1110.1430(g))

E) Criterion 1110.1430(h) - Minimum Number of Stations

To demonstrate compliance with this criterion the Applicants must document that the minimum number of in-center hemodialysis stations for an End Stage Renal Disease (ESRD) facility is:

- 1) Four dialysis stations for facilities outside an MSA;
- 2) Eight dialysis stations for a facility within an MSA.

The proposed 12-station facility will be located in the Chicago-Joliet-Naperville-metropolitan statistical area. The Applicants have met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION MINIMUM NUMBER OF STATIONS (77 ILAC 1110.1430(h))

F) Criterion 1110.1430(i) - Continuity of Care

To demonstrate compliance with this criterion the Applicants must document that a signed, written transfer agreement or arrangement is in effect for the provision of inpatient care and other hospital services. Documentation shall consist of copies of all such agreements.

The Applicants have provided the necessary signed affiliation agreement with Advocate Christ Medical Center as required at pages 112-113 of the Application for Permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION CONTINUITY OF CARE (77 ILAC 1110.1430(i))

G) Criterion 1110.1430(k) - Assurances

To demonstrate compliance with this criterion the representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that:

- 1) By the second year of operation after the project completion, the applicant will achieve and maintain the utilization standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal; and
- 2) An applicant proposing to expand or relocate in-center hemodialysis stations will achieve and maintain compliance with the following adequacy of hemodialysis outcome measures for the latest 12-month period for which data are available:
≥ 85% of hemodialysis patient population achieves urea reduction ratio (URR) ≥ 65%
and ≥ 85% of hemodialysis patient population achieves Kt/V Daugirdas II 1.2.

The necessary attestation has been provided at page 127-128 of the Application for Permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.1430(k))

X. Financial Viability

This Act shall establish a procedure (1) which requires a person establishing, constructing or modifying a health care facility, as herein defined, to have the qualifications, background, character and financial resources to adequately provide a proper service for the community; (2) that promotes the orderly and economic development of health care facilities in the State of Illinois that avoids unnecessary duplication of such facilities; and (3) that promotes planning for and development of health care facilities needed for comprehensive health care especially in areas where the health planning process has identified unmet needs. (20 ILCS 3960)

A) Criterion 1120.120 – Availability of Funds

To demonstrate compliance with this criterion the Applicants must document that the resources are available to fund the project.

The Applicants are funding this project with cash in the amount of \$2,251,769 and a lease with a FMV of \$1,901,754². The lease is an operating lease. A summary of the financial statements of the Applicants is provided below. The Applicants have sufficient cash to fund this project.

TABLE SIX		
DaVita Inc.		
Audited Financial Statements		
December 31st		
(in thousands)		
	2017	2016
Cash	\$508,234	\$674,776
Current Assets	\$8,744,358	\$3,994,748
Total Assets	\$18,948,193	\$18,755,776
Current Liabilities	\$3,041,177	\$2,710,964
LTD	\$9,158,018	\$8,944,676
Patient Service Revenue	\$9,608,272	\$9,269,052
Total Net Revenues	\$10,876,634	\$10,707,467
Total Operating Expenses	\$9,063,879	\$8,677,757
Operating Income	\$1,812,755	\$2,029,710
Net Income	\$830,555	\$1,033,082

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS (77 ILAC 1120.120)

² Operating lease is a contract wherein the owner, called the Lessor, permits the user, called the Lessee, to use of an asset for a particular period which is shorter than the economic life of the asset without any transfer of ownership rights. The Lessor gives the right to the Lessee in return for regular payments for an agreed period of time.

B) Criterion 1120.130 - Financial Viability

To demonstrate compliance with this criterion the Applicants must document that they have a Bond Rating of “A” or better, they meet the State Board’s financial ratio standards for the past three (3) fiscal years or the project will be funded from internal resources.

The Applicants are funding this project with cash in the amount of \$2,251,769 and a lease with a FMV of \$1,901,754. The Applicants have qualified for the financial waiver.³

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 ILAC 1120.130)

XI. Economic Feasibility

A) Criterion 1120.140(a) – Reasonableness of Financing Arrangements

B) Criterion 1120.140(b) – Terms of Debt Financing

To demonstrate compliance with these criteria the Applicants must document that leasing of the space is reasonable. The State Board considers the leasing of space as debt financing.

The Applicants are funding this project with cash in the amount of \$2,251,769 and a lease with a FMV of \$1, 901,754. The lease is for 15 years at a base rent of \$28.90 per GSF with a annual increase of 2.5%. It appears the lease is reasonable when compared to previously approved projects.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 ILAC 1120.140(a) & (b))

C) Criterion 1120.140(c) – Reasonableness of Project Costs

To demonstrate compliance with this criterion the Applicants must document that the project costs are reasonable by the meeting the State Board Standards in Part 1120 Appendix A.

As shown in the table below the Applicants have met all of the State Board Standards published in Part 1120, Appendix A. The Applicants are proposing to establish a 12-station ESRD facility in 7,000 GSF of space. Of the 7,000 GSF of space 4,662 GSF will be for reviewable services.

³ Financial Viability Waiver: The applicant is NOT required to submit financial viability ratios if:

1. all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.
2. the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA) or its equivalent; or HFSRB NOTE: MBIA Inc is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.
3. the applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor (insurance company, bank or investing firm) guaranteeing project completion within the approved financial and project criteria.

TABLE SEVEN
Reasonableness of Project Costs

	Project Costs		State Standard		Difference	Met Standard?
Modernization Contracts and Contingencies	\$910,432	\$195.29	\$937,717	\$194.86	-\$27,285	Yes
Contingencies	\$82,766	10.00%	\$124,150	15.00%	-\$41,384	Yes
Architectural/Engineering Fees	\$96,000	10.54%	\$98,145	10.78%	-\$2,145	Yes
Movable or Other Equipment (not in construction contracts)	\$643,015	\$53,585	\$663,516	\$55,293	-\$20,501	Yes
Fair Market Value of Leased Space or Equipment	\$1,334,083		No Standard			
1. State Standard for New Construction and Contingency is \$178.33 (2015) inflated by 3% to the midpoint of construction. 2. Contingency for modernization is 15% for modernization based upon the architectural contract documents in the schematic drawing status. 3. Architectural and Engineering Fees are a percentage of modernization and contingency as published by State of Illinois Capital Development Board. 4. Movable or Other Equipment is \$39,945 per station (2008) and inflated by 3% to the midpoint of modernization.						

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1120.140(c))

For the two criteria below the State Board does not have standards and the Applicants have successfully addressed the criteria if the requested information is provided.

D) Criterion 1120.140(d) – Projected Operating Costs

To demonstrate compliance with this criterion the Applicants must document that the projected direct annual operating costs for the first full fiscal year at target utilization but no more than two years following project completion. Direct costs mean the fully allocated costs of salaries, benefits and supplies for the service.

The Applicants are projecting \$248.21 operating expense per treatment. [See Application for Permit page 134]

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 ILAC 1120.140(d))

E) Criterion 1120.140(e) – Total Effect of the Project on Capital Costs

To demonstrate compliance with this criterion the Applicants must provide the total projected annual capital costs for the first full fiscal year at target utilization but no more than two years following project completion. Capital costs are defined as depreciation, amortization and interest expense.

The Applicants are projecting capital costs of \$21.47 per treatment. [See Application for Permit page 135]

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 ILAC 1120.140(e))

Safety Net Impact Statement

1. This criterion is required for all substantive and discontinuation projects. DaVita Inc. and its affiliates are safety net providers of dialysis services to residents of the State of Illinois. DaVita is a leading provider of dialysis services in the United States and is committed to innovation, improving clinical outcomes, compassionate care, education and Kidney Smarting patients, and community outreach. A copy of Davita's 2016 Community Care report, which details DaVita's commitment to quality, patient centric focus and community outreach, was included as part of our Illini Renal CON application (Proj. No. 17-032). As referenced in the report, DaVita led the industry in quality, with twice as many Four- and Five-Star centers than other major dialysis providers. DaVita also led the industry in Medicare's Quality Incentive Program, ranking No. 1 in three out of four clinical measures and receiving the fewest penalties. DaVita has taken on many initiatives to improve the lives of patients suffering from CKD and ESRD. These programs include Kidney Smart, IMPACT, CathAway, and transplant assistance programs. Furthermore, DaVita is an industry leader in the rate of fistula use and has the lowest day-go catheter rates among large dialysis providers. During 2000 - 2014, DaVita improved its fistula adoption rate by 103 percent. Its commitment to improving clinical outcomes directly translated into 7% reduction in hospitalizations among DaVita patients.

DaVita accepts and dialyzes patients with renal failure needing a regular course of hemodialysis without regard to race, color, national origin, gender, sexual orientation, age, religion, disability or ability to pay. Because of the life sustaining nature of dialysis, federal government guidelines define renal failure as a condition that qualifies an individual for Medicare benefits eligibility regardless of their age and subject to having met certain minimum eligibility requirements including having earned the necessary number of work credits. Indigent ESRD patients who are not eligible for Medicare and who are not covered by commercial insurance are eligible for Medicaid benefits. If there are gaps in coverage under these programs during coordination of benefits periods or prior to having qualified for program benefits, grants are available to these patients from both the American Kidney Foundation and the National Kidney Foundation. If none of these reimbursement mechanisms are available for a period of dialysis, financially needy patients may qualify for assistance from DaVita in the form of free care.

2. The proposed Oak Meadows Dialysis will not impact the ability of other health care providers or health care systems to cross-subsidize safety net services. The utilization of existing dialysis facilities within the Oak Meadows GSA that have been operational for at least 2 years is 80.47%. Further, patient census among the existing facilities within the Oak Meadows GSA has increased by 53 patients over the past year, since September 30, 2016. This growth is anticipated to continue to increase for the foreseeable future due to the demographics of the community and U.S. Centers for Disease Control and Prevention estimates that 15% of American adults suffer from CKD.

Further, J. R. Nephrology & Associates, S.C. is currently treating 146 CKD patients, who reside within either the ZIP code of the proposed Oak Meadows Dialysis (60453) or 4 other nearby ZIP codes, all within 5 miles of 60453. See Appendix-1. Conservatively, based upon attrition due to patient death, transplant, stable disease, or relocation away from the area and in consideration of other treatment modalities (HHD

and peritoneal dialysis), J. R. Nephrology anticipates that at least 62 of these 146 patients will initiate in-center hemodialysis within 12 to 24 months following project completion. Accordingly, the proposed Oak Meadows Dialysis facility will not impact other general health care providers' ability to cross-subsidize safety net services.

3. The proposed project is for the establishment of Oak Meadows Dialysis. As such, this criterion is not applicable.

XII. State of Illinois Managed Care Contracts

The Applicants provided the following:

All patients who have worked the requisite number of quarters (equivalent to 10 years) are eligible for Medicare if they are diagnosed with end stage renal disease (ESRD). Consistent with that fact, the published HFSRB data for 2016 for DuPage County shows that the 10 Fresenius/NANI clinics operating in DuPage County treated a total of 15 Medicaid patients or an average of 1.5 patients per year per clinic compared with 862 Medicare patients in those 10 clinics for the same period

- DVA = DaVita Inc
- DMG = DuPage Medical Group

For Option A – Statewide

- Blue Cross Blue Shield of Illinois (Both DVA and DMG participate)
- Harmony Health Plan (DVA participates)
- IlliniCare Health Plan (DVA participates)
- Meridian Health (DVA participates)
- Molina Healthcare of IL (DVA in negotiations to participate)

For Option B – Cook County Only

- CountyCare Health Plan (DVA participates)
- NextLevel Health. (Neither DVA or DMG participates)

For DCFS Youth

- IlliniCare Health Plan (DVA participates)

Each of DaVita and DMG participate in a range of insurance plans, including Medicare and Medicaid plans (HealthChoice Illinois and Medicare-Medicaid Alignment Initiative Plans (MMAI)) as identified above. While DMG providers do not participate in all Medicaid managed care plans, the plan it does participate in reflects the population it serves and the plan that is most in demand in DuPage County. Just under half of the HealthChoice beneficiaries residing in DuPage County are enrolled in the Blue Cross Medicaid products that DMG is enrolled in. Further, in their provision of services at the various area hospitals, DMG physicians regularly treat Medicaid patients who are not routinely seen by them as assigned patients without expectation of reimbursement for providing that care. [Source: Email dated 5/8/2018]

DaVita Inc.				
	2014	2015	2016	2017
Net Patient Revenue	\$266,319,949	\$311,351,089	\$353,226,322	\$357,821,315
Amt of Charity Care (charges)	\$2,477,363	\$2,791,566	\$2,400,299	\$2,818,603
Cost of Charity Care ⁽¹⁾	\$2,477,363	\$2,791,566	\$2,400,299	\$2,818,603
% of Charity Care/Net Patient Revenue	0.93%	0.90%	0.68%	0.78%
Number of Charity Care Patients	146	109	110	98
Number of Medicaid Patients	708	422	297	407
Medicaid	\$8,603,971	\$7,381,390	\$4,692,716	\$9,493,634
% of Medicaid to Net Patient Revenue	3.23%	2.36%	1.33%	2.65%
1. The charity care listed above does not meet the State Board's definition of Charity Care. Charity Care is defined by the State Board as <i>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.</i> [20 ILCS 3960/3].				

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