



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606-1599 • 312.819.1900

June 19, 2019

Via Federal Express
Via E-Mail

Anne M. Cooper
(312) 873-3606
(312) 276-4317 Direct Fax
acooper@polsinelli.com

RECEIVED

JUN 19 2019

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

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

Re: Midway Dialysis (Proj. No. 19-027) – Request for Expedited Review

Dear Ms. Avery:

On behalf of DaVita Inc., Total Renal Care, Inc. and Genesis KC Development, LLC (collectively “DaVita”), we respectfully request the Illinois Health Facilities and Services Review Board (“State Board”) grant expedited review of the above-referenced Midway Dialysis application for certificate of need permit (the “CON Application”) and consider the CON Application at the October 22, 2019 State Board meeting. This project proposes the establishment of a 12 station dialysis clinic to be located at 3700 West 63rd Street, Chicago, Illinois. Due to real estate challenges in the City of Chicago, it is critical the application is heard at the October 22, 2019 State Board meeting. As you know, this project will be self-developed by a DaVita subsidiary which has a pending contract to purchase the associated real estate which it cannot execute on unless and until a CON permit is granted. At this time, the property owner is not interested in holding the property until the December meeting.

As discussed more fully in the CON application, the proposed Midway Dialysis will improve access to dialysis to residents in the ethnically diverse Southwest Side of Chicago, where a third of the population lives at 150% of the Federal Poverty Level (“FPL”) (138% FPL is the income eligibility limit to qualify for Medicaid in Illinois). Due to socio-economic challenges, residents of the Midway geographic service area face barriers to access health care, which contribute to higher incident rates of chronic kidney disease and end-stage renal disease. As a result of these access issues, the Health Resources & Services Administration designated this area a primary care Health Professional Shortage Area and a Medically Underserved Population.

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Real estate is challenging in the City of Chicago. For each new clinic, DaVita works with brokers specializing in health care, and in this case, specializing in City of Chicago real estate to define the parameters of its real estate searches. In congested metropolitan areas like Chicagoland, securing real estate is more complicated than other parts of the country where DaVita typically rents an existing building from a third-party property owner. For a dialysis clinic, the site must accommodate a single floor, 7,000 gross square foot building with adjacent parking which is appropriately zoned for a non-residential health care purpose. Additionally, DaVita's parameters require a covered entry that accommodates a Medi-van and a loading dock to accommodate a large truck for supply delivery. Optimally, the loading dock will be at the back of the building to avoid interfering with patient and staff parking and from blocking the main entrance.

Due to the lack of viable alternative sites and the tight real estate market in the City of Chicago, for the Midway Clinic, DaVita had to locate a parcel to be specifically developed by it, and in this instance, the property owner has enough interest in the property from traditional retailers that it is not willing to hold the property for an extended period. Under the Purchase and Sale Agreement for the Midway site, closing must occur by December 2, 2019, or DaVita will most likely lose the site to an entity, which is not subject to a state agency approval. This market dynamic could preclude DaVita (or, any other dialysis provider) from serving patients on the Southwest Side of Chicago.

Thank you for your time and consideration of DaVita's request for expedited review of the Midway Dialysis CON Application. Given there are currently only two projects scheduled for consideration, we hope the State Board will consider this project at the October 22, 2019 meeting.

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

Sincerely,

A handwritten signature in cursive script that reads "Anne M. Cooper".

Anne M. Cooper