



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET NO: H-01	BOARD MEETING: July 19, 2022	PROJECT NO: 22-013	PROJECT COST: Original: \$952,000
FACILITY NAME: Dialysis Care Center Olympia Fields		CITY: Olympia Fields	
TYPE OF PROJECT: Non-Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (Dialysis Care Center Holdings, LLC, Dialysis Care Center Olympia Fields, LLC and Meridian Investment Partners, LLC) propose to add 12-stations to an existing 12 station facility for a total of 24-stations. The cost of the project is \$952,000 and the expected completion date is June 30, 2023.

The purpose of the Illinois Health Facilities Planning Act is to 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. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process. (20 ILCS 3960/2)

The Certificate of Need process required under this Act is designed to restrain rising health care costs by preventing unnecessary construction or modification of health care facilities. The Board must assure that the establishment, construction, or modification of a health care facility or the acquisition of major medical equipment is consistent with the public interest and that the proposed project is consistent with the orderly and economic development or acquisition of those facilities and equipment and is in accord with the standards, criteria, or plans of need adopted and approved by the Board. Board decisions regarding the construction of health care facilities must consider capacity, quality, value, and equity.

Information received by the State Board regarding this project can be found at this address:

<https://www2.illinois.gov/sites/hfsrb/Projects/Pages/Dialysis-Care-Center-Olympia-Fields---22-013.aspx>

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Dialysis Care Center Holdings, LLC, Dialysis Care Center Olympia Fields, LLC and Meridian Investment Partners, LLC) propose to add 12-stations to an existing 12 station facility for a total of 24-stations. The cost of the project is \$952,000 and the expected completion date is June 30, 2023.
- Dialysis Care Center Olympia Fields was approved for 12 stations in June of 2017 by the State Board (#16-022). The facility has operated at over 100% occupancy for the past three years.

DCC Olympia Fields Occupancy				
Year	12-2019	12-2020	12-2021	04-2022
Stations	12	12	12	12
Patients	77	75	75	75
Occupancy	106.94%	104.17%	104.17%	104.17%

- The Applicants are asking the State Board to approve the addition of 12 stations to this facility in space vacated by the Kidney Care Center physician offices.

PURPOSE OF THE PROJECT

- The Applicants state the purpose of this project is to create additional life-sustaining dialysis accessibility to the large, growing population of ESRD patients in the HSA 7 market area, specifically Olympia Fields and Cook County residents. The Applicants stated the scale of impact of the COVID-19 pandemic on society and the economy globally provided a strong incentive for the Applicants to thoroughly analyze the efficiency of the dialysis units in dealing with the current pandemic and to obtain lessons to prepare for the future, and more importantly to be better prepared for future pandemics. Dialysis Care Center implemented a 12-1 patient ratio for nurses and 4-1 Patient Care Technician ratio. According to the Applicant the current chairs at the clinic do not meet the efficiency ratios and are not cost effective. Additionally, admissions to Dialysis Care Center Olympia Fields have exceeded projections. According to the Applicants, increasing station availability at the Dialysis Care Center Olympia Fields facility will maintain access to dialysis services in an area of Cook County that has historically experienced high utilization rates. The additional stations will also provide patients with a choice of treatment shift times that would better coordinate with their home life, employment and transportation options and will ease over utilization at neighboring facilities.

PUBLIC HEARING/COMMENT:

- No letters of support or opposition were received by the State Board. No public hearing was requested.

SUMMARY:

- To add stations to an existing ESRD facility the State Board does not consider the calculated station need or excess in the planning area or the utilization of existing facilities within the 5-mile geographical service area ("GSA"). To add stations to an existing ESRD facility the Applicants must demonstrate the additional 12-stations will be providing care to the residents of the 5-mile GSA and there are sufficient pre-ESRD patients in the 5-mile GSA to justify the proposed 24 station facility [12 stations + 12 proposed stations]. The Applicants identified 171 Stage 4 pre-ESRD patients. Of these 171 pre-ESRD patients 125 pre-ESRD patients (73.1%) reside in the 5-mile GSA. The facility is currently operating at 104% with 75 patients. Should 40 of the 171 pre ESRD patients (23.4%) require inpatient dialysis the Olympia Fields facility will be at the target occupancy of 80%.

- Based upon a review of the materials submitted, Staff finds that, the Applicants have addressed 19 criteria and have successfully addressed them all.



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STATE BOARD STAFF REPORT
Project #22-013
Dialysis Care Center Olympia Fields

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants	Dialysis Care Center Olympia Fields, LLC., Dialysis Care Holdings, LLC., Meridian Investment Partners, LLC
Facility Name	Dialysis Care Center Olympia Fields
Location	3322 Vollmer Rd, Olympia Fields
Permit Holder	Dialysis Care Center Olympia Fields, LLC., Dialysis Care Holdings, LLC., Meridian Investment Partners, LLC
Operating Entity	Dialysis Care Center Olympia Fields
Owner of Site	Meridian Investments Partners, LLC
Total GSF	6,500 GSF
Application Received	April 21, 2022
Application Deemed Substantially Complete	May 3, 2022
Review Period Ends	July 5, 2022
Financial Commitment Date	June 30, 2023
Project Completion Date	June 30, 2023
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes

I. Project Description

The Applicants (Dialysis Care Center Holdings, LLC, Dialysis Care Center Olympia Fields, LLC and Meridian Investment Partners, LLC) propose to add 12 stations to an existing 12 station facility for a total of 24 stations. The cost of the project is \$952,000 and the expected completion date is June 30, 2023.

II. Summary of Findings

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

III. General Information

The Applicants are Dialysis Care Center Holdings, LLC, Dialysis Care Center Olympia Fields, LLC and Meridian Investment Partners, LLC. Dialysis Care Center Holdings, Inc. has been approved for a total of eight dialysis facilities in the State of Illinois.

TABLE ONE Facilities Owned by DCC Holdings, LLC.				
Facility	City	HSA	Stations	Occupancy ⁽¹⁾
Dialysis Care Center Beverly	Chicago	6	14	82.14%
Dialysis Care Center of Oak Lawn	Oak Lawn	7	11	97.22%
Dialysis Care Center of Olympia Fields	Olympia Fields	7	12	104.17%
Dialysis Care Center Hazel Crest	Hazel Crest	7	12	104.17%
Dialysis Care Center Evergreen Park	Evergreen Park	7	14	69.05%
Dialysis Care Center Elgin	Elgin	8	14	36.90%
Dialysis Care Center McHenry	McHenry	8	14	53.57%
Dialysis Care Center Vollmer	Chicago Heights	7	9	11.11%
1. Occupancy as of April 1, 2022				

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

IV. Project Costs and Sources of Funds

The cost of this project is \$952,000 and the Applicants will be funding this project with \$552,000 in cash and \$400,000 in the Fair Market Value of the Lease.

TABLE TWO Project Cost and Sources of Funds		
Use of Funds	Costs	% Of Total
Modernization	\$540,000	56.72%
Architectural & Engineering	\$12,000	1.26%
FMV of Leased Space	\$400,000	42.02%
Total	\$952,000	100.00%
Source of Funds		
Cash	\$552,000	57.98%
FMV of Leased Space	\$400,000	42.02%
Total	\$952,000	100.00%

V. **Background of the Applicants Purpose of the Project, Safety Net Impact, Alternatives to the Project**

A) Criterion 1110.110 (a)(1)-(3) – Background of the Applicants

The Applicants have attested that there has been no adverse action¹ taken against any of the facilities owned or operated by the Applicants and have authorized the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connection to the Applicants' certificate of need. Certificates of Good Standing have been provided for the Applicants.

B) Criterion 1110.110 (b) – Purpose of the Project

The Applicants state the purpose of this project is to create additional life-sustaining dialysis accessibility to the large, growing population of ESRD patients in the HSA 7 market area specifically Olympia Fields and Cook County residents. The Applicants stated the scale of impact of the COVID-19 pandemic on society and the economy globally provided a strong incentive for the Applicants to thoroughly analyze the efficiency of the dialysis units in dealing with the current pandemic and to obtain lessons to prepare for the future, and more importantly to be better prepared for future pandemics. Dialysis Care Center implemented a 12-1 patient ratio for nurses and 4-1 Patient Care Technician ratio. According to the Applicant the current chairs at the clinic do not meet the efficiency ratios and are not cost effective. Additionally, admissions to Dialysis Care Center Olympia Fields have exceeded projections. According to the Applicants, increasing station availability at the Dialysis Care Center Olympia Fields facility will maintain access to dialysis services in an area of Cook County that has historically experienced high utilization rates. The additional stations will also provide patients with a choice of treatment shift times that would better coordinate with their home life, employment and transportation options and will ease over utilization at neighboring facilities.

C) Criterion 1110.110(b) - Safety Impact Statement

A safety-net impact statement is not required for a non-substantive project.

D) Criterion 1110.110(c) – Alternatives to the Proposed Project

The Applicants considered one alternative to the proposed project and that was to utilize other dialysis facilities in the area. The Applicants state this alternative was rejected because there are no physician owned ESRD facilities in the area where the physicians have the independence they need to improve the quality indicators set by the Board's criteria on quality. According to the Applicants, it is expected the facility will exceed the clinical outcomes that meet all network and Centers for Medicare and Medicaid Services clinical goals that have been established. There is a calculated excess of 102 ESRD Stations in the HSA VII ESRD Planning Area.

¹ 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 IAC 1130.140)

VI. Size of the Project, Project Utilization, Assurances

A) Criterion 1110.120 (a) – Size of the Project

The Applicants propose 24 stations in 6,500 GSF of space or 272 GSF per station. The State Board Standard is 450-650 GSF per station. The Applicants have successfully addressed this criterion.

B) Criterion 1110.120 (b) – Projected Utilization

To demonstrate compliance with this criterion the Applicants must document that the proposed 24-stations will be at target occupancy of 80% within 2-years after project completion.

The Applicants stated the clinic has 75 patients as of April 1, 2022. The physician referral letter stated the physician has 171 CKD-4 pre-ESRD patients. The Facility will be at target occupancy if 40 of the 171 CKD-4 pre-ESRD patients require dialysis treatment.

The Applicants will be treating 115 patients at the 24-station facility.

$$\begin{aligned} 115 \text{ patients} \times 156 \text{ treatments per year} &= 17,940 \text{ treatments} \\ 24 \text{ stations} \times 936 \text{ treatments per year} &= 22,464 \text{ treatments} \\ 17,940 \text{ treatments} \div 22,464 \text{ treatments} &= 80\% \end{aligned}$$

VII. In-Center Hemodialysis Projects

A) Planning Area Need

Criterion 1110.230 (b) (2) - Service to Planning Area Residents

Criterion 1110.230 (b) (4) - Service Demand – Expansion of In-Center Hemodialysis

The Geographical Service Area (“GSA”) for this project is a 5-mile radius from zip code 60461. The 5-mile service area includes 13 zip codes and a population of approximately 211,102 residents. Only those zip codes and the population within the 5-mile radius are being considered as the geographical service area. The Applicants have stated the majority of the Stage 4 Pre-ESRD patients identified by the Applicants reside within this 5-mile radius. Board Staff analysis indicates that 125 Stage 4 pre-ESRD patients identified by the Applicants reside within this 5-mile radius.

TABLE THREE				
Zip Codes in the 5-mile GSA				
ZIP	City	County	Population	# Patients by Zip Code
60461	Olympia Fields	Cook	4,962	8
60422	Flossmoor	Cook	9,982	11
60430	Homewood	Cook	20,363	
60412	Chicago Heights	Cook	0	
60484	University Park	Will	7,426	
60443	Matteson	Cook	21,656	32
60471	Richton Park	Cook	13,672	

TABLE THREE Zip Codes in the 5-mile GSA				
ZIP	City	County	Population	# Patients by Zip Code
60478	Country Club Hills	Cook	17,604	
60429	Hazel Crest	Cook	15,691	
60466	Park Forest	Cook	22,784	
60475	Steger	Cook	10,350	
60425	Glenwood	Cook	8,818	
60411	Chicago Heights	Cook	57,794	74
Total			211,102	125

The State Board received one referral letter signed electronically by Dr. Tauseef. Stage 4² patients were identified by patient initial and zip code of patient residence. According to the Applicants, Dr. Tauseef has historical referrals to the following dialysis facilities:

TABLE FOUR
Dialysis Care Center New Starts for DCC Olympia Fields

FACILITY	2020	2021	2022
Dialysis Care Center Olympia Fields	61	52	22
Dialysis Care Center Hazel Crest	30	45	34
Dialysis Care Center Vollmer	0	0	10
DaVita Chicago Hts.	3	2	1
DaVita Country Hills	0	1	0
DaVita Harvey	0	0	1
DaVita Hazel Crest	0	2	1
DaVita Matteson	0	1	1
DaVita Olympia Field	1	0	1
DaVita Stony Island Dialysis	0	2	1

As of April 1, 2022, the Olympia Fields facility was operating at 104% with 75 patients currently being dialyzed. Should 40 of the 171 pre-ESRD patients require inpatient dialysis the facility will be operating at the State Board's target occupancy of 80%. The Applicants have provided documentation that the facility will be providing care to the residents of the GSA and have identified enough patients to justify the 12 additional stations.

² Chronic kidney disease (CKD) refers to all five stages of kidney damage, from very mild damage in stage 1 to complete kidney failure in stage Five. The stages of kidney disease are based on how well the kidneys can filter waste and extra fluid out of the blood. In the early stages of kidney disease, your kidneys are still able to filter out waste from your blood. In the later stages, your kidneys must work harder to get rid of waste and may stop working altogether. The way doctors measure how well your kidneys filter waste from your blood is by the estimated glomerular filtration rate, or eGFR. Your eGFR is a number based on your blood test for creatinine, a waste product in your blood. The stages of kidney disease are based on the eGFR number. Stage 1 CKD: eGFR 90 or Greater; Stage 2 CKD: eGFR Between 60 and 89, Stage 3 CKD: eGFR Between 30 and 59, Stage 4 CKD: eGFR Between 15 and 29, Stage 5 CKD: eGFR Less than 15. (Source American Kidney Fund)

C) Criterion 1110.230 (e) - Staffing

The Applicants provided the following narrative: Dialysis Care Center Olympia Fields will be staffed in accordance with all state and Medicare staffing guidelines and requirements. Dr. Tauseef is serving as the Medical Director for Dialysis Care Center Olympia Fields. The facility has a Clinic Manager who is a Registered Nurse (RN). This nurse has at least a minimum of twelve months experience in a hemodialysis center. Additionally, all patient care staff and licensed / registered professionals will meet the State of Illinois requirements. Any additional staff hired must also meet these requirements along with completing an orientation training program. Annually all clinical staff must complete OSHA training, Compliance training, CPR certification, Skills competency, CVC competency, Water quality training and pass the competency exam. Dialysis Care Center Olympia Fields will always maintain at least a 4 to 1 patient-staff ratio on the treatment floor. An RN will be always at the facility when the facility is operational. These positions will go full time as the clinic census increases. The facility will be certified by Medicare. The Survey and Certification Program certifies ESRD facilities for inclusion in the Medicare Program by validating that the care and services of each facility meet specified safety and quality standards, called "Conditions for Coverage." The Survey and Certification Program provides initial certification of each dialysis facility and ongoing monitoring to ensure that these facilities continue to meet these basic requirements (*source: medicare.gov*). The Applicants have met the requirements of this criterion.

D) Criterion 1110.230(f) - Support Services

The Applicants provided a signed attestation documenting the ancillary and support services including utilizing a dialysis electronic patient data tracking system, nutritional counseling, clinical laboratory services, blood bank, rehabilitation, psychiatric services, and social services training for self-care dialysis, self-care instruction, and home hemodialysis and peritoneal dialysis.

E) Criterion 1110.230 (i) – Assurances

The Applicants have provided the necessary attestation that the facility will be at target occupancy within two years after project completion. The Applicants have met the requirements of this criterion.

XI. Financial Viability

A) Criterion 1120.120 – Availability of Funds

B) Criterion 1120.130 - Financial Viability

The cost of this project is \$952,000 for the additional 12 dialysis stations. Reviewed financial statements were provided by the Applicants. The Applicants have deemed these financial statements confidential. Staff review of the financial information indicates that the Applicants have sufficient resources to fund these 12 dialysis stations and it appears the proposed project will not be likely to result in insufficient funds available for capital and ongoing operating costs necessary to support the dialysis facility.

XII. Economic Feasibility

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

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

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

The cost of this project \$952,000 for the additional 12 stations.

1. **Modernization Costs** are \$540,000 or \$83.07 per GSF ($\$540,000/6,500 \text{ GSF} = \$83.07/\text{GSF}$).
2. **Architectural and Engineering Fees** are \$12,000 or 2.2 % of modernization cost.
3. **Fair Market Value of Leased Space** is \$400,000.

The Applicants have met the requirements of this criterion.

D) Criterion 1120.140(d) – Projected Operating Costs

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

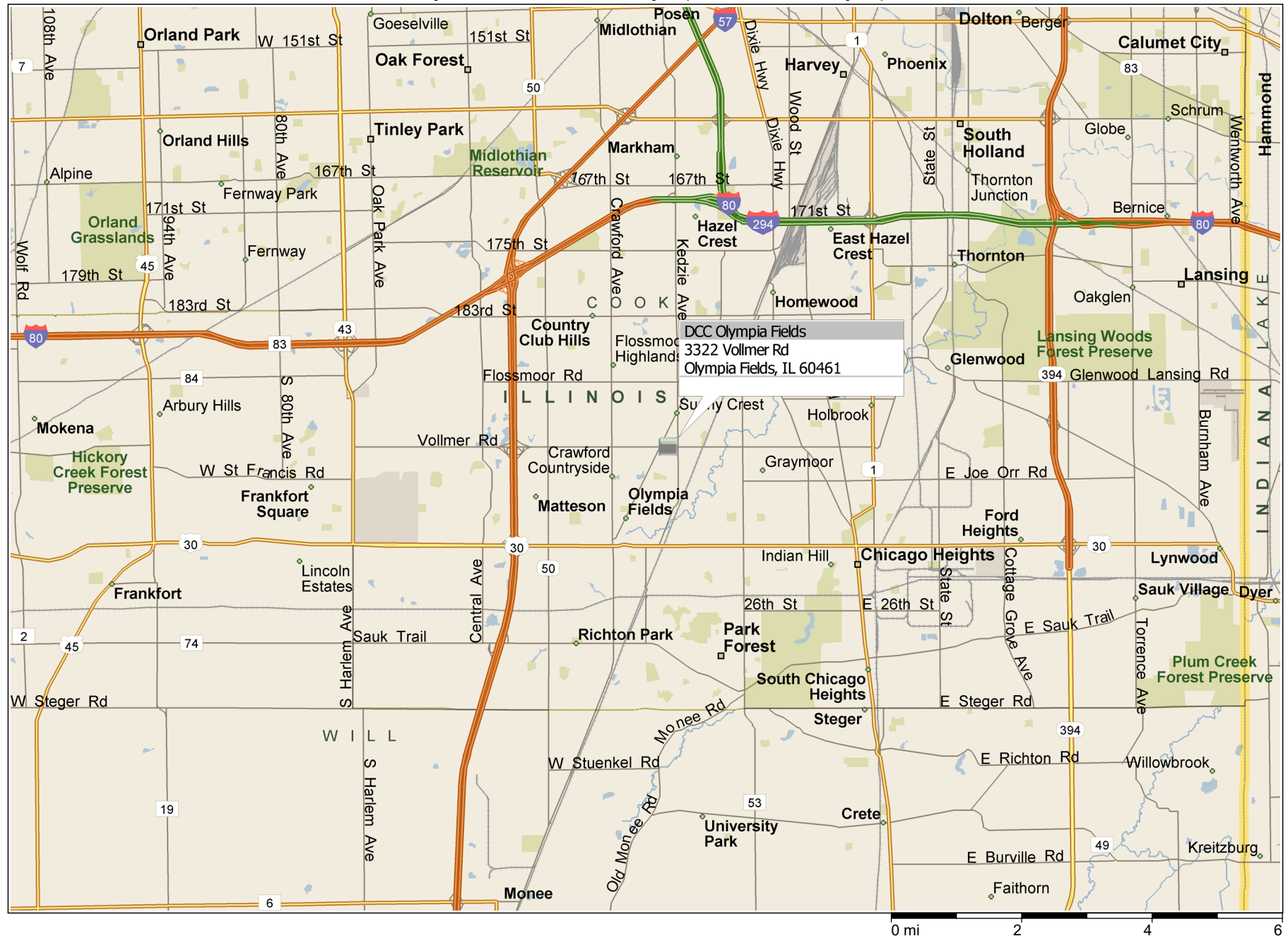
The State Board does not have standard for the Fair Market Value of Leased Equipment. The operating cost per treatment is \$243.44 and the capital cost per treatment is \$6.72. The State Board does not have a standard for projected operating costs and the total effect of the project on capital costs.

Safety Net Impact Statement and Charity Care

The expansion of Dialysis Care Center Olympia Fields will not have any impact on safety net services in the Olympia Fields area. Outpatient dialysis facilities services are not typically considered or viewed as safety net services. As a result, the presence of Dialysis Care Center Olympia Fields as a provider is not expected to alter the way *any* other healthcare providers function in the community. Dialysis Care Center Olympia Fields has no reason to believe that this project would have any adverse impact on *any* provider or health care system to cross-subsidize safety net services. Dialysis Care Center Olympia Fields will be committed to providing ESRD services to all patients with or without insurance or patients with no regards for source of payment. Dialysis Care Center Olympia Fields will not refuse any patients. Medicaid patients wishing to be served at Dialysis Care Center Olympia Fields will not be denied services. Because of the Medicare guidelines for qualification for ESRD, a few patients with ESRD are left uninsured for their care.

The policy of Dialysis Care Center Olympia Fields is to provide services to all patients regardless of race, color, national origin. Dialysis Care Center Olympia Fields will provide services to patients with or without insurance and as well as patients who may require assistance in determining source of payment. Dialysis Care Center will not refuse any patient. Medicaid patients wishing to be served will not be denied services. Through Medicare guidelines, patients who are prequalified for ESRD or for the few that are currently ESRD status and are left uninsured, Dialysis Care Center will be committed to providing continued care. Dialysis Care Center Olympia Fields will be committed to work with any patient to try and find any financial resources and any programs for which they may qualify for. Dialysis Care Center will be an "open dialysis unit" meaning through our policy, any nephrologist will be able to refer their patients and apply for privileges to round at the facility, if they desire.

22-013 Dialysis Care Cener Olympia Fields - Olympia Fields



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