

Original

11-036

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**RECEIVED**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION MAY 27 2011

This Section must be completed for all projects.

HEALTH FACILITIES &  
SERVICES REVIEW BOARD**Facility/Project Identification**

Facility Name: DSI Waukegan Renal Center		
Street Address: 1616 Grand Avenue		
City and Zip Code: Waukegan, Illinois 60085		
County: Lake	Health Service Area: 8	Health Planning Area:

**Applicant /Co-Applicant Identification**

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name: DaVita, Inc.
Address: 601 Hawaii Street, El Segundo, California 90245
Name of Registered Agent: Illinois Corporation Service Company
Name of Chief Executive Officer: Kent Thiry
CEO Address: 601 Hawaii Street, El Segundo, California 90245
Telephone Number: (310) 536-2500

**Type of Ownership of Applicant/Co-Applicant**

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership	
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental	
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Other

- o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.
- o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM

**Primary Contact**

[Person to receive all correspondence or inquiries during the review period]

Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli Shughart PC
Address: 161 North Clark Street, Suite 4200, Chicago, Illinois 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: 312-873-2939

**Additional Contact**

[Person who is also authorized to discuss the application for permit]

Name: Heather F.H. Haworth
Title: Assistant General Counsel
Company Name: DaVita, Inc.
Address: 15253 Bake Parkway, Irvine, California 92618
Telephone Number: 949-930-6843
E-mail Address: heather.haworth@davita.com
Fax Number: 855-895-2707

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD  
APPLICATION FOR PERMIT**

**SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION**

**This Section must be completed for all projects.**

**Facility/Project Identification**

Facility Name: DSI Waukegan Renal Center			
Street Address: 1616 Grand Avenue			
City and Zip Code: Waukegan, Illinois 60085			
County: Lake	Health Service Area	8	Health Planning Area:

**Applicant /Co-Applicant Identification**

**[Provide for each co-applicant [refer to Part 1130.220].**

Exact Legal Name: DSI Renal, Inc.
Address: 424 Church Street, Suite 1900, Nashville, Tennessee 37219
Name of Registered Agent: Illinois Corporation Service Company
Name of Chief Executive Officer: Leif Murphy
CEO Address: 424 Church Street, Suite 1900, Nashville, Tennessee 37219
Telephone Number: 615-777-8200

**Type of Ownership of Applicant/Co-Applicant**

<input type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input checked="" type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship
	<input type="checkbox"/> Other

o Corporations and limited liability companies must provide an **Illinois certificate of good standing**.

o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

**APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Primary Contact**

[Person to receive all correspondence or inquiries during the review period]

Name: Kara Friedman
Title: Attorney
Company Name: Polsinelli Shughart PC
Address: 161 North Clark Street, Suite 4200, Chicago, Illinois 60601
Telephone Number: 312-873-3639
E-mail Address: kfriedman@polsinelli.com
Fax Number: 312-873-2939

**Additional Contact**

[Person who is also authorized to discuss the application for permit]

Name: Heather F.H. Haworth
Title: Assistant General Counsel
Company Name: DaVita, Inc.
Address: 15253 Bake Parkway, Irvine, California 92618
Telephone Number: 949-930-6843
E-mail Address: heather.haworth@davita.com
Fax Number: 855-895-2707

**Post Permit Contact**

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960

Name: Heather F.H. Haworth
Title: Assistant General Counsel
Company Name: DaVita, Inc.
Address: 15253 Bake Parkway, Irvine, California 92618
Telephone Number: 949-930-6843
E-mail Address: heather.haworth@davita.com
Fax Number: 855-895-2707

**Site Ownership**

[Provide this information for each applicable site]

Exact Legal Name of Site Owner: DeMi's Enterprises, Inc.
Address of Site Owner: 1616 Grand Avenue, Suite 105, Waukegan, IL 60085
Street Address or Legal Description of Site: 1616 Grand Avenue, Waukegan, IL 60085
Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Operating Identity/Licensee**

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name: DSI Renal, Inc.
Address: 424 Church Street, Suite 1900, Nashville, Tennessee 37219
<input type="checkbox"/> Non-profit Corporation <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> For-profit Corporation <input type="checkbox"/> Governmental <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other
<ul style="list-style-type: none"> <li>o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing.</li> <li>o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.</li> <li>o <b>Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.</b></li> </ul>
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Organizational Relationships**

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Flood Plain Requirements – NOT APPLICABLE**

[Refer to application instructions.]

Provide documentation that the project complies with the requirements of Illinois Executive Order #2005-5 pertaining to construction activities in special flood hazard areas. As part of the flood plain requirements please provide a map of the proposed project location showing any identified floodplain areas. Floodplain maps can be printed at [www.FEMA.gov](http://www.FEMA.gov) or [www.illinoisfloodmaps.org](http://www.illinoisfloodmaps.org). **This map must be in a readable format.** In addition please provide a statement attesting that the project complies with the requirements of Illinois Executive Order #2005-5 (<http://www.hfsrb.illinois.gov>).

APPEND DOCUMENTATION AS ATTACHMENT -5, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Historic Resources Preservation Act Requirements – NOT APPLICABLE**

[Refer to application instructions.]

Provide documentation regarding compliance with the requirements of the Historic Resources Preservation Act.

APPEND DOCUMENTATION AS ATTACHMENT-6, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**DESCRIPTION OF PROJECT**

**1. Project Classification**

[Check those applicable - refer to Part 1110.40 and Part 1120.20(b)]

<p>Part 1110 Classification:</p> <p><input type="checkbox"/> Substantive</p> <p><input checked="" type="checkbox"/> Non-substantive</p>	<p>Part 1120 Applicability or Classification: [Check one only.]</p> <p><input type="checkbox"/> Part 1120 Not Applicable</p> <p><input type="checkbox"/> Category A Project</p> <p><input checked="" type="checkbox"/> Category B Project</p> <p><input type="checkbox"/> DHS or DVA Project</p>
---	--

## 2. Narrative Description

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The proposed project contemplates a change in control of the ultimate parent of DSI Renal, Inc., CDSI I Holding Company, Inc. By way of merger, DaVita, Inc. ("DaVita") will acquire 100% of the outstanding stock of CDSI I Holding Company, Inc. for approximately \$690 million. Pre-merger and post-merger organizational charts are attached at Attachment 4. The proposed transaction includes the transfer of up to 106 in-center hemodialysis facilities to DaVita, including 10 facilities within Illinois, subject to adjustment following Federal Trade Commission Review.

DSI Renal, Inc. d/b/a DSI Waukegan Renal Center is a 22 station in-center hemodialysis facility located at 1616 Grand Avenue, Waukegan, Illinois 60085. There will be no change in the operating entity, DSI Renal, Inc., in the scope of services offered, or the number of stations as a result of the merger.

The merger is projected to be complete by July 31, 2011.

This project has been classified as non-substantive because it proposes a change of ownership, which constitutes a facility conversion under 77 Ill. Admin. Code. 1110.40(b).

**Project Costs and Sources of Funds**

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees			
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)			
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$6,913,588		\$6,913,588
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>\$6,913,588</b>		<b>\$6,913,588</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$6,913,588		\$6,913,588
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$6,913,588</b>		<b>\$6,913,588</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

**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 \$ \_\_\_\_\_.

**Project Status and Completion Schedules**

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): July 31, 2011

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

- Purchase orders, leases or contracts pertaining to the project have been executed.  
 Project obligation is contingent upon permit issuance. Provide a copy of the contingent "certification of obligation" document, highlighting any language related to CON Contingencies  
 Project obligation 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**

Are the following submittals up to date as applicable:

- Cancer Registry **NOT APPLICABLE**  
 APORS **NOT APPLICABLE**  
 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.**

**Cost Space Requirements**

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
Medical Surgical							
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical							
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>							

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Facility Bed Capacity and Utilization NOT APPLICABLE**

Complete the following chart, as applicable. Complete a separate chart for each facility that is a part of the project and insert following this page. Provide the existing bed capacity and utilization data for the latest **Calendar Year for which the data are available**. **Include observation days in the patient day totals for each bed service**. Any bed capacity discrepancy from the Inventory will result in the application being deemed **incomplete**.

<b>FACILITY NAME:</b>		<b>CITY:</b>			
<b>REPORTING PERIOD DATES:</b>		<b>From:</b>	<b>to:</b>		
<b>Category of Service</b>	<b>Authorized Beds</b>	<b>Admissions</b>	<b>Patient Days</b>	<b>Bed Changes</b>	<b>Proposed Beds</b>
Medical/Surgical					
Obstetrics					
Pediatrics					
Intensive Care					
Comprehensive Physical Rehabilitation					
Acute/Chronic Mental Illness					
Neonatal Intensive Care					
General Long Term Care					
Specialized Long Term Care					
Long Term Acute Care					
Other ((identify)					
<b>TOTALS:</b>					

**CERTIFICATION**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of DaVita, Inc. \*  
in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

*Kent Thiry*  
SIGNATURE

Kent Thiry  
PRINTED NAME

Chief Executive Officer  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 23 day of MAY, 2011

*Theresa Moran*  
Signature of Notary

Seal *My Commission Expires 9-4-13*



\*Insert EXACT location of the applicant

*Dennis Lee Kogod*  
SIGNATURE

Dennis Lee Kogod  
PRINTED NAME

Chief Operating Officer  
PRINTED TITLE

Notarization:  
Subscribed and sworn to before me  
this 20 day of May 2011

*Dennis Lee Kogod*  
Signature of Notary

Seal *My Commission Expires July 28, 2014*

**CERTIFICATION**

The application must be signed by the authorized representative(s) of the applicant entity. The authorized representative(s) are:

- o in the case of a corporation, any two of its officers or members of its Board of Directors;
- o in the case of a limited liability company, any two of its managers or members (or the sole manger or member when two or more managers or members do not exist);
- o in the case of a partnership, two of its general partners (or the sole general partner, when two or more general partners do not exist);
- o in the case of estates and trusts, two of its beneficiaries (or the sole beneficiary when two or more beneficiaries do not exist); and
- o in the case of a sole proprietor, the individual that is the proprietor.

This Application for Permit is filed on the behalf of DSI Renal, Inc. \* in accordance with the requirements and procedures of the Illinois Health Facilities Planning Act. The undersigned certifies that he or she has the authority to execute and file this application for permit on behalf of the applicant entity. The undersigned further certifies that the data and information provided herein, and appended hereto, are complete and correct to the best of his or her knowledge and belief. The undersigned also certifies that the permit application fee required for this application is sent herewith or will be paid upon request.

  
SIGNATURE

Gail Murphy

PRINTED NAME

Chief Executive Officer

PRINTED TITLE

Notarization:

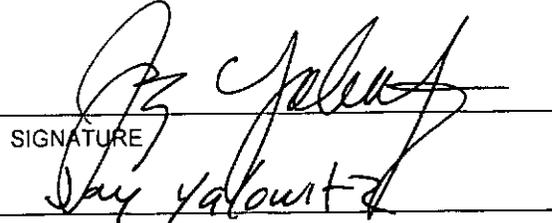
Subscribed and sworn to before me this 24th day of May, 2011

  
Signature of Notary

Seal



\*Insert EXACT legal name of the applicant

  
SIGNATURE

Day Yalowitz

PRINTED NAME

Sup-Secretary

PRINTED TITLE

Notarization:

Subscribed and sworn to before me this 24th day of May, 2011

  
Signature of Notary

Seal



### SECTION III – BACKGROUND, PURPOSE OF THE PROJECT, AND ALTERNATIVES - INFORMATION REQUIREMENTS

This Section is applicable to all projects except those that are solely for discontinuation with no project costs.

#### Criterion 1110.230 – Background, Purpose of the Project, and Alternatives

READ THE REVIEW CRITERION and provide the following required information:

##### BACKGROUND OF APPLICANT

1. A listing of all health care facilities owned or operated by the applicant, including licensing, and certification if applicable.
2. A certified listing of any adverse action taken against any facility owned and/or operated by the applicant during the three years prior to the filing of the application.
3. Authorization permitting HFSRB and DPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of DPH 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 such authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.**
4. If, during a given calendar year, an applicant submits more than one application for permit, the documentation provided with the prior applications may be utilized to fulfill the information requirements of this criterion. In such instances, the applicant shall attest the information has been previously provided, cite the project number of the prior application, and certify that no changes have occurred regarding the information that has been previously provided. The applicant is able to submit amendments to previously submitted information, as needed, to update and/or clarify data.

APPEND DOCUMENTATION AS **ATTACHMENT-11**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-4) MUST BE IDENTIFIED IN ATTACHMENT 11.

##### PURPOSE OF PROJECT

1. Document that the project will provide health services that improve the health care or well-being of the market area population to be served.
2. Define the planning area or market area, or other, per the applicant's definition.
3. Identify the existing problems or issues that need to be addressed, as applicable and appropriate for the project. [See 1110.230(b) for examples of documentation.]
4. Cite the sources of the information provided as documentation.
5. Detail how the project will address or improve the previously referenced issues, as well as the population's health status and well-being.
6. Provide goals with quantified and measurable objectives, with specific timeframes that relate to achieving the stated goals as appropriate.

For projects involving modernization, describe the conditions being upgraded if any. For facility projects, include statements of age and condition and regulatory citations if any. For equipment being replaced, include repair and maintenance records.

**NOTE:** Information regarding the "Purpose of the Project" will be included in the State Agency Report.

APPEND DOCUMENTATION AS **ATTACHMENT-12**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM. EACH ITEM (1-6) MUST BE IDENTIFIED IN ATTACHMENT 12.

**ALTERNATIVES**

- 1) Identify **ALL** of the alternatives to the proposed project:

Alternative options **must** include:

- A) Proposing a project of greater or lesser scope and cost;
  - B) Pursuing a joint venture or similar arrangement with one or more providers or entities to meet all or a portion of the project's intended purposes; developing alternative settings to meet all or a portion of the project's intended purposes;
  - C) Utilizing other health care resources that are available to serve all or a portion of the population proposed to be served by the project; and
  - D) Provide the reasons why the chosen alternative was selected.
- 2) Documentation shall consist of a comparison of the project to alternative options. The comparison shall address issues of total costs, patient access, quality and financial benefits in both the short term (within one to three years after project completion) and long term. This may vary by project or situation. **FOR EVERY ALTERNATIVE IDENTIFIED THE TOTAL PROJECT COST AND THE REASONS WHY THE ALTERNATIVE WAS REJECTED MUST BE PROVIDED.**
- 3) The applicant shall provide empirical evidence, including quantified outcome data that verifies improved quality of care, as available.

**APPEND DOCUMENTATION AS ATTACHMENT-13, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**SECTION VI - MERGERS, CONSOLIDATIONS AND ACQUISITIONS/CHANGES OF OWNERSHIP**

This Section is applicable to projects involving merger, consolidation or acquisition/change of ownership.

**NOTE: For all projects involving a change of ownership THE TRANSACTION DOCUMENT must be submitted with the application for permit. The transaction document must be signed dated and contain the appropriate contingency language.**

**A. Criterion 1110.240(b), Impact Statement**

Read the criterion and provide an impact statement that contains the following information:

1. Any change in the number of beds or services currently offered.
2. Who the operating entity will be.
3. The reason for the transaction.
4. Any anticipated additions or reductions in employees now and for the two years following completion of the transaction.
5. A cost-benefit analysis for the proposed transaction.

**B. Criterion 1110.240(c), Access**

Read the criterion and provide the following:

1. The current admission policies for the facilities involved in the proposed transaction.
2. The proposed admission policies for the facilities.
3. A letter from the CEO certifying that the admission policies of the facilities involved will not become more restrictive.

**C. Criterion 1110.240(d), Health Care System**

Read the criterion and address the following:

1. Explain what the impact of the proposed transaction will be on the other area providers.
2. List all of the facilities within the applicant's health care system and provide the following for each facility.
  - a. the location (town and street address);
  - b. the number of beds;
  - c. a list of services; and
  - d. the utilization figures for each of those services for the last 12 month period.
3. Provide copies of all present and proposed referral agreements for the facilities involved in this transaction.
4. Provide time and distance information for the proposed referrals within the system.
5. Explain the organization policy regarding the use of the care system providers over area providers.
6. Explain how duplication of services within the care system will be resolved.
7. Indicate what services the proposed project will make available to the community that are not now available.

APPEND DOCUMENTATION AS ATTACHMENT-19, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

**VIII. - 1120.120 - Availability of Funds**

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: Indicate the dollar amount to be provided from the following sources:

\$6,913,588	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_____	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
\$6,913,588	<b>TOTAL FUNDS AVAILABLE</b>	

APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**IX. 1120.130 - Financial Viability**

All the applicants and co-applicants shall be identified, specifying their roles in the project funding or guaranteeing the funding (sole responsibility or shared) and percentage of participation in that funding.

**Financial Viability Waiver**

The applicant is not required to submit financial viability ratios if:

1. All of the projects capital expenditures are completely funded through internal sources
2. The applicant's current debt financing or projected debt financing is insured or anticipated to be insured by MBIA (Municipal Bond Insurance Association Inc.) or equivalent
3. The applicant provides a third party surety bond or performance bond letter of credit from an A rated guarantor.

See Section 1120.130 Financial Waiver for information to be provided

**APPEND DOCUMENTATION AS ATTACHMENT-40, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

The applicant or co-applicant that is responsible for funding or guaranteeing funding of the project shall provide viability ratios for the latest three years for which **audited financial statements are available and for the first full fiscal year at target utilization, but no more than two years following project completion.** When the applicant's facility does not have facility specific financial statements and the facility is a member of a health care system that has combined or consolidated financial statements, the system's viability ratios shall be provided. If the health care system includes one or more hospitals, the system's viability ratios shall be evaluated for conformance with the applicable hospital standards.

Provide Data for Projects Classified as:	Category A or Category B (last three years)			Category B (Projected)
Enter Historical and/or Projected Years:				
Current Ratio				
Net Margin Percentage				
Percent Debt to Total Capitalization				
Projected Debt Service Coverage				
Days Cash on Hand				
Cushion Ratio				

Provide the methodology and worksheets utilized in determining the ratios detailing the calculation and applicable line item amounts from the financial statements. Complete a separate table for each co-applicant and provide worksheets for each.

**2. Variance**

Applicants not in compliance with any of the viability ratios shall document that another organization, public or private, shall assume the legal responsibility to meet the debt obligations should the applicant default.

**APPEND DOCUMENTATION AS ATTACHMENT 41, IN NUMERICAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**X. 1120.140 - Economic Feasibility**

This section is applicable to all projects subject to Part 1120.

**A. Reasonableness of Financing Arrangements**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

**B. Conditions of Debt Financing**

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

**C. Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)	
Contingency									
<b>TOTALS</b>									

\* Include the percentage (%) of space for circulation

**D. Projected Operating Costs**

The applicant shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization but no more than two years following project completion. Direct cost means the fully allocated costs of salaries, benefits and supplies for the service.

**E. Total Effect of the Project on Capital Costs**

The applicant shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

APPEND DOCUMENTATION AS ATTACHMENT -42, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**XI. Safety Net Impact Statement**

**SAFETY NET IMPACT STATEMENT** that describes all of the following must be submitted for ALL SUBSTANTIVE AND DISCONTINUATION PROJECTS:

1. The project's material impact, if any, on essential safety net services in the community, to the extent that it is feasible for an applicant to have such knowledge.
2. The project's impact on the ability of another provider or health care system to cross-subsidize safety net services, if reasonably known to the applicant.
3. How the discontinuation of a facility or service might impact the remaining safety net providers in a given community, if reasonably known by the applicant.

Safety Net Impact Statements shall also include all of the following:

1. For the 3 fiscal years prior to the application, a certification describing the amount of charity care provided by the applicant. The amount calculated by hospital applicants shall be in accordance with the reporting requirements for charity care reporting in the Illinois Community Benefits Act. Non-hospital applicants shall report charity care, at cost, in accordance with an appropriate methodology specified by the Board.
2. For the 3 fiscal years prior to the application, a certification of the amount of care provided to Medicaid patients. Hospital and non-hospital applicants shall provide Medicaid information in a manner consistent with the information reported each year to the Illinois Department of Public Health regarding "Inpatients and Outpatients Served by Payor Source" and "Inpatient and Outpatient Net Revenue by Payor Source" as required by the Board under Section 13 of this Act and published in the Annual Hospital Profile.
3. Any information the applicant believes is directly relevant to safety net services, including information regarding teaching, research, and any other service.

A table in the following format must be provided as part of Attachment 43.

Safety Net Information per PA 96-0031			
CHARITY CARE			
Charity (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			
Charity (cost in dollars)	Year	Year	Year
Inpatient			
Outpatient			
Total			
MEDICAID			
Medicaid (# of patients)	Year	Year	Year
Inpatient			
Outpatient			
Total			

Medicaid (revenue)			
Inpatient			
Outpatient			
Total			

APPEND DOCUMENTATION AS ATTACHMENT-43, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**XII. Charity Care Information**

Charity Care information MUST be furnished for ALL projects.

1. All applicants and co-applicants shall indicate the amount of charity care for the latest three audited fiscal years, the cost of charity care and the ratio of that charity care cost to net patient revenue.
2. If the applicant owns or operates one or more facilities, the reporting shall be for each individual facility located in Illinois. If charity care costs are reported on a consolidated basis, the applicant shall provide documentation as to the cost of charity care; the ratio of that charity care to the net patient revenue for the consolidated financial statement; the allocation of charity care costs; and the ratio of charity care cost to net patient revenue for the facility under review.
3. If the applicant is not an existing facility, it shall submit the facility's projected patient mix by payer source, anticipated charity care expense and projected ratio of charity care to net patient revenue by the end of its second year of operation.

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 3960/3) Charity Care must be provided at cost.

A table in the following format must be provided for all facilities as part of Attachment 44.

CHARITY CARE			
	Year	Year	Year
Net Patient Revenue			
Amount of Charity Care (charges)			
Cost of Charity Care			

APPEND DOCUMENTATION AS ATTACHMENT-44, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

**Section I, Identification, General Information, and Certification**  
**Applicants**

Certificates of Good Standing for DaVita, Inc. and DSI Renal, Inc. are attached at Attachment – 1. DaVita will acquire all of the outstanding stock of CDSI I Holdings Company, Inc., the ultimate parent of the operator, DSI Renal, Inc. As the entity acquiring 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 is attached.

# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "DAVITA INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE THIRTIETH DAY OF NOVEMBER, A.D. 2010.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "DAVITA INC." WAS INCORPORATED ON THE FOURTH DAY OF APRIL, A.D. 1994.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

2391269 8300

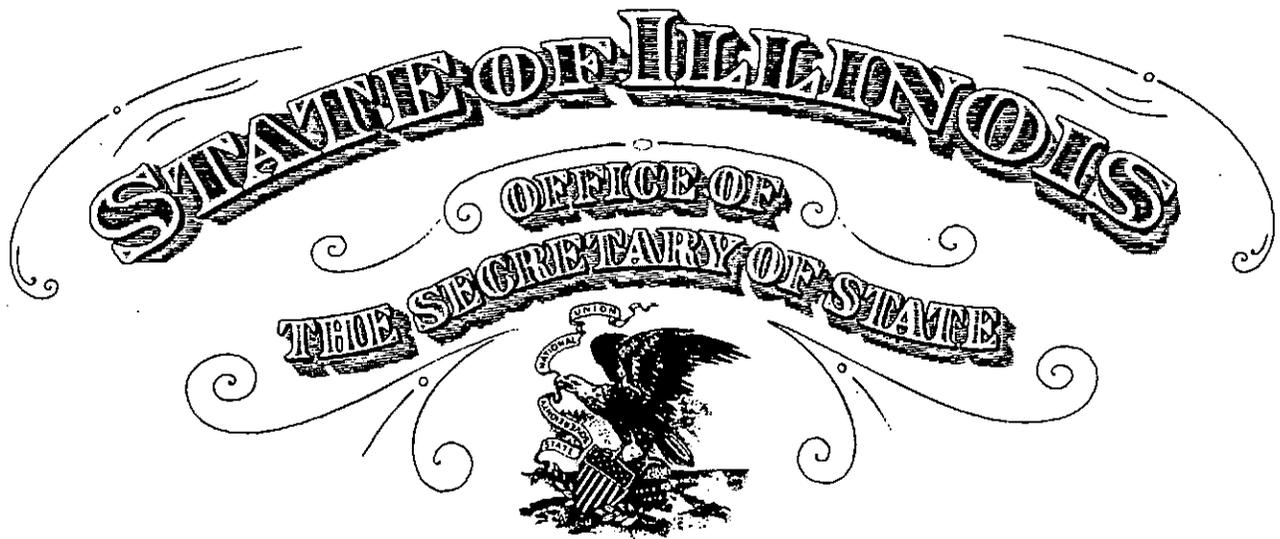
101133217



You may verify this certificate online  
at [corp.delaware.gov/authver.shtml](http://corp.delaware.gov/authver.shtml)

  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 8386715

DATE: 11-30-10



To all to whom these Presents Shall Come, Greeting:

I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that

DSI RENAL, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 06, 2006, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.

In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 19TH day of MAY A.D. 2011 .



Jesse White

Authentication #: 1113901624

Authenticate at: <http://www.cyberdriveillinois.com>

SECRETARY OF STATE

**Section I, Identification, General Information, and Certification**  
**Site Ownership**

A copy of the lease between BH4 Grand, LLC and DSI Renal, Inc., is attached at Attachment – 2.

### AMENDMENT TO LEASE

THIS AMENDMENT TO LEASE is made and entered into as of March 1, 2011, by and between BH4 Grand, LLC ("Lessor") and DSI Renal, Inc. f/k/a National Renal Institutes, Inc.

WHEREAS, on or about October 31, 1996, a Lease was entered into by and between the predecessor Lessor and the predecessor of Lessee relating to certain real property commonly known as Suites C and F ("Leased Premises") of 1618 Grand Avenue, Waukegan, IL ("Property"); and

WHEREAS, the predecessor Lessor and the predecessor of Lessee have previously amended said Lease on March 31, 1998 and on July 19, 2004; and

WHEREAS, Lessor and Lessee now desire to further amend said Lease.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties mutually agree to make the following additions and modifications to the Lease:

Term. The Expiration Date is hereby extended to January 11, 2019.

Base Rent Adjustment. Base Monthly Base Rent shall be as follows:

CALENDAR YEAR	ANNUAL RENT	BASE MONTHLY RENT
2011	\$114,822.24	\$9,568.52
2012*	\$113,041.33	\$9,390.20
2013	\$118,401.08	\$9,700.09
2014	\$120,242.04	\$10,020.17
2015	\$124,210.20	\$10,350.85
2016	\$128,309.16	\$10,692.43
2017	\$132,545.16	\$11,045.28
2018	\$136,91.24	\$11,409.77
2019	\$4,282.44	\$11,786.29

\*Effective January 12, 2012 = \$9,390.20 Monthly  
Pro Rata (January 2012 only) Jan 1-11 = \$3,574.84 + Jan 12-31 = \$6,174.38 = \$9,749.03

This Agreement shall not be construed against the party preparing it, but shall be construed as if all parties jointly prepared this Agreement and any uncertainty and ambiguity shall not be interpreted against any one party.

All other terms and conditions of this Lease shall remain unchanged and shall continue in full force and effect except as specifically amended herein.

EXECUTED as of the day and year first above written.

Lessor:

BH4 GRAND LLC

Lessee:

DSI RENAL INC. f/k/a  
NATIONAL RENAL INSTITUTES, INC.

By: Edward A. LeTourneau By: [Signature]  
Its Authorized Agent Its Authorized Agent

Date: March 1, 2011 Date: 3/1/2011

Print Name: EDWARD A. LE TOURNEAU Print Name: Jay Yelowitz

### ESTOPPEL CERTIFICATE

This TENANT'S ESTOPPEL CERTIFICATE ("Certificate") is given by Tenant, with respect to that certain Lease Agreement dated 10/1/1996 ("Lease"), under which Tenant has leased from Demi Enterprises, Inc. or its successors ("Seller") certain premises known as Suite/Unit No. 101-C, 1616 Grand Avenue, Waukegan, Illinois 60085 ("Premises") in the ("Property").

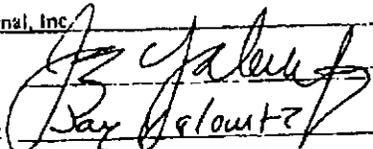
In consideration of the mutual covenants and agreements stated in the Lease, and intending that this Certificate may be relied upon by Seller and Buyer and any prospective purchaser or present or prospective mortgagee, deed of trust beneficiary or ground lessor of all or a portion of the Building, Tenant certifies as follows:

1. Except for those terms expressly defined in this Certificate, all initially capitalized terms will have the meanings stated for such terms in the Lease.
2. Seller first delivered possession of the Premises to Tenant (either for occupancy by Tenant or for the commencement of construction by Tenant) on 1/12/1997.
3. Tenant moved into the Premises (or otherwise first occupied the Premises for Tenant's business purposes) on 1/12/1997.
4. The Commencement Date occurred on 1/12/1997, and the Expiration Date of the Lease will occur on 1/1/2012.
29. Tenant's obligation to make monthly payments of Base Rent under the Lease began (or will begin) on 1/12/1997.
30. Tenant's Security Deposit is \$0.00.
31. There are no uncured defaults by Seller under the terms of the Lease except None.
32. Rent and operating expenses are paid through 12/31/2010, in the amount of \$12,546.60 per month.
33. The Lease contains the following option(s) to renew, expand the leased premises, and/or purchase the Property, if any: None.
34. The Lease, a copy of which is attached hereto, is an accurate and complete copy of said lease.

Executed this 17th day of December, 2010.

Tenant:

DSI Rental, Inc.

By: 

Name: Day Delourez

Title: Emp. Secretary

Doc No. 579650

CONSENT TO LEASE ASSIGNMENT

THIS CONSENT TO ASSIGNMENT (this "Consent") is entered into as of March 20 09, by and among DEMI'S ENTERPRISES, INC ("Landlord"), DIALYSIS CENTERS OF AMERICA - ILLINOIS, INC ("Assignor"), and NATIONAL RENAL INSTITUTES, INC., a Delaware corporation ("Assignee").

WITNESSETH

WHEREAS, Landlord and Assignor are parties to that certain Lease dated October 31, 1996, as it may have been amended (collectively, the "Lease"), whereby Assignor leases certain premises located at 1616 Grand Avenue, Waukegan, Illinois 60085 (the "Premises"), capitalized terms not specifically defined herein shall have the meaning ascribed to them in the Lease.

WHEREAS, pursuant to the terms and conditions of that certain Asset Purchase Agreement by and among Renal Care Group, Inc., Fresenius Medical Care Holdings, Inc., and National Renal Institutes, Inc. (the "Transaction"), Assignor desires to assign to Assignee and Assignee desires to assume from Assignor the Lease, and

WHEREAS, Assignee has agreed to assume the Lease,

NOW, THEREFORE, in consideration of the foregoing, the parties agree as follows

- 1 Landlord consents to the assignment and assumption of the Lease
- 2 Except as otherwise specifically provided herein, nothing contained in this Consent shall be construed to modify, waive, impair or affect any of the covenants, agreements, terms, provisions or conditions contained in the Lease, or to waive any breach in the due keeping, observance or performance thereof, or to enlarge or increase Landlord's obligations under the Lease
- 3 Assignee agrees to assume all the rights and obligations under the Lease and shall be liable for the performance of all obligations of the Assignor under the Lease from and after the date of closing of the Transaction with respect to the Premises, and Assignee agrees that, from and after such closing date, it shall perform and observe all of the terms and conditions of the Lease on the part of the Assignor thereunder to be performed and observed for the remainder of the current term of the Lease
- 4 Notwithstanding anything herein to the contrary, Assignor acknowledges and agrees that Assignor is not being released from any obligations under the Lease to be performed or observed by Tenant thereunder for the remainder of the Term of the Lease, it being the intent that both Assignor and Assignee remain jointly and severally liable for all obligations to be performed or observed by Tenant under the Lease for the remainder of the Term of the Lease
- 5 The right to the return of any security deposit referred to in the Lease is hereby assigned by Assignor to Assignee.

- 1 -

1200227 RCG Waukegan LS

6 This Consent shall not be construed as a consent by Landlord to, or as permitting, any other or further assignment of the Lease, and no such further assignment shall be made without the prior written consent of Landlord in each instance, except to the extent permitted under the Lease

7 This Consent shall inure to the benefit of, and be binding upon, the parties hereto and to their respective successors and assigns

8 Landlord has not made any representations or warranties whether with respect to the condition of the Premises, or otherwise, except that Landlord states that it is entitled to execute this Consent

9 Assignor agrees to pay promptly all fees, charges and other expenses of Landlord on account of the assignment and assumption of the Lease, including Landlord's attorney's fees and expenses

10 Landlord and Tenant agree to extend the term of the Lease through January 11, 2012. All other terms and conditions of this Lease remain the same

11 All prior statements, understandings, representations and agreements between the parties to this Consent with respect to Landlord's consent to the assignment of the Lease, whether oral or written, are superseded by and merged in this Consent. This Consent may be executed in one or more counterparts each of which, when so executed and delivered, shall be deemed to be an original, but all of which, when taken together, shall constitute but one and the same instrument

IN WITNESS WHEREOF, the parties have caused this Consent to Assignment to be duly executed as of the day and year first above written.

DEMI'S ENTERPRISES, INC

By *Verica V Kotewski*  
Name: VERICA V KOTENSKI  
Title PRESIDENT

DIALYSIS CENTERS OF AMERICA - ILLINOIS, INC

By *Barry B. Niekritz*  
Name: Barry B Niekritz  
Title Authorized Representative

ASSIGNEE

NATIONAL RENAL INSTITUTES, INC.,  
a Delaware corporation

By *Judy Lefkowitz*  
Name: Judy Lefkowitz  
Title: FFP Secretary

**OFFICE LEASE**

CAUTION: Consult a lawyer before using or acting under this form. Neither the publisher nor the seller of this form makes any warranty with respect thereto, including any warranty of merchantability or fitness for a particular purpose.

DATE OF LEASE	TERM OF LEASE	
	BEGINNING	ENDING
October , 1996	January 12, 1997	January 11, 2002
MONTHLY RENT		
\$5,155.00		
LOCATION OF PREMISES		
1616 Grand Avenue Waukegan, Illinois		
PURPOSE		
Operation of a Kidney Dialysis Clinic.		

Above Space for Recorder's Use Only

**LESSEE**

NAME • North Central Dialysis  
Centers, Inc.  
ADDRESS • 161 North Clark Street  
CITY • Suite 1200  
Chicago, Illinois

**LESSOR**

NAME • Waukegan Medical Partners  
ADDRESS • 1616 Grand Avenue  
CITY • Waukegan, Illinois 60085

In consideration of the mutual covenants and agreements herein stated, Lessor hereby leases to Lessee and Lessee hereby leases from Lessor solely for the above purpose the premises designated above (the "Premises"), together with the appurtenances thereto, for the above Term.

**LEASE COVENANTS AND AGREEMENTS**

- 1. RENT.** Lessee shall pay Lessor or Lessor's agent as rent for the Premises the sum stated above, monthly in advance, until termination of this lease, at Lessor's address stated above or such other address as Lessor may designate in writing.
- 2. HEAT; NON-LIABILITY OF LESSOR.** Lessor will at all reasonable hours during each day and evening, from October 1 to May 1 during the term, when required by the season, furnish at his own expense heat for the heating apparatus in the demised

premises, except when prevented by accidents and unavoidable delays, provided, however, that except as provided by Illinois statute, the Lessor shall not be held liable in damages on account of any personal injury or loss occasioned by the failure of the heating apparatus to heat the Premises sufficiently, by any leakage or breakage of the pipes, by any defect in the electric wiring, elevator apparatus and service thereof, or by reason of any other defect, latent or patent, in, around or about the said building.

3. **HALLS.** Lessor will cause the halls, corridors and other parts of the building adjacent to the Premises to be lighted, cleaned and generally cared for, accidents and unavoidable delays excepted.

4. **RULES AND REGULATIONS.** The rules and regulations at the end of this Lease constitute a part of this Lease. Lessee shall observe and comply with them, and also with such further reasonable rules and regulations as may later be required by Lessor for the necessary, proper and orderly care of the Building in which Premises are located.

5. **ASSIGNMENT; SUBLETTING.** Lessee shall neither sublet the Premises or any part thereof nor assign this Lease nor permit by any act or default any transfer of Lessee's interest by operation of law, nor offer the Premises or any part thereof for lease or sublease, nor permit the use thereof for any purpose other than as above mentioned, without in each case the written consent of Lessor.

6. **SURRENDER OF PREMISES.** Lessee shall quit and surrender the Premises at the end of the term in as good condition as the reasonable use thereof will permit, with all keys therein, and shall not make any alterations in the Premises without the written consent of Lessor; and alterations which may be made by either party hereto upon the Premises, except movable furniture and fixtures put in at the expense of Lessee, shall be the property of Lessor, and shall remain upon and be surrendered with the Premises as a part thereof at the termination of this lease.

7. **NO WASTE OR MISUSE.** Lessee shall restore the Premises to Lessor, with glass of like kind and quality in the several doors and windows thereof, entire and unbroken, as is now therein, and will not allow any waste of the water or misuse or neglect the water or light fixtures on the Premises, and will pay all damages in the Premises as well as all other damage to other tenants of the Building, caused by such waste or misuse.

8. **TERMINATION; ABANDONMENT; RE-ENTRY; RELETTING.** At the termination of this lease, by lapse of time or otherwise, Lessee agrees to yield up immediate and peaceable possession to Lessor, and failing so to do, to pay as liquidated damages, for the whole time such possession is withheld, the sum of NONE Dollars per day, and it shall be lawful for the Lessor or his legal representative at any time thereafter, without notice, to re-enter the Premises or any part thereof, either with or (to the extent permitted by law) without process of law, and to expel, remove and put out the Lessee or any person or persons occupying the same, using such force as may be necessary so to do, and to repossess and enjoy the Premises again as before this lease, without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; or in case the Premises shall be abandoned, deserted, or vacated, and remain unoccupied five days consecutively, the Lessee hereby authorizes and requests the Lessor as Lessee's agent to re-enter the Premises and remove all articles found therein, place them in some regular warehouse or other suitable storage place, at the cost and expense of Lessee, and proceed to re-rent the Premises at the Lessor's option and discretion and apply all money so received after paying the expenses of such removal toward the rent accruing under this lease. This request shall not in any way be construed as requiring any compliance therewith on the part of the Lessor, except as required by Illinois statute. If the Lessee shall fail to pay the rent at the times, place and in the manner above provided, and the same shall remain unpaid five days after the day whereon the same should be paid, the Lessor by reason thereof shall be authorized to declare the term ended, and the Lessee hereby expressly waives all right or rights to any notice or demand under any statute of the state relative to forcible entry or detainer of landlord and tenant, and agrees that the Lessor, his agents or assigns may begin suit for possession or rent without notice or demand.

9. **REMOVED PROPERTY.** In the event of re-entry and removal of the articles found on the Premises as heretofore provided, the Lessee hereby authorizes and requests the Lessor to sell the same at public or private sale with or without notice, and the proceeds thereof, after paying the expenses of removal, storage and sale to apply towards the rent reserved herein, rendering the surplus, if any, to Lessee upon demand.

10. **LESSOR NOT LIABLE.** Except as provided by Illinois statute, the Lessor shall not be liable for any loss of property or defects in the Building or in the Premises, or any accidental damages to the person or property of the Lessee in or about the Building or the Premises, from water, rain or snow which may leak into, issue or flow from any part of the Building or the Premises, or from the pipes or plumbing works of the same. The Lessee hereby covenants and agrees to make no claim for any such loss or damage at any time. The Lessor shall not be liable for any loss or damage of or to any property placed in any storeroom or storage place in the Building, such storeroom or storage place being furnished gratuitously, and no part of the obligations of this lease.

11. **OPTION TO TERMINATE.** In the event that the Lessor, his successors, attorneys or assigns shall desire to regain the possession of the Premises herein described, for any reason, Lessor shall have the option of so doing upon giving the Lessee thirty days' notice of Lessor's election to exercise such option.

12. **CONFESSION OF JUDGMENT.** If default be made in the payment of rent, or any installment thereof, as herein provided, Lessee hereby irrevocably constitutes any attorney of any Court of Record in this State, attorney for Lessee and in Lessee's name, from time to time, to enter the appearance of Lessee, to waive the issuance of process and service thereof, to waive trial by jury, and to confess judgment in favor of Lessor against Lessee for the amount of rent which may be then due hereunder, together with costs of suit and a reasonable sum for plaintiff's attorney's fees in or about the entry of such judgment, and to waive and release all errors and right of appeal from any such judgment, and to consent to an immediate execution thereon.

13. **PLURALS; SUCCESSORS.** The words "Lessor" and "Lessee" wherever used in this lease shall be construed to mean Lessors or Lessees in all cases where there is more than one Lessor or Lessee, and to apply to individuals, male or female, or to firms or corporations, as the same may be described as Lessor or Lessee herein, and the necessary grammatical changes shall be assumed in each case as though fully expressed. All covenants, promises, representations and agreements herein contained shall be binding upon, apply and inure to the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns.

**SEE RIDER ATTACHED**

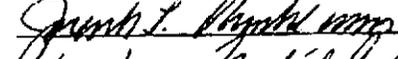
WITNESS the hands and seals of the parties hereto, as of the Date of Lease stated above.

Please print or type name(s)  
below signature(s).

LESSEE:

LESSOR:

 (SEAL)  
Senior Vice President (SEAL)  
10/30/96 (SEAL)

 (SEAL)  
Worshipful Master (SEAL)  
10/31/96 (SEAL)

**RULES AND REGULATIONS**

1. No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the outside or inside of Building, except on the glass of the doors and windows of the room leased and on the directory board, and then only of such color, size, style and material as shall be first specified by the Lessor in writing, endorsed on this lease. No showcase shall be placed in front of Building by Lessee, without the written consent of Lessor endorsed on this lease. The Lessor reserves the right to remove all other signs and showcases without notice to the Lessee, at the expense of the Lessee. At the expiration of the term Lessee is to remove all his signs from such windows, doors and directory board.
2. Lessee shall not put up or operate any steam engine, boiler, machinery or stove upon the Premises, or carry on any mechanical business on Premises, or use or store inflammable fluids in the Premises without the written consent of the Lessor first had and endorsed on this lease, and all stoves which may be allowed in the Premises shall be placed and set up according to the city ordinance.
3. No additional locks shall be placed upon any doors of said room without the written consent of the Lessor first had and

- endorsed upon this lease; and the Lessee will not permit any duplicate keys to be made (all necessary keys to be furnished by the Lessor) and upon the termination of this lease, Lessee will surrender all keys of Premises and Building.
4. All safes shall be carried up or into Premises at such times and in such a manner as shall be specified by the Lessor; the Lessor shall in all cases retain the power to prescribe the proper position of such safes, and any damage done to the Building by taking in or putting out a safe, or from overloading the floor with any safe, shall be paid by the Lessee. Furniture, boxes or other bulky articles belonging to Lessee shall be carried up in the freight compartment of the elevators of the Building; packages which can be carried by one person and not exceeding fifty pounds in weight, may, however, be carried down by the passenger elevator, at such times as may be allowed by the management.
5. No person or persons other than the janitor of this Building shall be employed by Lessee for the purpose of taking charge of Premises without the written consent of Lessor first had and endorsed upon this lease. Any person or persons so employed by Lessee (with the written consent of the Lessor) must be subject

to and under the control and direction of the janitor of the Building in all things in the Building and outside of the Premises. The agent and janitor of the Building shall at all times keep a pass key and be allowed admittance to the Premises, to cover any emergency of fire, or required examination that may arise.

6. The Premises leased shall not be used for the purpose of lodging or sleeping rooms or for any immoral or illegal purpose.

7. The rent of an office will include occupancy of office, water to Lessor's standard fixtures, heat, and elevator service during reasonable working hours; but Lessor shall not be liable for any damages from the stoppage of water, heat or elevator service.

8. If Lessee desires telegraphic or telephonic connections, the Lessor will direct the electricians as to where and how the wires are to be introduced, and without such written directions endorsed on this lease no boring or cutting for wires will be permitted.

9. If Lessee desires Venetian or other awnings or shades over and outside of the windows, to be erected at the Lessee's expense, they must be of such shape, color, material and make as may be prescribed by the Lessor in writing on this lease.

10. The light through the transoms opening into the hall shall not be obstructed by the Lessee. Birds, dogs, or other animals shall not be allowed in the Building. All tenants and occupants must observe strict care not to leave their windows open when it rains or snows, and for any default or carelessness in these respects, or any of them, shall make good all injuries sustained by other tenants, and also all damage to the Building resulting from such default or carelessness.

11. No packages, merchandise or other effects shall be allowed to remain in the halls at any time.

12. The Lessor reserves the right to make such other and further reasonable rules and regulations as in his judgment may from time to time be needful for the safety, care and cleanliness of the Premises and for the preservation of good order therein.

13. It is understood and agreed between the Lessee and the Lessor that no assent or consent to change in or waiver of any part of this lease has been or can be made unless done in writing and endorsed hereon by the Lessor; and in such case it shall operate only for the time and purpose in such lease expressly stated.

#### ASSIGNMENT BY LESSOR

On this \_\_\_\_\_, 19\_\_\_\_\_, for value received, Lessor hereby transfers, assigns and sets over to \_\_\_\_\_ all right, title and interest in and to the above Lease and the rent thereby reserved, except rent due and payable prior to \_\_\_\_\_, 19\_\_\_\_\_.

\_\_\_\_\_  
(SEAL)

\_\_\_\_\_  
(SEAL)

#### GUARANTEE

On this \_\_\_\_\_, 19\_\_\_\_\_, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned Guarantor hereby guarantees the payment of rent and performance by Lessee, Lessee's heirs, executors, administrators, successors or assigns of all covenants and agreements of the above Lease.

\_\_\_\_\_  
(SEAL)

\_\_\_\_\_  
(SEAL)

RIDER TO OFFICE LEASE BETWEEN  
WAUKEGAN MEDICAL PARTNERSHIP, AS LESSOR, AND  
NORTH CENTRAL DIALYSIS CENTERS, INC. AS LESSEE,  
DATED THE \_\_\_\_\_ DAY OF OCTOBER, 1996.

14. **RENT:** The premises to be leased shall consist of approximately 5,155 square feet (which constitutes 24.213 per cent of the rentable square footage of the building for purposes of determining additional rental costs) and shall more commonly be known as office suite No. C. The term of the lease shall be for five (5) years, with a base monthly rental for the first year of Five Thousand One Hundred Fifty-Five Dollars (\$5,155.00) or Sixty-One Thousand Eight Hundred Sixty Dollars (\$61,860.00) per year, triple net.

15. **UTILITIES:** The Lessee shall be responsible for the payment of all utilities except air conditioning of the central core and heat.

Lessee understands that the normal operation of the building is from 7:00 A.M. to 7:00 P.M. Monday through Friday and 8:00 A.M. to 2:00 P.M. on Saturday. In the event Lessee desires to extend the operation of its facility beyond these hours, it will pay any and all costs incurred by any party as a result of the extended hours.

16. **REPRESENTATIONS:** Lessee has examined and knows the condition of the premises and has received the same in good order and repair, and acknowledges that no representations as to the condition and repair thereof have been made by the Lessor and no agreements or promises to decorate, alter, repair or improve the premises have been made by the Lessor prior to or at the execution of this lease that are not herein contained.

17. **REPAIR:** The Lessee shall, at the Lessee's own expense, keep the premises in good order, condition and repair during the term of the lease. The Lessee shall replace broken glass (except exterior windows which shall be Lessor's expense unless they are damages as a result of Lessee's negligence), and fixtures with material of the same size and quality as that broken and shall insure all glass and windows and doors of the leased premises at his own expense. In the event the leased premises shall not be kept in good repair, the Lessor shall have the right to enter the premises without such entering causing or constituting a termination of this lease or an interference with the possession of the Lessee, and the Lessor may make such repairs as are necessary to place the leased premises in the condition existing at the date the Lessee's improvements are completed. Lessee agrees to pay Lessor, in addition to the rent hereby reserved, the expenses of the Lessor in making any such repairs.

18. **IMPROVEMENTS AND INDEMNIFICATION:** The Lessee shall have the right to make improvements to the leased premises during the

term of the lease. However, all improvements to the leased premises shall be considered the property of the Lessor except for moveable fixtures and no structural improvements to the premises greater than a cost of One Thousand Dollars (\$1,000.00) shall be made without the Lessor's written consent. Said Lessee shall pay for said improvements and present evidence thereof to the Lessor and further agrees to enter into no contracts for material or labor for improvements or modification of the premises listed unless said contract requires the waiver of any mechanic's lien for labor or material by the contractor or subcontractor in advance and that proper notice or notices be mailed or recorded as required by law to protect Lessor. The Lessee further agrees to hold Lessor harmless and indemnify Lessor for any costs and reasonable expenses including attorney's fees or any other amounts that Lessor shall be required to pay as a result of any mechanic's liens or claims that might be filed or made against Lessor by reason of Lessee's acts or omissions under this paragraph.

19. **INSURANCE:** The Lessee shall carry and pay for public liability insurance of the leased premises during the term of the lease in the amount of Two Hundred Thousand/Five Hundred Thousand (\$200,000.00/\$500,000.00) in a company approved by the Lessor and shall further agree to indemnify and hold the Lessor harmless from any liability by reason of injury, damage or death to any person on the premises leased by the Lessee or injury or damage to any property or right caused by Lessee's use of the premises.

20. **TAXES:** If the real estate taxes due for the land and building during any calendar year during the term of this lease shall be in excess of Thirty-Six Thousand Nine Hundred Fourteen Dollars and Fifty-Six Cents (\$36,914.56) (the 1997 taxes paid in 1998), the Lessee shall pay to the Lessor as additional rental for such subsequent year, an amount equal to the Lessee's proportionate share of said excess (ratio of square footage rented by the Lessee to the total rentable square footage of the building).

21. **COMMON AREA MAINTENANCE:** The Lessee shall be responsible for the payment, as additional rental, of Lessee's proportionate share (ratio of square footage rented by the Lessee to the total rentable square footage of the building) of all common area expenses such as parking lot costs, including repairs and maintenance, snow, janitorial services, repairs, replacement and maintenance, security guard and any other required security costs. Common areas shall include, but not be limited to the hallways, common storage areas, utility areas, stairways, sidewalks, lawn area, and the parking lot and parking area. As soon after the close of the calendar year as possible, the Lessor shall determine the total common expenses for the previous year, as well as Lessee's proportionate share. Lessee shall have the right to examine Lessor's determination of the total common expenses, but Lessee shall pay its share of the expenses to Lessor within thirty (30) days of notification of the additional rental owed. Lessee shall

pay all additional costs of security and building maintenance which Lessor may incur as a result of Lessee's tenancy.

22. APPLICATION OF CONSUMER PRICE INDEX: In every rental year (or partial year) after the first year of this lease, the Lessee shall pay to the Lessor as additional rental a sum equal to the base monthly rental required to be paid during the first year of the lease times the percentage increase in the Consumer Price Index since the commencement of the lease to be computed as follows: The Consumer Price Index (all items) of United States City Average for Urban Wage Earner and Clerical Workers, as published by the Government of the United States Department of Labor (Bureau of Labor Statistics) shall be determined for the month which is two months prior to the commencement of this lease as well as the month which is two months prior to the commencement of each new year of the lease. The percentage increase shall be then multiplied by the original base monthly rental to determine the additional monthly rental to be added to each monthly rental payment in the new lease year. In the event the Consumer Price Index is discontinued or otherwise unavailable, the parties shall adopt a satisfactory substitute. For example, Assume a five year lease commencing April 1, 1979, and ending March 31, 1984. Assume further an original base rental of \$1,000.00 per month and that the Price Index for March, 1979, is 190.0. To compute the additional monthly rental for the lease year April 1, 1981, to March 31, 1982, the Price Index for March, 1981, would first be determined. Assume it to be 196.5. The index increase over the two year period is 6.5 index points or a percentage increase of 3.42% ( $6.5 / 190.0 \times 100$ ). The additional monthly rental for that lease year would then be Thirty-Four Dollars and Twenty Cents (\$34.20). In any event the rent shall not be increased more than 3% per year.

23. SECURITY DEPOSIT: In addition to the first month's rent, <sup>LSA</sup> the Lessee shall deposit Five Thousand One Hundred fifty-Five Dollars (\$5,155.00), <sup>10/31</sup> to be held by the Lessor as security for the performance of the covenants of this lease. Upon termination of this lease, the security deposit shall be returned to the Lessee, <sup>7/83</sup> of this lease, the security deposit shall be returned to the Lessee, <sup>10-31</sup> less any damages to the premises, ordinary wear and tear excepted.

24. STORAGE: Lessee may use approximately 2,000 square feet in the basement below their suite for additional storage at no additional charge.

25. INTERIOR: Any painting, wallpapering, carpeting or construction change to the interior or exterior of the suite must have written approval from lessor prior to beginning the change or addition. If work is begun without this prior approval, the premises must immediately (within 15 days) be returned to its previous condition at the expense of Lessee, upon written request of Lessor. Such written request shall be delivered by registered

mail. In the event the Lessee fails to so remediate, then Lessor shall have the right to remediate or redecorate at Lessor's expense.

26. **COMPATIBILITY:** Lessee Agrees that the construction on the premises and its tenancy will not interfere with the ability of any other tenant to carry on its normal business.

27. **WATER:** Lessee shall pay its proportionate share of the water usage and North Shore Sanitary District costs for the building. Lessor and Lessee shall cooperate to obtain a water meter for the leased premises. Lessee to pay all costs necessary or required in the installation thereof. Until such time as meter may be installed, Lessee shall pay water charges incurred by the Lessor based upon the following formula:

The base shall be the amount of water usage shown on the last water bill issued to the Lessor for a give period of time prior to the commencement of this lease.

Lessee shall pay the cost of all water used on the premises over an above the base for a like period of time during the term of the lease. The same formula shall be utilized for the calculation of North Shore Sanitary District expenses attributable to the Lessee. The Lessee agrees to identify and hold Lessor harmless from any damage or expense incurred as a result of Lessee's use of water on the premises.

28. **COMMENCEMENT OF THE LEASE:** The parties agree that the term of the lease shall begin January 12, 1997, and rent (subject to the abatement provision in paragraph 30 below) and other obligations of the Lessee hereunder shall commence on that date.

29. **TERM:** The term of the lease shall be for five years. The Lessee shall have the option to extend the term for an additional period of five years. The option shall be exercised by the Lessee by delivering written notice to Lessor at any time before 120 days prior to the end of the lease.

30. **IMPROVEMENTS AT COMMENCEMENT OF LEASE:** The Lessee shall have the right to make permanent lease hold improvements at the commencement of the lease. These improvements shall become a part of the real estate and become the property of the Lessor. They shall not be subject to removal by the Lessee. The plans shall be submitted to the Lessor for approval. Lessors approval shall be obtained prior to commencement of construction. In consideration for the permanent improvements made by the Lessee, the Lessor agrees that the rent shall abate for the first month of the each year for the first five years of the lease. The indemnification provisions of paragraph 18 shall apply.

If the Lessee elects to remove any removable partitions,

modular cabinets and the like which are presently located on the leased premises, the removed items shall be stored in the building at Lessor's direction.

31. CONFORMITY WITH LAW: The Lessee agrees to conform to all state, federal, and municipal rules, ordinances, laws and regulations and of their agencies which may have jurisdiction or control over Lessee's construction and operations on the leased premises. Lessee further agrees to indemnify and hold Lessor harmless from any liability including costs and attorney's fees Lessor may incur as a result of Lessee's occupation of premises and conduct of its business therein.

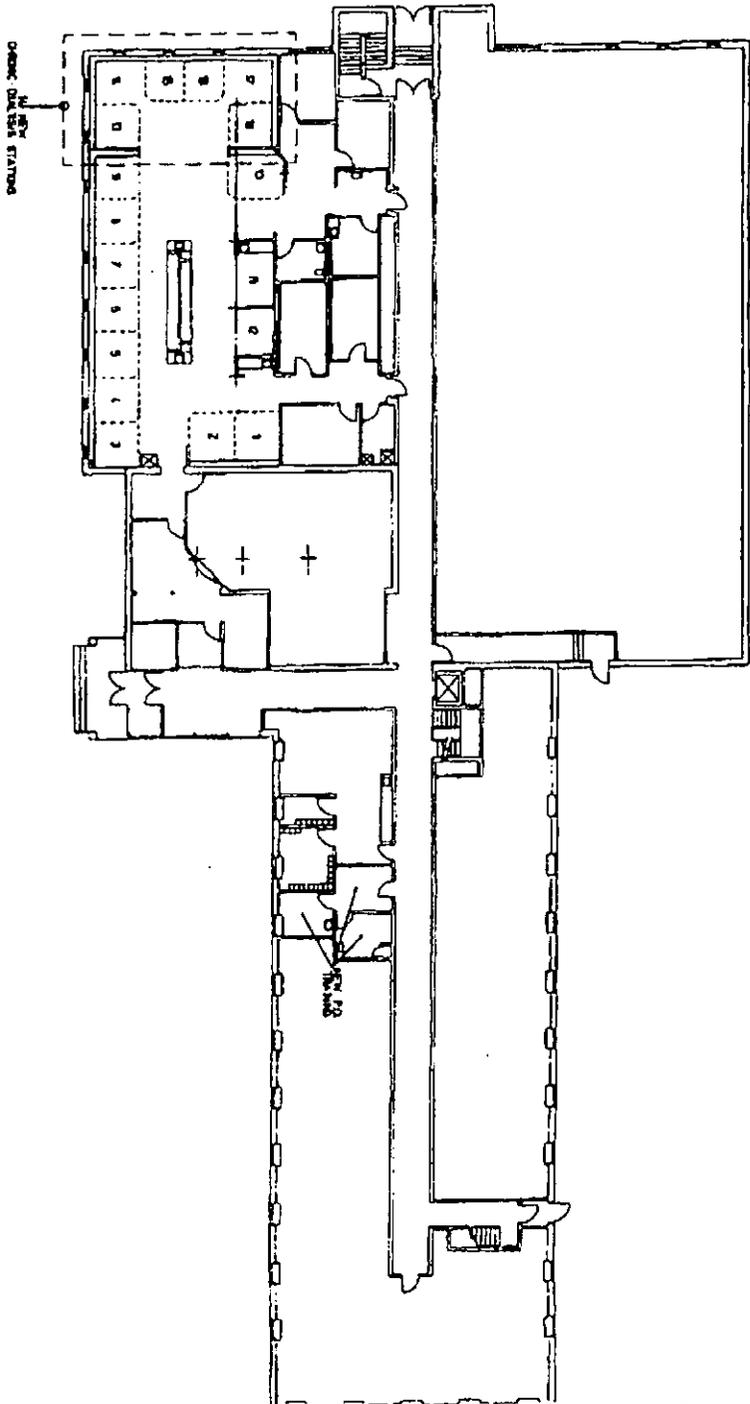
32. CONFLICTING TERMS: Wherever the terms of the rider are in conflict with the terms of the printed lease, the terms of the rider shall prevail.

WAUKEGAN MEDICAL PARTNERSHIP,  
Lessor

BY: *Joseph J. Handman*  
Managing Partner

DIALYSIS CENTER OF AMERICA, ILLINOIS, IN  
~~NORTH CENTRAL DIALYSIS CENTERS, INC.,~~  
Lessee

BY: *J. P. A. O.*  
Authorized Officer



PROPOSED REMODELING  
 DIALYSIS CENTERS OF AMERICA WAUKEGAN DIALYSIS UNIT

PHYSICIANS & SURGEONS BUILDING 1616 GRAND AVE. WAUKEGAN, IL 60085

SCALE



NORTH



TOTAL P.06

**THIS SECOND RIDER IS MADE A PART OF THE LEASE  
OF 1-12-1997 TO 1-11-2002 BETWEEN  
WAUKEGAN MEDICAL PARTNERS, LESSOR  
AND NORTH CENTRAL DIALYSIS CENTERS, INC., LESSEE**

This Second Rider is attached to and a part of a certain Office Lease dated October, 1996, by and between the parties, Waukegan Medical Partners, as Lessor (hereinafter "Lessor") and North Central Dialysis Centers, Inc. as Lessee (hereinafter "Lessee"). In addition to the terms set forth in the Office Lease and the First Rider, the parties hereto further agree as follows:

30. **ADDITIONAL PREMISES AND RENT:** In addition to the premises to be leased the rent stated in paragraph 14 of the First Rider, Lessor hereby agrees to let and Lessee agrees to accept an additional 881 square feet, commonly known as Suite "F". The term of the lease shall be for the balance of the existing lease term. The base rental for the balance of 1998 shall be at the annual rate of \$12.00 per square foot, or \$881.00 per month, triple net, which shall be added to the other rent due under the existing terms of the lease.

31. **COMMON AREA AND REAL ESTATE TAXES:** The additional square footage of 881 square feet shall be included in Lessee's obligations to pay real estate taxes and for common area maintenance charges.

32. **LEASE OTHERWISE UNAFFECTED:** All other provisions of the Office Lease shall remain unchanged. In the event of any inconsistency or conflict between the terms of this Second Rider and the terms of the Office Lease or the First Rider, the terms contained in this Second Rider shall control.

AGREED AND ACCEPTED this    day of Mar 31, 1998.

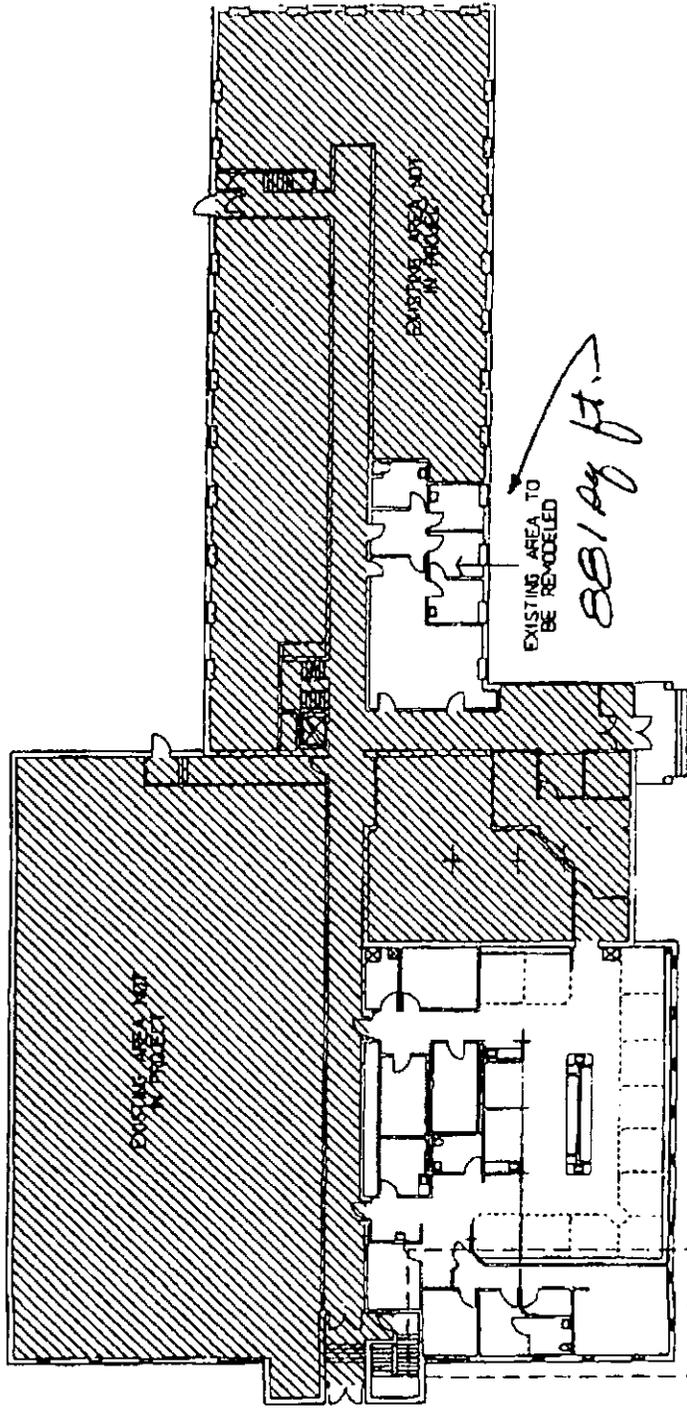
Waukegan Medical Partners, Lessor

North Central Dialysis Centers, Inc., Lessee

By: Bruce J. [Signature]

By: [Signature]

Attest: \_\_\_\_\_

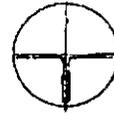
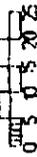


EXISTING AREA TO BE REMOVED

EXISTING FLOOR PLAN  
 DIALYSIS CENTERS OF AMERICA WAUKEGAN DIALYSIS UNIT

PHYSICIANS & SURGEONS BUILDING 616 GRAND AVE. WAUKEGAN, IL 60085

SCALE



312 634 6855 P. 05/06

EGH-ILLI015

88 20-1998 12:9

WAUKEGAN MEDICAL PARTNERS, LESSOR  
AND NORTH CENTRAL DIALYSIS CENTERS, INC., LESSEE

This Third Rider is attached to and a part of a certain Office Lease (the "Lease") dated October, 1996, by and between Waukegan Medical Partners (current owner Harris Bank of Barrington Trust No. 11-5273 and beneficiary Prasad Bhatt), as Lessor (hereinafter "Lessor") and Dialysis Centers of America - Illinois, Inc., as successor by merger to North Central Dialysis Centers, Inc. as Lessee (hereinafter "Lessee").

In addition to the terms set forth in said Lease, and the First Rider dated October, 1996 and the Second Rider dated March 31, 1998, both subsequently attached to the Lease, the parties hereto further agree as follows:

33. ADDITIONAL PREMISES AND RENT: Lessor hereby leases to Lessee an additional 570 square feet of space, known as Suite 100 ("Additional Space"). Lessee acknowledges and agrees to accept delivery of the Additional Space from Lessor in its current "AS IS" condition. The term of the lease for the Additional Space shall be for the balance of the existing Lease term, as extended. The base rental for the Additional Space shall be \$698.25 per month, triple net, which shall be added to the other rent due under the existing terms of the Lease. Rent for the Additional Space shall commence on August 1, 2004. The rent for the Additional Space shall increase 3% per year for the balance of the Lease term.

34. COMMON AREA AND REAL ESTATE TAXES: The additional square footage of 570 square feet shall be included in Lessee's obligations to pay its pro-rata share of real estate taxes and for common area maintenance charges.

35. LEASE OTHERWISE UNAFFECTED: All other provisions of the Lease shall remain unchanged. In the event of any inconsistency or conflict between the terms of this Third Rider and the terms of the Lease or the First and Second Riders thereto, the terms contained in this Third Rider shall control.

AGREED AND ACCEPTED this 19 day of JULY, 2004.

LESSOR  
Harris Bank of Barrington Trust No. 11-5273

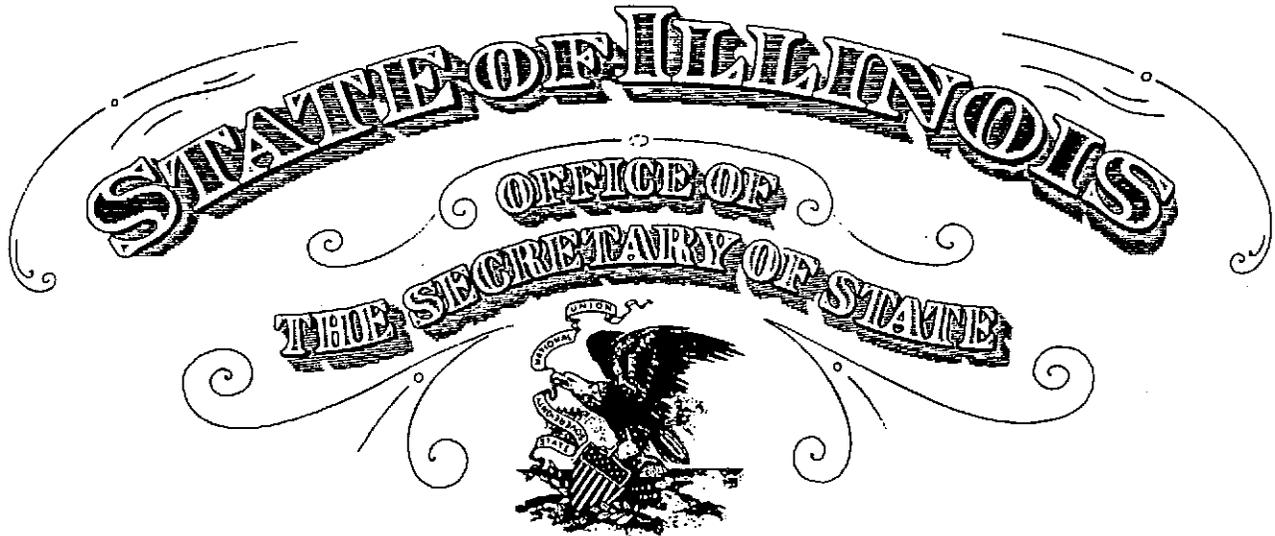
By: Prasad Bhatt  
Prasad Bhatt  
PRASAD BHATT  
Prasad Bhatt, Beneficiary

LESSEE  
Dialysis Centers of America -  
Illinois, Inc.

By: [Signature]  
Its Vice President

**Section I, Identification, General Information, and Certification**  
**Operating Identity/Licensee**

The Illinois Certificate of Good Standing for DSI Renal, Inc. is attached at Attachment – 3.



*To all to whom these Presents Shall Come, Greeting:*

*I, Jesse White, Secretary of State of the State of Illinois, do hereby certify that*

DSI RENAL, INC., INCORPORATED IN DELAWARE AND LICENSED TO TRANSACT BUSINESS IN THIS STATE ON MARCH 06, 2006, APPEARS TO HAVE COMPLIED WITH ALL THE PROVISIONS OF THE BUSINESS CORPORATION ACT OF THIS STATE RELATING TO THE PAYMENT OF FRANCHISE TAXES, AND AS OF THIS DATE, IS A FOREIGN CORPORATION IN GOOD STANDING AND AUTHORIZED TO TRANSACT BUSINESS IN THE STATE OF ILLINOIS.



*In Testimony Whereof, I hereto set my hand and cause to be affixed the Great Seal of the State of Illinois, this 19TH day of MAY A.D. 2011*

*Jesse White*

SECRETARY OF STATE

Authentication #: 1113901624

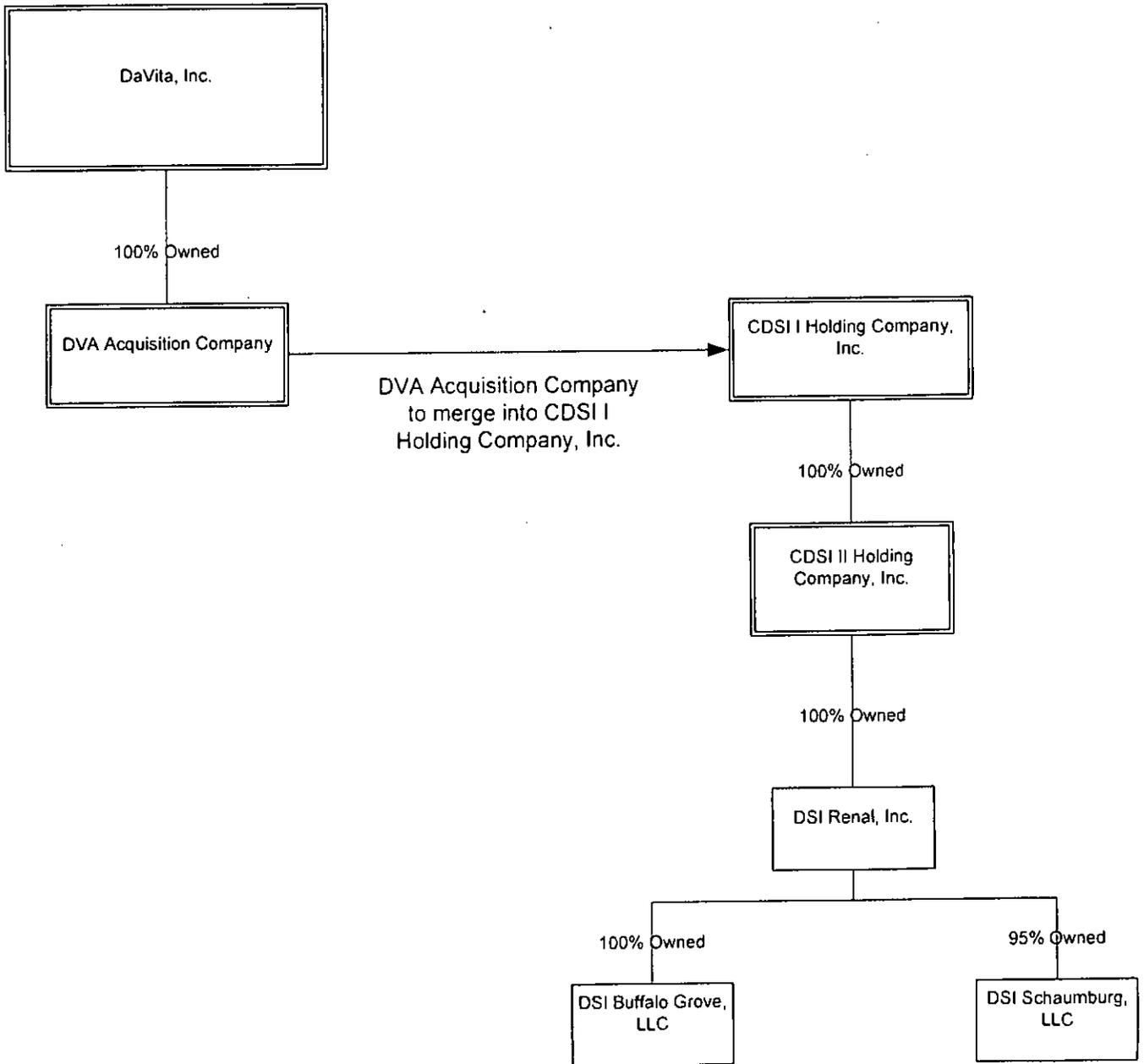
Authenticate at: <http://www.cyberdriveillinois.com>

**Section I, Identification, General Information, and Certification**  
**Organizational Relationships**

The pre and post merger organizational charts for DaVita, Inc. and DSI Renal, Inc. are attached at Attachment – 4.

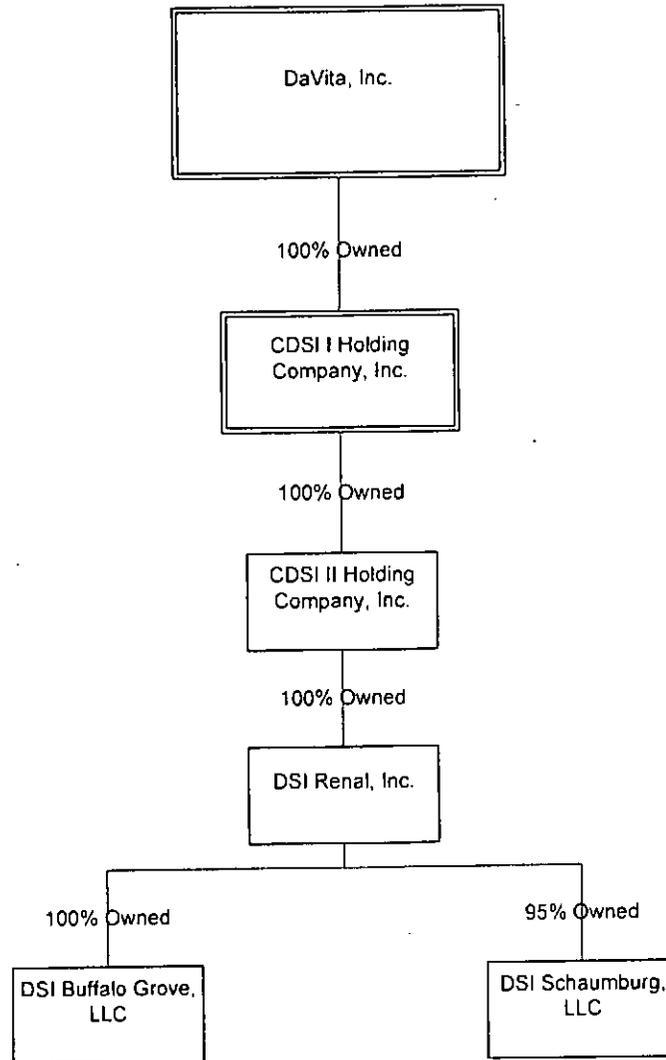
# DaVita – DSI Renal, Inc.

## Pre-Merger Organizational Chart



# DaVita, Inc. – DSI Renal, Inc.

Post-Merger Organizational Chart



**Section I, Identification, General Information, and Certification**  
**Flood Plain Requirements**

The Applicants propose a change of control of the operating entity, DSI Renal, Inc. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

**Section I, Identification, General Information, and Certification**  
**Historic Resources Preservation Act Requirements**

The Applicants propose a change of control of the operating entity, DSI Renal, Inc. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

**Section I, Identification, General Information, and Certification  
Cost Space Requirements**

Cost Space Table							
Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>CLINICAL</b>							
ESRD	\$6,913,588	6,759					
<b>Total Clinical</b>	<b>\$6,913,58</b>	<b>6,759</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NON CLINICAL</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Non-clinical</b>	<b>\$0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>\$6,913,588</b>	<b>6,759</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Section III, Project Purpose, Background and Alternatives – Information Requirements**  
**Criterion 1110.230, Project Purpose, Background and Alternatives**

**Background of the Applicants**

The Applicants are fit, willing and able, and have the qualifications, background and character to adequately provide a proper standard of health care services for the community. DaVita is a leading provider of dialysis services in the United States. The Applicants propose a change in control of the ultimate parent of DSI Renal, Inc., CDSI I Holding Company, Inc. The proposed transaction includes the transfer of up to 106 in-center dialysis facilities to DaVita, including 10 facilities within Illinois, subject to adjustment following Federal Trade Commission Review. The DSI facilities will maintain their current locations but will be fully integrated with DaVita and will implement DaVita's operational processes and quality initiatives.

DaVita has taken on many initiatives to improve the lives of patients suffering from chronic kidney disease ("CKD") and end stage renal disease ("ESRD"). These programs include the EMPOWER, IMPACT, CathAway, and transplant assistance programs. Information on the EMPOWER, IMPACT and CathAway programs are attached at Attachment – 11A.

There are over 26 million patients with CKD and that number is expected to rise. Current data reveals a troubling trend:

- The prevalence of CKD stages 1 to 4 has increased from 10% to 13.1% between 1988 and 2004<sup>1</sup>
- Increasing prevalence of diabetes and hypertension, the two major causes of CKD

Additionally, approximately 65% of CKD Medicare patients (patients 67 and older) have never been evaluated by a nephrologist.<sup>2</sup> Timely CKD care, however, is imperative because adverse outcomes of CKD can often be prevented or delayed through early detection and treatment. Several studies have shown that early detection, intervention and care of CKD may result in improved patient outcomes:

- Reduced GFR is an independent risk factor for morbidity and mortality,
- A reduction in the rate of decline in kidney function upon nephrologists referrals has been associated with prolonged survival of CKD patients,
- Late referral to a nephrologists has been correlated with lower survival during the first 90 days of dialysis, and
- Timely referral of CKD patients to a multidisciplinary nephrology team may improve outcomes and reduce cost.

A care plan for patients with CKD includes strategies to slow the loss of kidney function, manage comorbidities, and prevent or treat cardiovascular disease and other complications of CKD, as well as ease the transition to kidney replacement therapy. Through the EMPOWER program, DaVita offers educational services to CKD patients that can help patients reduce, delay, and prevent adverse outcomes of untreated CKD. The EMPOWER program encourages CKD patients to take control of their health and make informed decisions about their dialysis care.

The IMPACT program seeks to reduce patient mortality rates during the first 90-days of dialysis through patient intake, education and management, and reporting. In fact, since piloting in October 2007, the program has not only shown to reduce mortality rates by 8 percent but has also resulted in improved patient outcomes.

---

<sup>1</sup> US Renal Data System, USRDS 2007 Annual Data Report: Atlas of Chronic Kidney Disease and End-Stage Renal Disease in the United States, Bethesda, MD: National Institutes of Health, National Institute of Diabetes and Digestive and Kidney Diseases; 2007.

<sup>2</sup> Id.

The CathAway program seeks to reduce the number of patients with central venous catheters ("CVC") through arteriovenous fistula ("AV fistula") placement. AV fistulas have superior patency, lower complication rates, improved adequacy, lower cost to the healthcare system, and decreased risk of patient mortality compared to CVCs. In July 2003, the Centers for Medicare and Medicaid Services, the End Stage Renal Disease Networks and key providers jointly recommended adoption of a National Vascular Access Improvement Initiative ("NVAII") to increase the appropriate use of AV fistulas for hemodialysis. The CathAway program is designed to comply with NVAII through patient education outlining the benefits for AV fistula placement and support through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal.

DaVita's transplant referral and tracking program ensures every dialysis patient is informed of transplant as a modality option and promotes access to transplantation for every patient who is interested and eligible for transplant. The social worker or designee obtains transplant center guidelines and criteria for selection of appropriate candidates and assists transplant candidates with factors that may affect their eligibility, such as severe obesity, adherence to prescribed medicine or therapy, and social/emotional/financial factors related to post-transplant functioning.

In an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is \$210M to \$230M in hospitalization savings to the health care system and the American taxpayer.

Neither the Centers for Medicare and Medicaid Services or the Illinois Department of Public Health has taken any adverse action involving civil monetary penalties or restriction or termination of participation in the Medicare or Medicaid programs against any of the applicants, or against any Illinois health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application.

1. Health care facilities owned or operated by the Applicants:

A list of health care facilities owned or operated by DaVita in Illinois is attached at Attachment – 11B.

A list of health care facilities owned or operated by DSI Renal in Illinois is attached at Attachment – 11C.

Dialysis facilities are not subject to State Licensure.

2. Certification that no adverse action has been taken against any of the Applicants, or against any health care facilities owned or operated by the Applicants, directly or indirectly, within three years preceding the filing of this application is attached at Attachment – 11D.

3. An authorization permitting the Illinois Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted, including, but not limited to: official records of IDPH or other State agencies; and the records of nationally recognized accreditation organizations is attached at Attachment – 11D.



Office of the Chief  
Medical Officer (OCMO)  
Allen R. Nissenson, MD  
Chief Medical Officer  
Meredith Mathews, MD  
Robert Provenzano, MD  
John Robertson, MD  
David B. Van Wyck, MD

601 Hawaii Street, El Segundo, CA 90245 | 1-800-313-4872 | www.davita.com/physicians

April 30, 2009

Dear Physicians:

As your partner, DaVita® and OCMO are committed to helping you achieve unprecedented clinical outcomes with your patients. As part of OCMO's Relentless Pursuit of Quality™, DaVita will be launching our top two clinical initiatives; IMPACT and CathAway™, at our annual 2009 Nationwide Meeting. Your facility administrators will be orienting you on both programs upon their return from the meeting in early May.



**IMPACT:** The goal of IMPACT is to reduce incident patient mortality. IMPACT stands for Incident Management of Patients Actions Centered on Treatment. The program focuses on three components: patient intake, education and management and reporting. IMPACT has been piloting since October 2007 and has demonstrated a reduction in mortality. The study recently presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN. In addition to lower mortality rates, patient outcomes improved - confirming this vulnerable patient population is healthier under DaVita's relentless pursuit of quality care.



**CathAway:** Higher catheter use is associated with increased infection, morbidity, mortality and hospitalizations <sup>(1) (2)</sup>. The 7-step Cathaway Program supports reducing the number of patients with central venous catheters (CVCs). The program begins with patient education outlining the benefits of fistula placement. The remaining steps support the patient through vessel mapping, fistula surgery and maturation, first cannulation and catheter removal. For general information about the CathAway program, see the November 2008 issue of QUEST, DaVita's Nephrology Journal.

**Here is how you can support both initiatives in your facilities:**

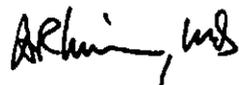
- **Assess incident patients regularly in their first 90 days:** Discuss patients individually and regularly. Use the IMPACT scorecard to prompt these discussions.
- **Adopt "Facility Specific Orders":** Create new facility specific orders using the form that will be provided to you.
- **Minimize the "catheter-removal" cycle time:** Review each of your catheter patients with your facility teammates and identify obstacles causing delays in catheter removal. Work with the team and patients to develop action plans for catheter removal.
- **Plan fistula and graft placements:** Start AV placement plans early by scheduling vessel mapping and surgery evaluation appointments for Stage 4 CKD patients. Schedule fistula placement surgery for those patients where ESRD is imminent in the next 3-6 months.

**Launch Kits:**

In May, Launch Kits containing materials and tools to support both initiatives will be arriving at your facilities. IMPACT kits will include a physician introduction to the program, step by step implementation plan and a full set of educational resources. FAs and Vascular Access Leaders will begin training on a new tool to help identify root-causes for catheter removal delays.

Your support of these efforts is crucial. As always, I welcome your feedback, questions and ideas. Together with you, our physician partners, we will drive catheter use to all-time lows and help give our incident patients the quality and length of life they deserve.

Sincerely,

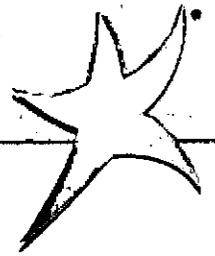


Allen R. Nissenson, MD, FACP  
Chief Medical Officer, DaVita

- (1) Dialysis Outcomes and Practice Patterns Study (DOPPS): 2 yrs/7 Countries / 10,000 pts.
- (2) Pastan et al: Vascular access and increased risk of death among hemodialysis patients.



*DaVita.*



# Knowledge is power.

EMPOWER® is an educational program by DaVita®. The program includes a series of free community based classes for patients with chronic kidney disease (CKD). These classes encourage you to take control of your kidney disease and prepare for dialysis by making healthy choices about your kidney care

## Taking Control Of Kidney Disease

Learn how to slow the progression of kidney disease.

- Kidney disease and related conditions
- Behavior modification
- Dietary guidelines
- Common medications
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

## Making Healthy Choices

Learn how to prepare for dialysis.

- Kidney disease and related conditions
- Behavior modification
- Dietary guidelines
- Common medications
- Treatments that allow you to stay active and continue to work
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

## Treatment Choices

An in-depth look at all of your treatment choices.

- Kidney disease and related conditions
- Treatments that allow you to stay active and continue to work
- Insurance choices
- Ways to cope with CKD
- Questions to ask your health care team

To register for a class, call 1-888-MyKidney (695-4363).

EMPOWER®  
1-888-MyKidney (695-4363) | [DaVita.com/EMPOWER](http://DaVita.com/EMPOWER)

*DaVita*®

IMPACT stands for Incident Management of Patients, Actions Centered on Treatment. It's a comprehensive patient management program designed to focus on incident patients throughout their first three months of dialysis. The first days of dialysis are particularly challenging for patients, families and health care teams.

These patients require more education and closer management than patients who have been receiving dialysis for a longer period because of their compromised conditions and high mortality risk. IMPACT is focused on easing the process for patients transitioning to dialysis.

The desired goal of this program are to provide comprehensive patient education, target key monitoring points in the first 90 days for better adherence to treatment, improved outcomes and reduced mortality.

**Achieve "Top Two" status in 2010.**

### What's the significance of achieving Top Two status?

Reducing both incident patient mortality and the number of catheter patients are DaVita's top two clinical goals for 2010. Medical Directors, FAs and RODs who achieve both program goals in 2010 will achieve Top Two status for the year.

These initiatives are tied to strong clinical outcomes and improved quality of life. Reaching the Top Two goals means a high level of care for your patients, and special recognition and honors.

To reach your 2010 IMPACT Goal:  
Achieve a graduate grade of 75% or better  
by December 31 for September new admits

To reach your 2010 CathAway Goal:  
Achieve Day-90 catheter percentage  
of 18% or lower by December 31





Dear Physician Partners:

IMPACT™ is an initiative focused on reducing incident patient mortality. The program provides a comprehensive onboarding process for incident patients, with program materials centered on four key clinical indicators—access, albumin, anemia, and adequacy.

**Medical Directors: How can you support IMPACT in your facilities?**

- Customize the new Standard Admission Order template into facility-specific orders.  
Drive use of the standard order with your attending physicians
- Review your facility IMPACT scorecard at your monthly QIFMM meeting
- Talk about IMPACT regularly with your attending physicians

**Attending Physicians: How can you support IMPACT in your facilities?**

- Use the IMPACT scorecard to assess incident patients
- Educate teammates about the risk incident patients face and how IMPACT can help

**How was IMPACT developed? What are the initial results?**

From October 2007 to April 2009, IMPACT was piloted in DaVita® centers. Early results, presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN this April, showed an 8% reduction in annualized mortality. In addition to lower mortality, IMPACT patients showed improvements in fistula placement rates and serum albumin levels. The results are so impressive that we are implementing this program throughout the Village.

**Your support of this effort is crucial.**

If you have not seen the IMPACT order template and scorecard by the end of June, or if you have additional questions about the program, email [impact@davita.com](mailto:impact@davita.com). Together we can give our incident patients the quality and length of life they deserve.

Sincerely,

Dennis Kogod  
Chief Operating Officer

Allen R. Nissenson, MD, FACP  
Chief Medical Officer

Corporate Offices | 601 Hawaii Street, El Segundo, CA 90245 | 310-413-4212 | [www.davita.com](http://www.davita.com)



*Davita*<sup>®</sup>



FOR IMMEDIATE RELEASE

## DaVita's IMPACT Program Reduces Mortality for New Dialysis Patients

*Study Shows New Patient Care Model Significantly Improves Patient Outcomes*

**El Segundo, Calif., (March, 29, 2009)** – DaVita Inc., a leading provider of kidney care services for those diagnosed with chronic kidney disease (CKD), today released the findings of a study revealing DaVita's IMPACT™ (Incident Management of Patients, Actions Centered on Treatment) pilot program can significantly reduce mortality rates for new dialysis patients. The study presented at the National Kidney Foundation's Spring Clinical Meeting in Nashville, TN details how the IMPACT patient care model educates and manages dialysis patients within the first 90 days of treatment, when they are most unstable and are at highest risk. In addition to lower mortality rates, patient outcomes improved - confirming the health of this vulnerable patient population is better supported under DaVita's *Relentless Pursuit of Quality*™ care.

The pilot program was implemented with 606 patients completing the IMPACT program over a 12 month period in 44 DaVita centers around the nation. IMPACT focuses on patient education and important clinical outcomes - such as the measurement of adequate dialysis, access placement, anemia, and albumin levels - monitoring the patient's overall health in the first 90 days on dialysis. Data reflects a reduction in annualized mortality rates by eight percent for IMPACT patients compared with non-IMPACT patients in the DaVita network. Given that DaVita has roughly 28,000 new patients starting dialysis every year, this reduction affects a significant number of lives.

In addition, a higher number of IMPACT patients versus non-IMPACT patients had an arteriovenous fistula (AVF) in place. Research show that fistulas - the surgical connection of an artery to a vein - last longer and are associated with lower rates of infection, hospitalization and death compared to all other access choices.

Allen R. Nissenson, MD, Chief Medical Officer at DaVita says, "The IMPACT program is about quality patient care starting in the first 90 days and extending beyond. Improved outcomes in new dialysis patients translates to better long term results and healthier patients overall."

Researchers applaud the IMPACT program's inclusion of all patients starting dialysis, regardless of their cognitive ability or health status. Enrolling all patients at this early stage in their treatment allows them to better understand their disease and care needs while healthcare providers work to improve their outcomes. Through this program, DaVita mandates reporting on this particular population to better track and manage patients through their incident period.

Dennis Kogod, Chief Operating Officer of DaVita says, "We are thrilled by the promising results IMPACT has had on our new dialysis patients. DaVita continues to be the leader in the kidney care community, and we look forward to rolling out this program to all facilities later this year, to improve the health of all new dialysis patients."

DaVita, IMPACT and *Relentless Pursuit of Quality* are trademarks or registered trademarks of DaVita Inc. All other trademarks are the properties of their respective owners.

Poster Presentation  
NKF Spring Clinical Meeting  
Nashville, TN  
March 26-28, 2009

## Incident Management of Hemodialysis Patients: Managing the First 90 Days

John Robertson<sup>1</sup>, Pooja Goel<sup>1</sup>, Grace Chen<sup>1</sup>, Ronald Levine<sup>1</sup>, Debbie Benner<sup>1</sup>, and Amy Burdan<sup>1</sup>  
<sup>1</sup>DaVita Inc., El Segundo, CA, USA

IMPACT (Incident Management of Patients, Actions Centered on Treatment) is a program to reduce mortality and morbidity in new patients during the first 3 months of dialysis, when these patients are most vulnerable. IMPACT was designed to standardize the onboarding process of incident patients from their 0 to 90-day period. We report on an observational (non-randomized), un-blinded study of 606 incident patients evaluated over 12 months (Oct77-Oct08) at 44 US DaVita facilities.

The study focused on 4 key predictive indicators associated with lower mortality and morbidity —anemia, albumin, adequacy and access (4As). IMPACT consisted of:

- (1) Structured New Patient Intake Process with a standardized admission order, referral fax, and an intake checklist;
- (2) 90-day Patient Education Program with an education manual and tracking checklist;
- (3) Tools for 90-day Patient Management Pathway including QOL; and
- (4) Data Monitoring Reports.

Data as of July, 2008 is reported. Patients in the IMPACT group were 60.6 ± 15.1 years old (mean±3SD), 42.8% Caucasian, 61% male with 25% having a fistula. Results showed a reduction in 90-day mortality almost 2 percentage points lower (6.14% vs. 7.98%;  $p < 0.10$ ) among IMPACT versus nonIMPACT patients. Changes among the 4As showed higher albumin levels from 3.5 to 3.6 g/dL (note that some IMPACT patients were on protein supplementation during this period) and patients achieving fistula access during their first 90-days was 25% vs. 21.4%, IMPACT and nonIMPACT, respectively ( $p \leq 0.05$ ). However, only 20.6% of IMPACT patients achieved Hct targets ( $33 \leq 3xHb \leq 36$ ) vs. 23.4% for controls ( $p < 0.10$ ); some IMPACT patients may still have  $>36$ -level Hcts. Mean calculated Kt/V was 1.54 for IMPACT patients vs. 1.58 for nonIMPACT patients ( $p \leq 0.05$ ).

IMPACT is a first step toward a comprehensive approach to reduce mortality of incident patients. We believe this focus may help us to better manage CKD as a continuum of care. Long-term mortality measures will help determine if this process really impacts patients in the intended way, resulting in longer lives and better outcomes.

# IMPACT Tools

Here's how the IMPACT program will help the team record data, educate patients and monitor their progress in your facilities.

- 1 Standard Order Template, a two-page form with drop-down menus that can be customized into a center-specific template
- 2 Intake Checklist to gather registration and clinical data prior to admission
- 3 Patient Announcement to alert teammates about new incident patients
- 4 Patient Education Book and Flip Chart to teach patients about dialysis
- 5 Tracking Checklist for the team to monitor progress over the first 90 days
- 6 IMPACT Scorecard to track monthly center summary and patient level detail for four clinical indicators: access, albumin, adequacy, anemia

A two-page form with various fields and checkboxes for patient registration and clinical data. It includes sections for patient information, insurance, and medical history.

A checklist form titled 'IMPACT CHECKLIST' with multiple rows of checkboxes for tracking patient progress over the first 90 days. It includes sections for registration, clinical data, and patient education.

A graphic with a 'Spring Training' logo and the text: 'Attention, teammates! A new IMPACT patient is about to step up to the plate. Let's become their biggest fans. Let's coach and encourage them. And let's cheer them along every step of their first 90 days.' It includes a 'Go' button and a signature line.

A graphic showing a 'Spring Training' banner and a flip chart with a 'Spring Training' logo. The flip chart has a 'Dayita' logo at the bottom.

IMPACT SCORECARD

Facility: XYZ - Sample Facility  
 Division: Sample Division  
 Region: Sample Region  
 Period: Month 2020

Indicator	Target	Actual	Variance
Access	95%	92%	-3%
Albumin	3.5	3.2	-0.3
Adequacy	1.2	1.1	-0.1
Anemia	10%	12%	+2%

Detailed description: The scorecard shows performance metrics for four clinical indicators: Access, Albumin, Adequacy, and Anemia. It includes a table with columns for Indicator, Target, Actual, and Variance. Below the table, there are sections for 'Dialysis Sessions' and 'Patient Admissions' with similar data points.

IMPACT Management Checklist

Facility: XYZ - Sample Facility  
 Division: Sample Division  
 Region: Sample Region  
 Period: Month 2020

Indicator	Target	Actual	Variance
Access	95%	92%	-3%
Albumin	3.5	3.2	-0.3
Adequacy	1.2	1.1	-0.1
Anemia	10%	12%	+2%

Detailed description: This is a management checklist for the IMPACT program. It features a table with columns for Indicator, Target, Actual, and Variance. The table is divided into sections for 'Access', 'Albumin', 'Adequacy', and 'Anemia'. Each section contains a list of specific management tasks and their corresponding status.



**Headquarters**  
1627 Cole Blvd, Bldg 18  
Lakewood CO 80401  
1-888-200-1041

## **IMPACT**

For more information, contact  
1-800-400-8331

**DaVita.com**

**Our Mission**  
To be the Provider,  
Partner and Employer  
of Choice

**Core Values**  
Service Excellence  
Integrity  
Team  
Continuous Improvement  
Accountability  
Fulfillment  
Fun

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Logan Square Dialysis	2659 N MILWAUKEE AVE	1ST FL	CHICAGO	COOK	IL	60647-1643	14-2534
Lake County Dialysis Services	918 S MILWAUKEE AVE		LIBERTYVILLE	LAKE	IL	60048-3229	14-2552
Lincoln Park Dialysis	3157 N LINCOLN AVE		CHICAGO	COOK	IL	60657-3111	14-2528
Skyline Home Dialysis	7009 W BELMONT AVE		CHICAGO	COOK	IL	60634-4533	14-2560
TRC Children's Dialysis Center	2611 N HALSTED ST		CHICAGO	COOK	IL	60614-2301	14-2604
Emerald Dialysis	710 W 43RD ST		CHICAGO	COOK	IL	60609-3435	14-2529
Olympia Fields Dialysis Center	4557B LINCOLN HWY	STE B	MATTESON	COOK	IL	60443-2318	14-2548
Granite City Dialysis Center	9 AMERICAN VLG		GRANITE CITY	MADISON	IL	62040-3706	14-2537
Sauget Dialysis	2061 GOOSE LAKE RD		SAUGET	SAINT CLAIR	IL	62206-2822	14-2561
Churchview Dialysis	5970 CHURCHVIEW DR		ROCKFORD	WINNEBAGO	IL	61107-2574	14-2640
Freeport Dialysis	1028 S KUNKLE BLVD		FREERPORT	STEPHENSON	IL	61032-6914	14-2642
Rockford Dialysis	3339 N ROCKTON AVE		ROCKFORD	WINNEBAGO	IL	61103-2839	14-2647
Whiteside Dialysis	2600 N LOCUST	STE D	STERLING	WHITESIDE	IL	61081-4602	14-2648
Chicago Heights Dialysis	177 W JOE ORR RD	STE B	CHICAGO HEIGHTS	COOK	IL	60411-1733	14-2635
Benton Dialysis	1151 ROUTE 14 W		BENTON	FRANKLIN	IL	62812-1500	14-2608
Centralia Dialysis	1231 STATE ROUTE 161		CENTRALIA	MARION	IL	62801-6739	14-2609
Marion Dialysis	324 S 4TH ST		MARION	WILLIAMSON	IL	62959-1241	14-2570
Mount Vernon Dialysis	1800 JEFFERSON AVE		MOUNT VERNON	JEFFERSON	IL	62864-4300	14-2541
Metro East Dialysis	5105 W MAIN ST		BELLEVILLE	SAINT CLAIR	IL	62226-4728	14-2527
Olney Dialysis Center	117 N BOONE ST		OLNEY	RICHLAND	IL	62450-2109	14-2674
Stony Creek Dialysis	9115 S CICERO AVE		OAK LAWN	COOK	IL	60453-1895	14-2661
Beverly Dialysis	8109 SOUTH WESTERN AVE		CHICAGO	COOK	IL	60620-5939	14-2638
Maryville Dialysis	2130 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2634
Montclare Dialysis Center	7009 W BELMONT AVE		CHICAGO	COOK	IL	60634-4533	14-2649
Roxbury Dialysis Center	622 ROXBURY RD		ROCKFORD	WINNEBAGO	IL	61107-5089	14-2665
Dixon Kidney Center	1131 N GALENA AVE		DIXON	LEE	IL	61021-1015	14-2651
Sycamore Dialysis	2200 GATEWAY DR		SYCAMORE	DEKALB	IL	60178-3113	14-2639

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Mt. Greenwood Dialysis	3401 W 111TH ST		CHICAGO	COOK	IL	60655-3329	14-2660
Lake Villa Dialysis	37809 N IL ROUTE 59		LAKE VILLA	LAKE	IL	60046-7332	14-2666
Little Village Dialysis	2335 W CERMAK RD		CHICAGO	COOK	IL	60608-3811	14-2668
Kankakee County Dialysis	581 WILLIAM R LATHAM SR DR	STE 104	BOURBONNAIS	KANKAKEE	IL	60914-2439	14-2685
Wayne County Dialysis	303 NW 11TH ST	STE 1	FAIRFIELD	WAYNE	IL	62837-1203	14-2688
Edwardsville Dialysis	235 S BUCHANAN ST		EDWARDSVILLE	MADISON	IL	62025-2108	14-2701
Vandalia Dialysis	301 MATTES AVE		VANDALIA	FAYETTE	IL	62471-2061	14-2693
Macon County Dialysis	1090 W MCKINLEY AVE		DECATUR	MACON	IL	62526-3208	14-2584
Effingham Dialysis	904 MEDICAL PARK DR	STE 1	EFFINGHAM	EFFINGHAM	IL	62401-2193	14-2580
Jacksonville Dialysis	1515 W WALNUT ST		JACKSONVILLE	MORGAN	IL	62650-1150	14-2581
Litchfield Dialysis	915 ST FRANCES WAY		LITCHFIELD		IL	62056-1775	14-2583
Mattoon Dialysis	200 RICHMOND AVE E		MATTOON	COLES	IL	61938-4652	14-2585
Springfield Central Dialysis	932 N RUTLEDGE ST		SPRINGFIELD	SANGAMON	IL	62702-3721	14-2586
Taylorville Dialysis	901 W SPRESSER ST		TAYLORVILLE	CHRISTIAN	IL	62568-1831	14-2587
Lincoln Dialysis	2100 WEST FIFTH		LINCOLN	LOGAN	IL	62656-9115	14-2582
Springfield Montvale Dialysis	2930 MONTVALE DR	STE A	SPRINGFIELD	SANGAMON	IL	62704-5376	14-2590
Decatur East Wood Dialysis	794 E WOOD ST		DECATUR	MACON	IL	62523-1155	142599
Alton Dialysis	3511 COLLEGE AVE		ALTON	MADISON	IL	62002-5009	14-2619
Rushville Dialysis	112 SULLIVAN DRIVE		RUSHVILLE	SCHUYLER	IL	62681-1293	14-2620
Illini Renal Dialysis	507 E UNIVERSITY AVE		CHAMPAIGN	CHAMPAIGN	IL	61820-3828	14-2633
Woodridge Home Dialysis	742S JANES AVE	STE 103	WOODRIDGE	DUPAGE	IL	60517-2356	14-2696
Big Oaks Dialysis	5623 W TOUHY AVE		NILES	COOK	IL	60714-4019	14-2712
West Lawn Dialysis	7000 S PULASKI RD		CHICAGO	COOK	IL	60629-5842	14-2719
Robinson Dialysis	1215 N ALLEN ST	STE B	ROBINSON	CRAWFORD	IL	62454-1100	14-2714
Adams County Dialysis	436 N 10TH ST		QUINCY	ADAMS	IL	62301-4152	14-2711
Pittsfield Dialysis	640 W WASHINGTON ST		PITTSFIELD	PIKE	IL	62363-1350	14-2708

Regulatory Name	Address 1	Address 2	City	County	State	Zip	Medicare Certification Number
Jerseyville Dialysis	917 S STATE ST		JERSEYVILLE	JERSEY	IL	62052-2344	14-2636
Stoncrest Dialysis	1302 E STATE ST		ROCKFORD	WINNEBAGO	IL	61104-2228	14-2615
Crystal Springs Dialysis	720 COG CIRCLE		CRYSTAL LAKE	MCHENRY	IL	60014-7301	14-2716
Cobblestone Dialysis	934 CENTER ST	STE A	ELGIN	KANE	IL	60120-2125	14-2715
Lake Park Dialysis	1531 E HYDE PARK BLVD		CHICAGO	COOK	IL	60615-3039	14-2717
Stony Island Dialysis	8725 S STONY ISLAND AVE		CHICAGO	COOK	IL	60617-2709	14-2718
Woodlawn Dialysis	1164 E 55TH ST		CHICAGO	COOK	IL	60615-5115	14-2310
Woodlawn Home Program	5841 S MARYLAND AVE	RM L-026	CHICAGO	COOK	IL	60637-1447	14-3524
Lockport Home Dialysis	16626 W 159TH ST	STE 703	LOCKPORT	WILL	IL	60441-8019	14-2697
Maryville Home Dialysis	21368 VADALABENE DR		MARYVILLE	MADISON	IL	62062-5632	14-2686
Kennedy Home Dialysis	5509 N CUMBERLAND AVE	STE 515	CHICAGO	COOK	IL	60656-4702	14-2691

DSI Renal Inc. Illinois Facilities

Facility	Address	City	Services	Number of Stations 3/20/2011	Average Utilization 04/01/2010 to 03/31/2011
DSI Loop Renal Center	1101 South Canal Street,	Chicago	In-Center Hemo, HHD	28	45.68%
DSI Scottsdale Renal Center	4651 West 79th Street, Suite 100	Chicago	In-Center Hemo, HHD	35	42.26%
DSI Evanston Renal Center	1715 Central Street	Evanston	In-Center Hemo	18	55.09%
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	In-Center Hemo	20	92.29%
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	In-Center Hemo	24	72.57%
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	In-Center Hemo	17	87.50%
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	In-Center Hemo	18	58.10%
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	In-Center Hemo	16	70.31%
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	In-Center Hemo, HHD	14	86.61%
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	In-Center Hemo, HHD	22	75.95%

May 18, 2011

Dale Galassie  
Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

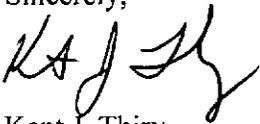
**Re: Adverse Action and Access to Information**

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated in Illinois by DaVita, Inc. during the three years prior to filing this application.

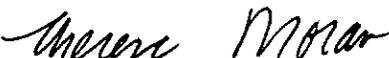
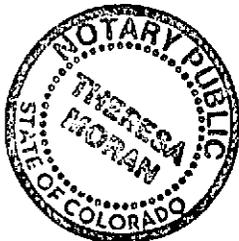
Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,



Kent J. Thiry  
Chief Executive Officer  
DaVita, Inc.

Subscribed and sworn to me  
This 23 day of MAY, 2011

  
\_\_\_\_\_  
Notary Public

May 18, 2011

Dale Galassie  
Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

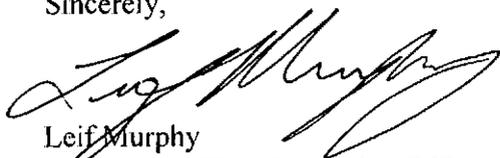
**Re: Adverse Action and Access to Information**

Dear Chairman Galassie:

I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that no adverse action has been taken against any facility owned or operated in Illinois by DSI Renal, Inc. during the three years prior to filing this application.

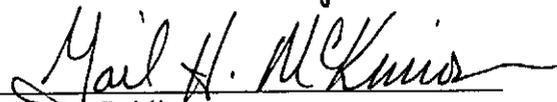
Additionally, pursuant to 77 Ill. Admin. Code § 1110.230(a)(3)(C), I hereby authorize the Health Facilities and Services Review Board ("HFSRB") and the Illinois Department of Public Health ("IDPH") access to any documents necessary to verify information submitted as part of this application for permit. I further authorize HFSRB and IDPH to obtain any additional information or documents from other government agencies which HFSRB or IDPH deem pertinent to process this application for permit.

Sincerely,



Leif Murphy  
President & Chief Executive Officer  
DSI Renal, Inc.

Subscribed and sworn to me  
This 24<sup>th</sup> day of May, 2011

  
Notary Public



**Section III, Project Purpose, Background and Alternatives – Information Requirements**  
**Criterion 1110.230(b), Project Purpose, Background and Alternatives**

Purpose of the Project

1. The purpose of the proposed merger of DaVita and DSI Renal, Inc. is to ensure ESRD patients throughout the country have continued access to life sustaining dialysis services. Acquisition of the DSI facilities will create economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Notably, on January 1, 2011, the Centers for Medicare and Medicaid Services ("CMS") implemented a new bundled prospective payment system for dialysis providers. This change in reimbursement is arguably the most dramatic change to the dialysis industry since the inclusion of chronic end-stage renal disease to the Medicare program. Under the new bundled payment system, CMS will make a single bundled payment to a dialysis facility for each dialysis treatment that will cover all services. This is a significant departure from the previous payment system where facilities were paid a composite rate for a defined set of items and services and paid separately for drugs, laboratory tests, and other services not included in the composite rate. The new bundled payment provides a fixed rate that encompasses all goods and services provided during dialysis treatment, including pharmaceuticals and most laboratory services that were historically reimbursed separately. Dialysis facilities whose costs are below the bundled payment will remain solvent while dialysis facilities whose costs exceed the bundled payment are liable for the difference and if their fixed cost structure is too high for this reimbursement model, their continued success would be in jeopardy.

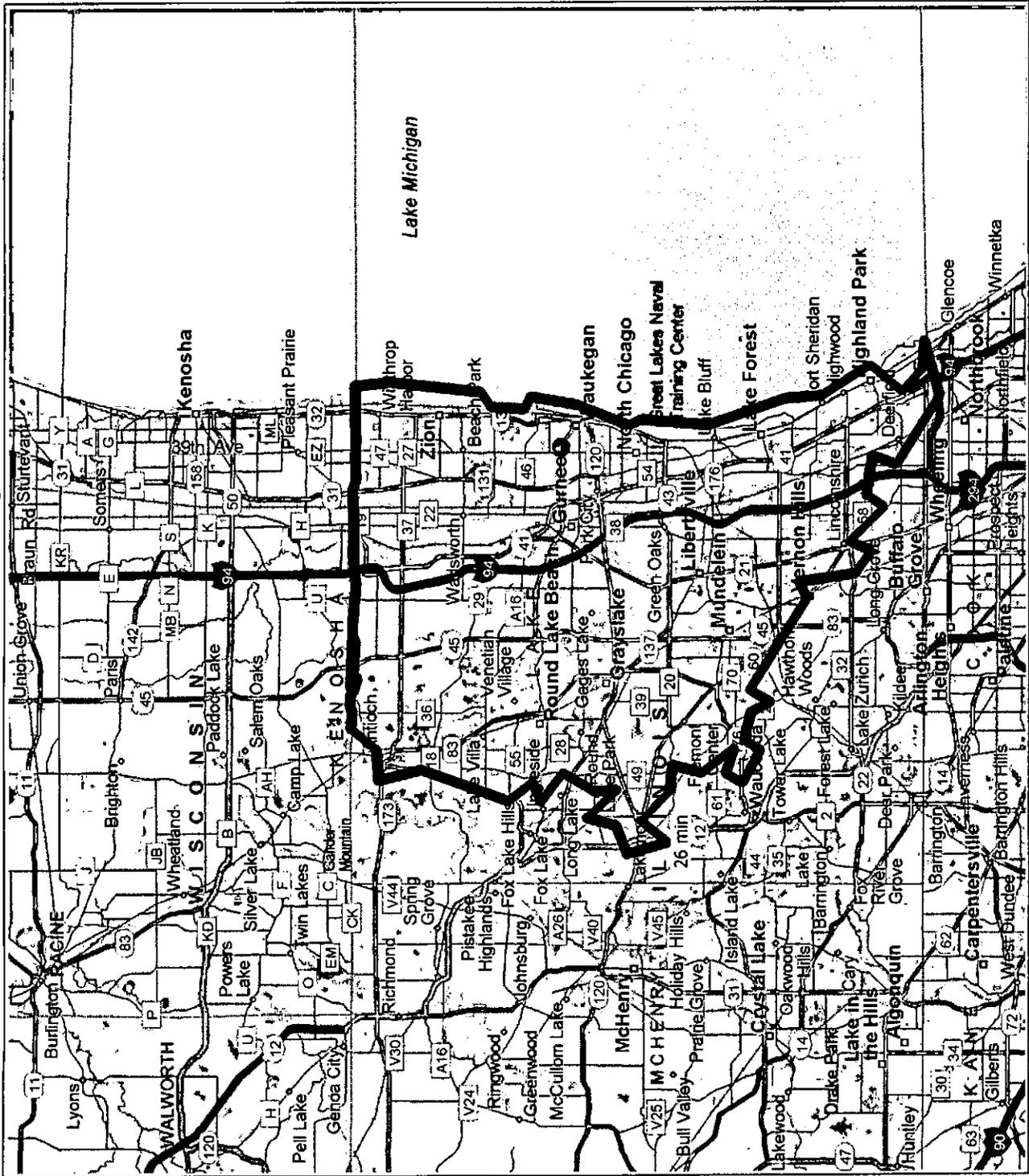
To thrive in this new reimbursement environment, providers will need to provide dialysis in the most cost effective manner and DaVita is one of the best positioned providers to meet that challenge.

2. A map of the market area for DSI Waukegan Renal Center is attached at Attachment – 12. The market area encompasses a 30 minute normal travel time radius around the facility.
3. DSI Waukegan Renal Center is located in HSA 8. The proposed merger of DaVita and DSI Renal, Inc. will ensure ESRD patients residing in HSA 8 retain access to life sustaining dialysis.
4. Reference  
  
Illinois Health Facilities and Services Review Board, Update to Inventory of Other Health Services 8 (May 20, 2011) available at <http://www.hfsrb.illinois.gov/pdf/Other%20Services%20Update%2005-20-2011.pdf> (last visited May 23, 2011).
5. DaVita and DSI Renal, Inc. are leading providers of dialysis in the United States. The merger of DSI Renal, Inc. into DaVita will allow DaVita to increase its operational efficiency in this new payment environment, improve quality and ensure dialysis patients have continued access to life sustaining dialysis services.
6. The acquired facilities will be integrated into DaVita's normal operational processes, including DaVita's quality outcomes programs, and, thus, are anticipated to have outcomes comparable to other DaVita facilities.

Additionally, in an effort to better serve all kidney patients, DaVita believes in requiring that all providers measure outcomes in the same way and report them in a timely and accurate basis or be subject to penalty. There are four key measures that are the most common indicators of quality care for dialysis providers - dialysis adequacy, fistula use rate, nutrition and bone and

mineral metabolism. Adherence to these standard measures has been directly linked to 15-20% fewer hospitalizations. On each of these measures, DaVita has demonstrated superior clinical outcomes, which directly translated into 7% reduction in hospitalizations among DaVita patients, the monetary result of which is \$210M to \$230M in hospitalization savings to the health care system and the American taxpayer.

# DSI Waukegan Renal Center Geographic Service Area



Copyright © and (P) 1988-2009 Microsoft Corporation and/or its suppliers. All rights reserved. <http://www.microsoft.com/mappoint/>  
 Certain mapping and direction data © 2009 NAVTEQ. All rights reserved. The Data for areas of Canada includes information taken with permission from Canadian authorities, including: © Her Majesty the Queen in Right of Canada, © Queen's Printer for Ontario, NAVTEQ and NAVTEQ ON BOARD are trademarks of NAVTEQ. © 2009 Tele Atlas North America, Inc. All rights reserved. Tele Atlas and Tele Atlas North America are trademarks of Tele Atlas, Inc. © 2009 by Applied Geographic Systems. All rights reserved.

**Section III, Project Purpose, Background and Alternatives – Information Requirements**  
**Criterion 1110.230(c), Project Purpose, Background and Alternatives**

Alternatives

1. Do Nothing

DSI Renal, Inc. operates ten dialysis facilities in Illinois. These facilities are located in HSAs 6, 7, 8. Acquisition of the DSI facilities will create economies of scale, integrate clinical, administrative and support functions, eliminate functional redundancies and redesign patient care delivery and allow the systems to share the resources and benefits of DaVita's infrastructure and processes and quality initiatives. Without a merger, these objectives cannot be achieved and, therefore, this option was rejected.

There is no cost associated with this alternative.

2. Exclude Illinois facilities from proposed acquisition

DaVita briefly considered excluding the Illinois facilities from the proposed merger. As set forth in Criterion 1120.230(b), operational efficiency will be a key to success in the new bundled payment environment. For smaller dialysis organizations, it will be difficult to obtain more favorable purchasing contracts or implement new systems to more effectively manage dialysis treatment and capture all qualifying adjustments for claims processing. Without the resources of a larger dialysis provider, the DSI Illinois facilities may find it difficult to survive in this payment reality and have to discontinue operations. As the purpose of the proposed transaction is to maintain access to dialysis services, this alternative was not feasible. Further, if the merger were to move forward without the Illinois facilities included the transaction would have to be restructured and this was not practical or desired.

There is no cost associated with this alternative.

3. Acquire DSI Renal, Inc., including Illinois facilities

DaVita carefully considered whether the DSI facilities fit with its mission, vision, values and business plan before entering into a definitive agreement to acquire DSI Renal, Inc. DSI Renal Inc. operates 106 dialysis facilities across the country, including 10 dialysis facilities in Illinois. Acquisition of the DSI facilities will allow DaVita to reach a new patient base and will improve DSI's operational efficiency. Through the acquisition, DaVita will be able to bring the broader line of chronic kidney disease services to DSI patients. These services will be beneficial for patients, physicians, payors, and taxpayers in providing more effective care and helping to reduce costs to the health care system. Accordingly, DaVita decided the acquisition of DSI Renal was the most feasible option.

The cost of this alternative is \$6,913,588.

Table 1110.230(c) Alternative to the Proposed Project Cost-Benefit Analysis				
Alternative	Community Need	Access	Cost	Status
Do Nothing	Not met	Decreased	\$0	Reject
Exclude Illinois Facilities	Not met	Decreased	\$0	Reject
Acquire DSI Facilities	Met	Maintained	\$6,913,588	Accept

**Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership**  
**Criterion 1110.240(b), Impact Statement**

Attached as a supplement to this application is a copy of the merger agreement between DaVita, Inc., DVA Acquisition Company, CDSI I Holding Company, Inc. and CDSI Representative, LLC.

1. Change in Services Currently Offered

No change in the number of ESRD stations is anticipated as a result of the proposed merger. The Applicants may decide to add stations under the Health Facilities Planning Act at a later date, should the need arise based upon capacity and utilization trends.

2. Operating Entity

No change in the operating entity is anticipated as a result of the proposed merger. DaVita will acquire 100% of the stock of CDSI I Holding Company, Inc., the ultimate parent of DSI Renal, Inc., the current operating entity.

3. Reason for the Transaction

As set forth in Criterion 1110.230(b), the purpose for the transaction is to ensure ESRD patients have continued access to dialysis services. The merger of DaVita and DSI Renal, Inc. will allow DaVita to increase operational efficiency and improve quality and improve quality, which are vital for success in the new bundled payment environment.

4. Anticipated Additions or Reductions of Employees

No material clinical staffing changes are anticipated now or for the next two years except to the extent DSI staffing models are inconsistent with those of DaVita. DaVita determines its staffing needs according to treatment needs. Staffing hours and/or positions will be added or reduced according to patient census and care needs.

5. Cost-Benefit Analysis

As set forth throughout this application, the proposed transaction contemplates a change in control of the ultimate parent of DSI Renal, Inc., CDSI I Holding Company, Inc. By way of merger, DaVita will acquire 100% of the outstanding stock of CDSI I Holding Company, Inc. for approximately \$690 million. The proposed transaction includes the transfer of 106 in-center hemodialysis facilities to DaVita, including 10 facilities within Illinois. While DaVita will incur costs inherent in operating the DSI facilities, the DSI facilities will likely achieve cost savings due to economies of scale and shared resources.

**Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership**  
**Criterion 1110.240(c), Access**

1. Current Admissions Policy

A copy of the current admissions policy for DSI Renal, Inc. is attached as Attachment 19-A.

2. Proposed Admissions Policy

A copy of the admissions policy for DaVita, Inc. is attached as Attachment 19-B.

3. Admission Policy Certification

A letter from DaVita's CEO certifying the admissions policies of DSI Renal, Inc. will not become more restrictive is attached as Attachment 19-C.



DSI Renal, Inc.

**100-16: POLICY/PROCEDURE: CRITERIA FOR ADMISSION TO THE DIALYSIS CLINIC**

**SCOPE:** This policy applies to DSI Renal, Inc. clinics

**PURPOSE:** To define admission criteria in compliance with the Rehabilitation Act of 1973 and to delineate which patients will or will not be treated by the facility. This policy will apply to all patients equally, in accordance with The Nondiscrimination Act without regard to health status or method of payment, e.g. private pay, Medicare or Medicaid.

**POLICY:**

1. It is the policy of DSI Renal, Inc that certain criteria be met prior to admitting a patient to any DSI dialysis clinic.
2. It is the practice of DSI Renal, Inc to admit patients without regard to HIV status. Patients with communicable diseases will be admitted if adequate isolation facilities are available to accommodate the individual without jeopardizing the health and safety of other patients.
3. DSI is committed to a policy of equitable access to care.

**PROCEDURE:**

Ensure that the following are met:

1. Patient should be relatively stable on dialysis and must be willing to cooperate with those caring for them in the areas of diet, fluid restriction, medication regimen, etc.
2. All patients with a Tracheostomy must have approval from Senior Vice President prior to admission.
3. A staff Nephrologist has evaluated patient and a prescription for treatment is written. There is documentation of the following:
  - a. Primary cause of renal failure/diagnosis using ICD-9 code terminology (Uremia, ESRD or CRF alone are not acceptable).
  - b. Permanence or irreversibility of renal failure requiring a regular course of dialysis to maintain life.
  - c. Age, sex, weight and height.

- d. Need or necessity for chronic dialysis as determined by admitting nephrologist. A completed and signed 2728 must be submitted to the Network within 45 days.
- e. A member of the medical staff (physician, NP, or PA) must assess the patient before the initiation of the patient's first dialysis treatment in the facility. This evaluation could be accomplished by review of medical records and consultation with the referring physician, and is not intended to require the medical staff member to "see" the patient in the facility prior to this first treatment.

Note: These limits should be revised when factors such as age, body size or significant extrarenal disease(s) are present.

- 4. Other uremic symptoms, when attributable to chronic renal failure, may be a reason to initiate dialysis prior to the development of the conditions in #3.
  - a. Nausea and vomiting, anorexia, weight loss.
  - b. Weakness and fatigue that interferes with activity of daily living.
  - c. Lethargy, tremor, muscle cramps.
  - d. Bleeding tendency.
  - e. Pruritus.
  - f. Clouded sensorium asterixis.
  - g. Growth and development delay.
- 5. If the degree of renal impairment existing in conjunction with other medical conditions does not satisfy criteria #3 or #4, but dialysis is necessary to maintain life, these patients qualify for admission to the clinic with Senior Vice President Approval prior to admission. A 2728 will *not* be submitted to the Network on these patients. A 2728 may be submitted once the patient meets the Medicare requirements for qualifying for ESRD (see #3 and #4). Such conditions may include:
  - a. Volume overload proven unmanageable by conservative (non-dialytic) medical therapy.
  - b. Hyperkalemia proven unmanageable by conservative (non-dialytic) medical therapy.
  - c. Uremic pericarditis
  - d. Metabolic acidosis proven unmanageable by conservative (non-dialytic) medical therapy.
  - e. Uremic neuropathy

**Note: Chronic dialysis therapy is not a benign therapy substitute for other disease states such as terminal congestive heart failure.**

- 6. Patient should have supplemental insurance in addition to Medicare A and B or pay the 20% not covered by Medicare for each treatment.

7. Transportation arrangements are the responsibility of the patient and must be arranged prior to starting treatments.
8. Appropriate admission paperwork is completed on the first day of admission.
9. Patient is over 18 years of age. Patients less than 18 must have approval of Senior Management and the Chief Medical Officer.
10. The HBV serological status (i.e. HBsAg, total anti-HBc, and anti-HBs) of all patients should be known before admission to the hemodialysis unit. If the results of this testing are not known at admission, Hepatitis labs will be drawn on the 1<sup>st</sup> treatment. Until Hepatitis status is known, dialyze patient in designated area for unknown status- see policies regarding infection control/Hepatitis B.
  - a. Until laboratory results are available, treat the patient as if he/she were HBs Antigen-positive, using separate equipment (machine, BP cuff, etc.) and separate personal protective equipment, **without** placing the patient in an isolation area with HBs Antigen-positive patients.
  - b. Buffer the unknown status patient by patients who are HBs Antibody-positive.
11. On the first day of admission, draw a Pre BUN, Post BUN, and Hgb. If the start day is on Saturday or a day unable to send labs to the contracted national lab provider, store labs in the lab refrigerator and send on the first available day not to exceed 3 days. Place patient on clinic schedule for routine lab draw.
12. A patient evaluation by a Registered Nurse must be in place prior to the initiation of the first treatment. This assessment must include at minimum:
  - a. Neurologic: level of alertness/mental status, orientation, identification of sensory deficits
  - b. Subjective Complaints
  - c. Rest and comfort: pain status
  - d. Activity: ambulation status, support needs, fall risk
  - e. Access: assessment
  - f. Respiratory: respirations description, lung sounds
  - g. Cardiovascular: heart rate and rhythm, presence and location of edema
  - h. Fluid gains, blood pressure and temperature pretreatment
  - i. Integumentary: skin color, temperature and as needed type/location of wounds

**TITLE: ACCEPTING PATIENTS FOR TREATMENT**

---

**PURPOSE:** To establish requirements for patient admission to a DaVita dialysis facility and to allow DaVita to obtain necessary information from the patient and to enter the correct information into the appropriate information system prior to providing dialysis treatment to a patient at a DaVita dialysis facility.

**DEFINITION(S):**

**Beneficiary Selection Form (CMS 382):** Required by Medicare for home dialysis patients (home hemo or peritoneal). The patient selects whether they will obtain home treatment supplies from a Durable Medical Equipment (DME) provider (Method II) or from the facility that will provide home dialysis support services (Method I). DaVita currently only supports patients selecting Method I.

**Guest patient:** A patient who is visiting a facility and plans to return to his/her home facility within 30 days. A guest patient refers to patients visiting from a non-DaVita facility to a DaVita facility as well as visiting from a DaVita facility to another DaVita facility.

**Medical Evidence Report Form (CMS 2728):** Required by Medicare to determine if an individual is medically entitled to Medicare under the ESRD provisions of the law and to register patients with the United States Renal Data System. The 2728 form is used as the primary source in determining the COB for patients insurance. Physicians have a 45 day grace period to sign the 2728 form when the patients are new to dialysis. Patients are only required to complete the 2728 form once, not for every facility visit or transfer.

**Medicare Secondary Payor Form (MSP):** Determines if a commercial Employer Group Health Plan (EGHP) (or other insurance carrier) will be primary payor. This form is completed online in the Registration System and must be completed for all patients who have Medicare coverage when they start treatment at DaVita.

**Patient Authorization and Financial Responsibility Form (PAFR):** Form that informs patients of their financial obligations regarding services provided to them by DaVita. The form must be signed and witnessed prior to the start of the first dialysis treatment and annually thereafter. By signing the PAFR, the patient is assigning the payment for services provided by DaVita, directly to DaVita from insurance companies. The PAFR form must be signed annually at each DaVita facility where the patient treats.

**Permanent patient:** A patient who has selected a DaVita dialysis facility as his/her home facility.

**Personal Representative:** An individual who is legally appointed, designated and/or authorized pursuant to state law to: (a) make health care decisions on behalf of a patient, or (b) act on behalf of a deceased individual or a deceased individual's estate. Reference *Personal Representatives of Patients* (available on the HIPAA website on the VillageWeb).

Property of DaVita Inc.

Confidential and Copyrighted ©2010

Origination Date: September 2006

Revision Date: March 2008, September 2008, December 2008, April 2009, September 2009, October 2010

Page 1 of 8

**Policy: 3-01-03**

**Transfer patient:** An existing dialysis patient who is permanently relocating from any dialysis facility to a DaVita dialysis facility. Once the transfer is complete, the patient will become a "permanent patient."

**POLICY:**

1. DaVita will accept and dialyze patients with renal failure needing a regular course of dialysis without regard to race, color, national origin, gender, sexual orientation, age, religion, or disability if:
  - a. The patient's care can be managed in an outpatient dialysis facility according to individual modality;
  - b. The patient is under the care of a nephrologist who is credentialed in the DaVita facility;
  - c. There is adequate treatment space and staffing available to provide appropriate care to the patient;
  - d. The patient (a) has been verified as Medicare or Medicaid eligible and/or has private insurance coverage issued by an Insurance Provider licensed and operating in the United States or United States Territories which has been verified, and from which an authorization for treatment has been received by DaVita as required, (b) accepts financial responsibility for care by signing the *Patient Authorization & Financial Responsibility (PAFR)* Form.
    - i. Patients who are uninsured must be authorized at the facility level with written approval by the facility's Divisional Vice President (DVP), or their designee, prior to treatment. (*Cash Payment Fee Schedule for Patients with no Insurance Coverage Policy (available on the ROPS website on the VillageWeb)*).
    - ii. Patients who have an out-of-state Medicaid plan that will not pay for treatment must be authorized at the facility level with written approval by the facility's DVP, or their designee, prior to treatment.
    - iii. Patients who are out-of-network and have no out of network benefits must be authorized at the facility level with written approval by the facility's DVP, or their designee, prior to treatment.
2. Patients without adequate medical insurance coverage will be responsible to pay their portion of the cost of providing treatment prior to actual treatment.
3. All visiting patients, including patients visiting a non-contracted facility, will be responsible to sign a new PAFR Form specific to the visiting facility.

4. A Purchase Order for services and treatments outside of their area is required prior to treatment for patients who have Indian Health Services coverage.
5. Any new patient who is uninsured must be approved for treatment by the facility's Operational Vice President, or their designee, prior to treatment.
6. DaVita dialysis facility will transmit the required information to the corresponding Corporate Business Office (CBO) ROPS registration teammate upon notification of a new or visiting patient.
7. ROPS registration teammate will verify all insurances and obtain authorization if needed to complete the registration process.
8. Guest patients must make payment for non-covered, and out of network (including out of state Medicaid plans that do not pay for treatment) services in the form of cashiers check, money order, travelers check, American Express, Visa, Discover or MasterCard prior to treatment. Please see *Money Received at Centers Policy* and *Credit Card Process Policy* (available on the ROPS website on the VillageWeb).
9. DaVita will bill using the name and number as it appears on the beneficiary Medicare card or other document confirming the patient's health care coverage through a third party, and as the patient's name is confirmed by two (2) additional forms of identification which has the patient's current legal name listed on it as outlined in section 9 of this policy. Please see *Entering Patient's Name Policy* (available on the ROPS website on the VillageWeb).
10. If any information on the beneficiary Medicare card is incorrect, DaVita will advise the beneficiary to contact their local servicing Social Security Office to obtain a new Medicare card.
11. If information contained on the insurance card is incorrect, DaVita will advise the policyholder to contact their insurance company to obtain a new insurance card. All insurance cards should match the patient's identification. The patient must produce evidence that a change was initiated with the appropriate insurance carrier within 90 days of the noted discrepancy.
12. There are three (3) mandatory data elements for any patient to be registered in Registration System. These fields must be completed accurately prior to treatment. Required Registration System fields are:
  - a. First and last name;
  - b. DOB (date of birth), and
  - c. Anticipated start date at DaVita.

13. Unless otherwise provided for under this policy, prior to the admission to the facility, all patients, including Transfer, Guest, and Permanent Patients will be given the following documents to read and sign:
- a. Patient's Rights;
  - b. Patient's Responsibilities;
  - c. Patient Authorization and Financial Responsibility Form (PAFR);
  - d. Patient's Standards of Conduct;
  - e. Patient Grievance Procedure;
  - f. Authorization for and Verification of Consent to Hemodialysis/Peritoneal Dialysis;
  - g. Reuse Information Consent form;
  - h. Caretaker Authorization form;
  - i. HIPAA Notice Acknowledgement form; and
  - j. Affidavit of Patient Identification form (Note: This form is only given if the patient or Personal Representative on behalf of the patient is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence upon admission or within seven (7) days of admission).
14. The patient will agree to follow the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure*. (Refer to *Patient's Standards of Conduct; Patient Grievance Procedure; Patient Rights and Responsibilities* available on the Clinical P&P website in Volume 1 on the VillageWeb.)
15. Guest Patients are only required to sign the *Patient's Rights and Responsibilities, Patient's Standards of Conduct and the Patient Grievance Procedure* one time for each DaVita facility they visit, as long as these forms are visibly posted at the facility, unless there are changes made to any of those forms/policies, or state specifications require otherwise.
16. Listed below are the following documents that are required for hemodialysis patients and home dialysis patients prior to admission to a DaVita Dialysis facility:
- a. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:

- i. Federal or state government issued identification such as:
  - A. Driver's license;
  - B. Voter's registration card;
  - C. Passport;
  - D. ID card;
  - E. Marriage certificate;
  - F. Social Security card; or
  - G. US military photo ID card.
- ii. Divorce decree;
- iii. Credit card;
- iv. Utility bill;
- v. Pension statements;
- vi. Bank account and other financial asset records;
- vii. Property Deed;
- viii. Mortgage;
- ix. Lease Agreement;
- x. Auto registration;
- xi. Job paystub;
- xii. Letters from Social Security Office;
- xiii. US adoption papers;
- xiv. Court order for legal name change signed by a judge or county clerk;
- xv. Library card;
- xvi. Grocery store rewards card; or

- xvii. For minors, school records such as school identification card, nursery, or daycare records
- b. All copies of patient's current insurance cards-front and back;
- c. Copy of History and Physical (within the last year – must be legible);
- d. For Hepatitis and TB testing requirements, refer to policies: *Hepatitis Surveillance, Vaccination and Infection Control Measures* and *Tuberculosis Infection Control Policy* (available on the Clinical P&P website in Volume 1 on the VillageWeb);  
Note: Hepatitis C testing is recommended, but not required.
- e. If patient is a new ESRD patient, pre dialysis labs including hematocrit or hemoglobin, albumin, BUN, creatinine, and, if available, creatinine clearance and/or urea clearance drawn within 45 days prior to first day of dialysis;
- f. Monthly labs within 30 days prior to first treatment date including hematocrit, hemoglobin, URR and electrolytes;
- g. Copies of three (3) flowsheets within two (2) weeks of requested treatment(s) for patients who have previously dialyzed;
- h. Copy of current hemodialysis orders for treatment;
- i. EKG, if available, OR if patient has known heart condition;
- j. Patient demographics;
- k. Copies of most recent Long Term Program, Patient Care Plan, Nursing, Dietary and Social Work Assessments and most recent progress notes for patients who have previously dialyzed;
- l. Current list of medications being administered to patient in-center and at home;
- m. Advance Directives, if applicable;
- n. Initiation of CMS 2728. Once completed, within the 45-day guideline, it should include the patients and nephrologist's signature and date. This is the official document of the patient's first date of dialysis ever, first dialysis modality, and provides transplant information, if applicable;
- o. *Patient Authorization & Financial Responsibility Form (PAFR)*. Must be signed and witnessed prior to the start of the first dialysis treatment. This form allows DaVita to receive payment from insurance companies and informs the patient of the financial responsibilities regarding treatment provided to them. Without a signed PAFR Form, we may not be reimbursed for services provided to the patient;

- p. CMS 382 Form. Required only for home dialysis patients (home hemo or peritoneal);
  - q. Medicare Secondary Payor Form (MSP). Determines if a commercial Employer Group Health Plan (EGHP) will be primary payor. Must be completed for all patients who have Medicare coverage when they start treatment at DaVita;
  - r. DaVita's *Notice of Privacy Practices*. Each patient will be provided with the notice.
17. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient should follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb), and any other relevant policies based on the situation at hand.
18. Any conflict with the criteria established or refusal to sign appropriate consents and authorization to bill would constitute a need for prior written authorization by the facility's DVP or designee.
19. A permanent DaVita patient may be treated at a DaVita facility other than his /her home facility without completing the required documentation, excluding the PAFR, when:
- a. The attending nephrologist has privileges at both the facilities in question (the patient's home facility and the anticipated visiting facility);
  - b. A visiting record is generated by the home facility at least one hour before the scheduled treatment;
  - c. The Facility Administrator (FA) at the visiting facility agrees to treat the patient; and
  - d. The visiting facility has the space and resources to treat the patient.
  - e. PAFR is always required.
20. All other exceptions to this policy are subject to approval by the DVP for the region/division.

**ATTACHMENTS:**

Attachment A: Procedures for Accepting Patients for Treatment

*Teammates are expected to report possible violations of this policy and procedure. You may make your report to an appropriate DaVita manager, to the Corporate Compliance Hotline (1-888-458-5848 or [DaVitaComplianceHotline.com](mailto:DaVitaComplianceHotline.com)) or to DaVita's Corporate Compliance Department (1-888-200-1041 x156037). DaVita has a Non-Retaliation policy and will not tolerate any form of retaliation against anyone who files a Compliance report in good faith. Reports can be made anonymously or you may request confidentiality. Questions regarding this policy should be directed to the [QUESTionline@davita.com](mailto:QUESTionline@davita.com).*

**TITLE: PROCEDURES FOR ACCEPTING PATIENTS FOR  
TREATMENT**

---

**PURPOSE:** To establish procedures for accepting patients for treatment in accordance with the *Accepting Patients for Treatment* policy.

**DEFINITIONS:**

**Personal Representative:** An individual who is legally appointed, designated and/or authorized pursuant to state law to: (a) make health care decisions on behalf of a patient, or (b) act on behalf of a deceased individual or a deceased individual's estate. Reference the *Personal Representatives of Patients* (available on the HIPAA website on the VillageWeb).

**POLICY:**

1. DaVita dialysis facility will gather all the required documents and patient information (for new patients) to properly register the patient into the Registration System and Snappy information systems.

**PROCEDURE(S):**

**A. Patient Registration Procedures for all New or Visiting patients:**

1. The facility's Social Worker (SW) or designee will interview all new patients to determine whether a patient has adequate medical insurance coverage.
2. If patient is an established DaVita patient, the patient's current Patient Financial Evaluation (PFE) will follow the patient to the DaVita facility they are visiting.
3. Prior to scheduling the patient for treatment, the following fields must be completed:
  - a. First and last name;
  - b. Date of birth; and
  - c. Anticipated start date at DaVita.
4. Insurance information is required on all patients regardless of insurance type or coverage. The insurance information must include:
  - a. Insurance Company/Companies and phone number(s) (patient may have more than one type of insurance); and
  - b. Insurance Policy ID number (for each insurance).

5. The facility will then transmit the initial key information to the appropriate CBO/Registration Teammate as soon as notified of intent to treat a patient at a DaVita dialysis facility. The transmission of the additional information listed below will help complete the registration process.
  - a. Demographics;
  - b. Address, permanent and billing;
  - c. Social Security number;
    - i. Ethnicity;
    - ii. Emergency numbers;
    - iii. Provider information;
    - iv. Credentialed nephrologist;
    - v. Clinical Information;
    - vi. First Date of Dialysis (FDOD);
    - vii. Modality type;
    - viii. Primary diagnosis for dialysis;
    - ix. Primary cause for ESRD from CMS 2728 form;
    - x. Method (home patient supplies);
    - xi. Employed Status (required on patient, spouse, guardian or child) if there is an Employer Group Health Plan (EGHP). A Registration Teammate can unlock the Insurance Change Request (ICR) so the facility may complete this information. If the insurance subscriber is someone other than the patient, Registration Teammate will require the DOB of the subscriber;
    - xii. Date(s) of previous transplant(s), if applicable; and
    - xiii. MSP Form completed online in Registration System (if patient is Medicare eligible).
6. If the patient does not have a Social Security Number (SSN); please call Palms Customer Support at DaVita Laboratories @ 1-800-944-5227 to obtain a Reflab number. The Reflab number will be used by DaVita Laboratories and populated into Registration System.

7. Prior to the start of the first dialysis treatment, the patient or the patient's Personal Representative must sign, and have witnessed by a Registered Nurse, the Authorization for and Verification of Consent to Hemodialysis Procedure Form or the Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form.
8. The *Patient Authorization & Financial Responsibility (PAFR) Form* must be signed and dated by the patient or the patient's Personal Representative annually at each DaVita facility the patient is treated, and witnessed, prior to the start of the first dialysis treatment.
9. The facility will give the patient or the patient's Personal Representative DaVita's *Notice of Privacy Practices* (available on the HIPAA website on the VillageWeb). The HIPAA Notice Acknowledgement Form must be signed by the patient or the patient's Personal Representative or by a teammate prior to the start of the first dialysis treatment.
10. The patient/Personal Representative or a DaVita teammate must sign the Notice of Acknowledgement Form attesting that the patient received DaVita's *Notice of Privacy Practices*.
11. All additional forms, specific to the patient's modality, are to be signed prior to, or within 30 days of the first treatment.
12. The following documents must be scanned into Registration System prior to or within seven (7) days of the first treatment:
  - a. An insurance card for each insurance;
  - b. Insurance letter for Authorization/Referral if the insurance carrier requires an authorization; and
  - c. Two (2) forms of personal identification, in addition to the patient's insurance card, verifying the patient's legal name and current legal residence, one of which is a picture ID. Acceptable forms of personal identification may include:
    - i. Federal or state government issued identification such as:
      - A. Driver's license;
      - B. Voter's registration card;
      - C. Passport;
      - D. ID card;
      - E. Marriage certificate;

- F. Social Security card; or
- G. US military photo ID Card;
- ii. Divorce decree;
- iii. Credit card;
- iv. Utility bill;
- v. Pension statements;
- vi. Bank account and other financial asset records;
- vii. Property Deed;
- viii. Mortgage;
- ix. Lease Agreement;
- x. Auto registration;
- xi. Job paystub;
- xii. Letters from Social Security Office;
- xiii. US adoption papers;
- xiv. Court order for a legal name change signed by a judge or court clerk;
- xv. Library card;
- xvi. Grocery store rewards card; or
- xvii. For minors, school records such as school identification card, nursery or daycare records

13. If the patient, or Personal Representative on behalf of the patient, is not able to produce the requested two (2) forms of personal identification verifying the patient's legal name and current legal residence, the teammate admitting the patient will follow the procedures set forth in the *Patient Identification and Verification Policy* (available on the Clinical P&P website in Volume 3 on the VillageWeb).

14. A signed CMS 2728 form must be completed, signed and scanned into Registration System within 45 days of the first treatment date. This is scanned into Registration System one (1) time only.

15. The dialysis facility will fax the following required documents to 1-888-720-4008 for electronic imaging:
  - a. CMS 382 Beneficiary Selection (PD patients)-this is faxed one (1) time only or if modality changes and then is faxed in January;
  - b. Patient Authorization & Financial Responsibility Form (PAFR);
  - c. Authorization for and Verification of Consent to Hemodialysis Procedure Form;
  - d. Authorization for and Verification of Consent to Peritoneal Dialysis Procedure Form (if applicable);
  - e. Reuse Information Consent Form (if applicable);
  - f. Patient's Rights;
  - g. Patient's Responsibilities;
  - h. Patient's Standards of Conduct;
  - i. Patient Grievance Procedure;
  - j. Dialysis Emergency Form/Emergency Evacuation Acknowledgement (Hemodialysis patients);
  - k. Patient's Choice of Transportation; and/or
  - l. Caretaker Authorization.

16. The facility will file all original documents in the patient's medical record.

**B. Visiting DaVita Patient Procedures:**

1. The facility will verify that the documents and patient information for existing patients are current within the Registration System.
2. PAFR must be signed specific to the clinic being visited.
3. The home facility must setup a transfer record for a returning DaVita patient. This may be entered up to 30 days in advance.
4. The facility will transmit the required information to the corresponding CBO/Registration Teammate as soon as possible upon notification of a returning visiting patient.
5. ROPS registration teammate will verify all insurances and obtain authorization if needed to complete the registration process .

**C. Registration Teammate Procedures:**

1. Registration teammate will complete the system driven tasks generated from Registration System for the new patient to continue the patient intake process within 48 hours of receipt of patient information.
  - a. Registration teammate will complete one Benefits Verification Form (BVF) for each insurance.
  - b. Registration teammate will obtain authorization if required by the insurance carrier. If no authorization can be obtained, the Registration teammate Representative will update Registration System Notes and notify the Facility Administrator with the information.
  - c. Contact the facility for any additional information required to register the patient into Registration System.
  - d. Registration Teammate will respond to inquires made by the dialysis facility within a 24-hour period.

**D. Exceptions to these Procedures:**

1. The documentation requirement for visiting DaVita to DaVita patients may be waived by the facility administrator under specific conditions described here:
  - a. The referring physician has privileges at both the home and the visiting facility;
  - b. A transfer record has been created at least one hour before the patient arrives for treatment; and
  - c. The visiting facility has the resources and space to accept the patient for dialysis.
2. Under this exception, the visiting facility must have the patient sign:
  - a. *Patient Authorization & Financial Responsibility Form (PAFR); and*
  - b. *Authorization and Consent for Treatment (Hemodialysis / Peritoneal Dialysis)*

*Teammates are expected to report possible violations of this policy and procedure. You may make your report to an appropriate DaVita manager, to the Corporate Compliance Hotline (1-888-458-5848 or [DaVitaComplianceHotline.com](http://DaVitaComplianceHotline.com)) or to DaVita's Corporate Compliance Department (1-888-200-1041 x156037). DaVita has a Non-Retaliation policy and will not tolerate any form of retaliation against anyone who files a Compliance report in good faith. Reports can be made anonymously or you may request confidentiality. Questions regarding this policy should be directed to the [QUESTionline@davita.com](mailto:QUESTionline@davita.com).*

May 18, 2011

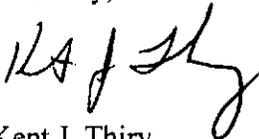
Dale Galassie  
Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

**Re: Admissions Policies**

Dear Chairman Galassie:

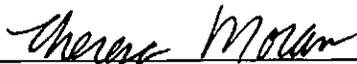
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 that the admissions policy for DSI Renal Inc. d/b/a DSI Waukegan Renal Center will not become more restrictive as a result of the proposed merger of DaVita, Inc. and DSI Renal, Inc.

Sincerely,



Kent J. Thiry  
Chief Executive Officer  
DaVita, Inc.

Subscribed and sworn to me  
This 23 day of May, 2011

  
\_\_\_\_\_  
Notary Public



**Section VI, Mergers, Consolidations and Acquisitions/Changes of Ownership**  
**Criterion 1110.240(d), Health Care System**

1. Impact on Other Area Providers

There will be no change in the scope of services as a result of the merger of DaVita, Inc. with DSI Renal, Inc. DaVita intends to continue to provide dialysis services to patients in the City of Chicago and surrounding areas through the existing facilities. All anticipated changes will be operational to align the DSI facilities with the operations and resources available within DaVita and which are customary for all DaVita facilities. The merger will not impact other unaffiliated area dialysis facilities as the transaction consists of a change of control of the operating entity.

2. Facilities within Applicant's Health Care System

A list of all DaVita and DSI facilities in Illinois is attached at Attachment 19-D. The list includes the name, address, number of stations, list of services, and utilization for the most recent 12 month period.

3. Present and Proposed Referral Agreements

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

4. Time and Distance for Proposed Referrals

There are no current or proposed referral agreements for the facilities involved in this transaction. Therefore, this criterion is not applicable.

5. Use of Care System Providers

The change of control of the operating entity will have no impact on area in-center hemodialysis facilities. The change of control will not restrict the use of other area health care providers and the DaVita facilities, including the integrated DSI facilities, will have open medical staffs and admit patients pursuant to a non-discriminatory admission policy.

6. Duplication of Services

The proposed transaction contemplates a change in control of the ultimate parent of the operating entity, DSI Renal, Inc. The proposed transaction will involve the transfer of 106 existing in-center hemodialysis facilities to DaVita, including 10 facilities in Illinois. Because the proposed transaction involves the transfer of existing in-center hemodialysis facilities, there will be no duplication of services.

7. Services Not Available to the Community

DaVita will continue to provide dialysis services currently provided in the DSI facilities, including in-center hemodialysis, peritoneal dialysis (CAPD and CCPD), and home hemodialysis. No new services are planned for the acquired DSI facilities; however, as new treatment options and technology evolve, DaVita will implement new treatment modalities as warranted.

DaVita, Inc. Illinois Facilities					
Facility	Address	City	Services	Number of Stations 3/31/2011	Average Utilization 04/01/2010 to 03/31/2011
Stonecrest Dialysis	1302 East State Street	Rockford	In-Center Hemo, CAPD	10	58.33%
Sycamore Dialysis	2200 Gateway Drive	Sycamore	In-Center Hemo, CAPD	12	72.22%
Churchview Dialysis	5970 Churchview Drive	East Rockford	In-Center Hemo, CAPD	24	55.73%
Freeport Dialysis Unit	1028 Kunkle Avenue	Freeport	In-Center Hemo	10	92.08%
Rockford Memorial Hospital	2400 North Rockton Avenue	Rockford	In-Center Hemo	20	86.04%
Whiteside Dialysis	2600 North Locust	Sterling	In-Center Hemo	15	66.67%
Dixon Kidney Center	1131 North Galena Avenue	Dixon	In-Center Hemo	8	52.60%
Roxbury Dialysis	612 Roxbury Road	Rockford	In-Center Hemo	16	91.15%
Jacksonville Dialysis	1515 West Walnut	Jacksonville	In-Center Hemo	14	65.77%
Lincoln Dialysis	2100 West 5th Street	Lincoln	In-Center Hemo	14	21.43%
Litchfield Dialysis	915 St. Francis Way	Litchfield	In-Center Hemo	11	65.15%
Springfield Central Dialysis	932 North Rutledge Street	Springfield	In-Center Hemo, CAPD, HDD	21	76.19%
Taylorville Dialysis	901 West Spesser	Taylorville	In-Center Hemo	10	50.42%
Springfield Montvale Dialysis	2930 Montvale Drive, Suite A	Springfield	In-Center Hemo	17	76.23%
Springfield South Dialysis	2930 South 6th Street	Springfield	In-Center Hemo, CAPD, HDD	12	N/A
Rushville Dialysis	Route 67 & Route 24, RR #1	Rushville	In-Center Hemo	7	52.98%
Pittsfield Dialysis	640 West Washington Street	Pittsfield	In-Center Hemo	5	22.50%
Adams County Dialysis	1005 Broadway	Quincy	In-Center Hemo, CAPD	17	49.51%
Macon County Dialysis	1016 West McKinley Avenue	Decatur	In-Center Hemo	21	61.90%
Mattoon Dialysis	200 Richmond Avenue, East	Mattoon	In-Center Hemo	16	45.05%
Decatur East Wood Dialysis	794 East Wood Street	Decatur	In-Center Hemo, CAPD, HDD	16	62.50%
Illini Renal Dialysis	507 E. University Avenue	Champaign	In-Center Hemo, CAPD, HDD	10	58.33%
Mount Vernon Dialysis	1800 Jefferson Avenue	Mount Vernon	In-Center Hemo, CAPD, HDD	16	57.81%
Marion II	324 South 4th Street	Marion	In-Center Hemo, CAPD, HDD	13	71.47%
Effingham Dialysis	904 Medical Park Drive, Suite #1	Effingham	In-Center Hemo, CAPD, HDD	16	52.34%
Benton Dialysis	1151 West Route #14	Benton	In-Center Hemo, CAPD	13	68.27%
Centralia Dialysis	1231 State Illinois Route 161 E.	Centralia	In-Center Hemo, CAPD	12	71.53%
Olney Dialysis Center	117 North Boone	Olney	In-Center Hemo	7	48.81%
Wayne County Dialysis	303 NW 11th Street	Fairfield	In-Center Hemo, CAPD	8	45.31%
Vandalia Dialysis	301 Mattes Road	Vandalia	In-Center Hemo, CAPD	8	36.46%
Robinson Dialysis	1215 North Allen Street	Robinson	In-Center Hemo	8	21.88%
Woodlawn Dialysis	1164 East 55th Street	Chicago	In-Center Hemo, CAPD, HDD	20	112.50%
Lincoln Park Dialysis	3155-57 N. Lincoln Avenue	Chicago	In-Center Hemo	22	80.11%
Emerald Dialysis	710 W 43rd Street	Chicago	In-Center Hemo, CAPD	24	87.67%
Logan Square Dialysis	2659 North Milwaukee Ave.	Chicago	In-Center Hemo	20	91.67%

DSI Renal Inc. Illinois Facilities					
Facility	Address	City	Services	Number of Stations 3/20/2011	Average Utilization 04/01/2010 to 03/31/2011
DSI Loop Renal Center	1101 South Canal Street,	Chicago	In-Center Hemo, HHD	28	45.68%
DSI Scottsdale Renal Center	4651 West 79th Street, Suite 100	Chicago	In-Center Hemo, HHD	35	42.26%
DSI Evanston Renal Center	1715 Central Street	Evanston	In-Center Hemo	18	55.09%
DSI South Holland Renal Center	16136 South Park Avenue	South Holland	In-Center Hemo	20	92.29%
DSI Markham Renal Center	3053-3055 West 159th Street	Markham	In-Center Hemo	24	72.57%
DSI Hazel Crest Renal Center	3470 West 183rd Street	Hazel Crest	In-Center Hemo	17	87.50%
DSI Arlington Heights Renal Center	17 West Golf Road	Arlington Heights	In-Center Hemo	18	58.10%
DSI Buffalo Grove Renal Center	1291 W. Dundee Road	Buffalo Grove	In-Center Hemo	16	70.31%
DSI Schaumburg Renal Center	Town Center, NW Corner	Schaumburg	In-Center Hemo, HHD	14	86.61%
DSI Waukegan Renal Center	1616 North Grand Avenue	Waukegan	In-Center Hemo, HHD	22	75.95%

**Section VIII, Financial Feasibility**  
**Criterion 1120.120 Availability of Funds**

Included as a supplement to this application is copy of DaVita's December 31, 2010 10-K Statement, which includes audited financial statements, evidencing sufficient funds to finance the project.

**Section IX, Financial Feasibility**  
**Criterion 1120.130 – Financial Viability Waiver**

The project will be funded with \$6,913,588 in cash. A copy of DaVita's most recent 10-K Statement, which includes audited financial statements, evidencing sufficient funds to finance the project is included as a supplement to this application.

**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.140(a), Reasonableness of Financing Arrangements**

Attached at Attachment 42-A is a letter from Kent J. Thiry, Chief Executive Officer of DaVita, Inc. attesting the total estimated project costs will be funded in total with cash.

May 18, 2011

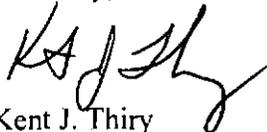
Dale Galassie  
Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson Street, 2nd Floor  
Springfield, Illinois 62761

**Re: Reasonableness of Financing Arrangements**

Dear Chairman Galassie:

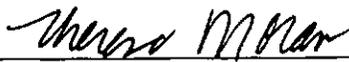
I hereby certify under penalty of perjury as provided in § 1-109 of the Illinois Code of Civil Procedure, 735 ILCS 5/1-109 and pursuant to 77 Ill. Admin. Code § 1120.140(a) that the total estimated project costs and related costs will be funded in total with cash and cash equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation.

Sincerely,



Kent J. Thiry  
Chief Executive Officer  
DaVita, Inc.

Subscribed and sworn to me  
This 23 day of MAY, 2011



Notary Public



**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.140(b), Conditions of Debt Financing**

The project will be funded entirely with cash. Accordingly, this criterion is not applicable.

**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.310(c), Reasonableness of Project and Related Costs**

The Applicants propose a change of control of the operating entity, DSI Renal, Inc. The proposed project involves no construction or modernization. Accordingly, this criterion is not applicable.

**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.310(d), Projected Operating Costs**

Operating Expenses: \$2,710,994

Treatments: 14,833

Operating Expense per Treatment: \$182.77

**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.310(e), Total Effect of Project on Capital Costs**

Capital Costs: \$444,397

Treatments: 14,833

Capital Costs per Treatment: \$29.96

**Section XI, Safety Net Impact Statement**

The Applicants propose a change of control of the operating entity of DSI Waukegan Renal Center, DSI Renal, Inc. A change of control constitutes a non-substantive project. Accordingly, this criterion is not applicable.

**Section XII, Charity Care Information**

The table below provides charity care information for all dialysis facilities located in the State of Illinois that are owned or operated by the Applicants.

CHARITY CARE			
	2008	2009	2010
Net Patient Revenue	\$157,223,604	\$166,573,387	\$174,373,288
Amount of Charity Care (charges)	\$297,508	\$575,803	\$957,867
Cost of Charity Care	\$297,508	\$575,803	\$957,867

After paginating the entire, completed application, indicate in the chart below, the page numbers for the attachments included as part of the project's application for permit:

<b>INDEX OF ATTACHMENTS</b>		
<b>ATTACHMENT NO.</b>		<b>PAGES</b>
1	Applicant/Coapplicant Identification including Certificate of Good Standing	20-22
2	Site Ownership	23-42
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	43-44
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	45-47
5	Flood Plain Requirements	48
6	Historic Preservation Act Requirements	49
7	Project and Sources of Funds Itemization	
8	Obligation Document if required	
9	Cost Space Requirements	50
10	Discontinuation	
11	Background of the Applicant	51-68
12	Purpose of the Project	69-71
13	Alternatives to the Project	72-73
14	Size of the Project	
15	Project Service Utilization	
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	
19	Mergers, Consolidations and Acquisitions	74-96
	<b>Service Specific:</b>	
20	Medical Surgical Pediatrics, Obstetrics, ICU	
21	Comprehensive Physical Rehabilitation	
22	Acute Mental Illness	
23	Neonatal Intensive Care	
24	Open Heart Surgery	
25	Cardiac Catheterization	
26	In-Center Hemodialysis	
27	Non-Hospital Based Ambulatory Surgery	
28	General Long Term Care	
29	Specialized Long Term Care	
30	Selected Organ Transplantation	
31	Kidney Transplantation	
32	Subacute Care Hospital Model	
33	Post Surgical Recovery Care Center	
34	Children's Community-Based Health Care Center	
35	Community-Based Residential Rehabilitation Center	
36	Long Term Acute Care Hospital	
37	Clinical Service Areas Other than Categories of Service	
38	Freestanding Emergency Center Medical Services	
	<b>Financial and Economic Feasibility:</b>	
39	Availability of Funds	97
40	Financial Waiver	98
41	Financial Viability	
42	Economic Feasibility	99-104
43	Safety Net Impact Statement	105
44	Charity Care Information	106