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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

November 12, 2013

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Via FedEx

Michael Constantino
Illinois Department of Public Health
Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, IL 62761

Re: Chicago Ridge Dialysis – Proj. No. 13-050

Dear Mr. Constantino:

This letter is written in connection with the above referenced project, Chicago Ridge Dialysis. Specifically, the ownership structure of the intended operating entity, Cagles Dialysis, LLC, is changing and the gross square footage for the center is being revised. As these changes will not result in a change in any of the co-applicants or an increase in gross square footage in excess of 10% of the original gross square footage, this letter constitutes a Type B modification to the pending CON application for Chicago Ridge Dialysis pursuant to Section 1130.650(b) of the HFSRB rules. We have included the following items with this submission:

- 1) Updated Narrative Description changing the total gross square footage for Chicago Ridge Dialysis to 7,423 gross square feet;
- 2) Updated Attachment 3 indicating the ownership interests in Cagles Dialysis, LLC;
- 3) Revised Attachment 4 indicating the updated ownership structure for Chicago Ridge Dialysis;
- 4) Revised Attachment 9 changing the total gross square footage for Chicago Ridge Dialysis to 7,423 gross square feet;

Michael Constantino
November 12, 2013
Page 2

- 5) Revised Attachment 14 changing the total gross square footage for Chicago Ridge Dialysis to 7,423 gross square feet; and
- 6) Revised Attachment 42C calculating the new cost per square foot and State standard for modernization contracts and contingencies based upon 7,423 gross square feet.

We understand this is a Type B modification and is not subject to a public hearing or an additional fee.

If you have any questions regarding these materials, please feel free to contact me.

Sincerely



Anne M. Cooper

Attachments

cc: Penny Davis
Timothy Tincknell
Charles P. Sheets Esq.

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.

DaVita HealthCare Partners Inc. and Cagles Dialysis, LLC (the "Applicants") seek authority from the Illinois Health Facilities and Services Review Board (the "Board") to establish a 16-station dialysis facility located at 10511 South Harlem Avenue, Worth, Illinois 60482. The proposed dialysis facility will include a total of 7,423 gross square feet.

This project has been classified as substantive because it involves the establishment of a health care facility.

Section I, Identification, General Information, and Certification
Operating Entity/Licensee

The Illinois Certificate of Good Standing for Cagles Dialysis, LLC. is attached at Attachment – 3. The names and percentage of ownership of all persons with a five percent or greater ownership in Cagles Dialysis, LLC is listed below.

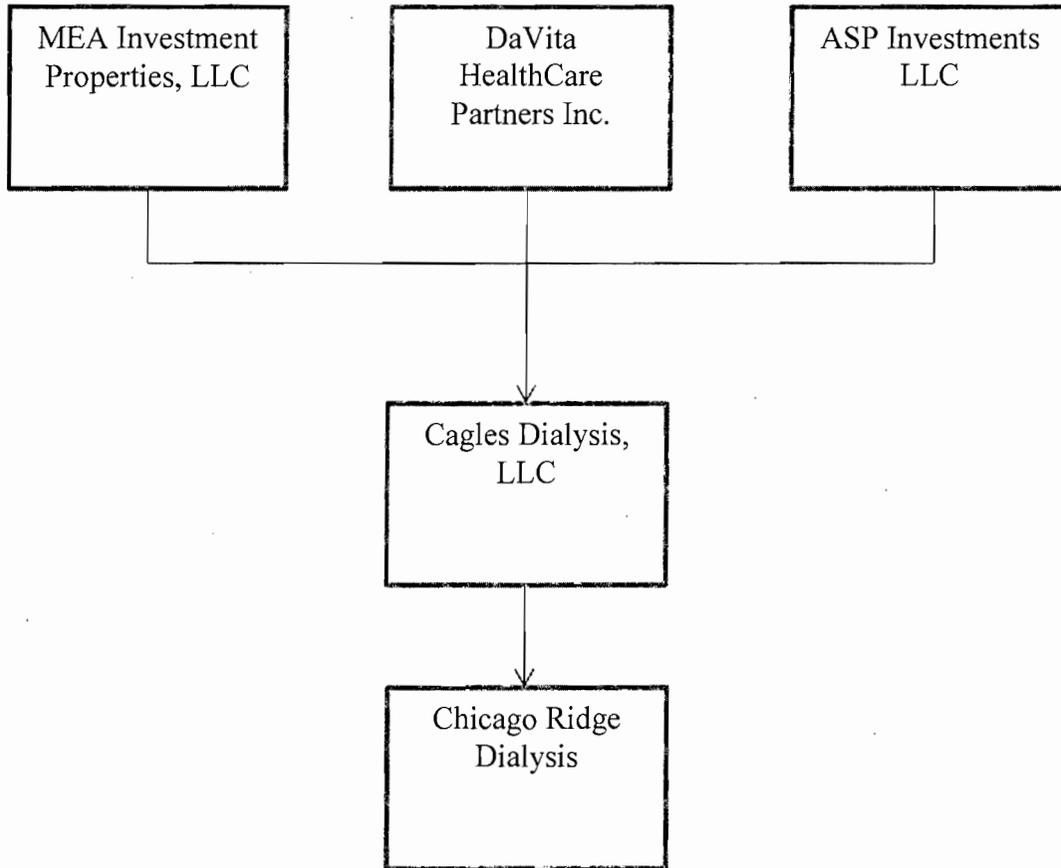
Name	Address	Ownership Interest
Total Renal Care, Inc.	2000 16 th Street Denver, Colorado 80202	87%
Michael E. Arvan, M.D.	4542 West 95 th Street Oak Lawn, Illinois 60453	6.5%
Sreya Pallath, M.D.	4542 West 95 th Street Oak Lawn, Illinois 60453	6.5%

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

The organizational chart for DaVita HealthCare Partners Inc. and Cagles Dialysis, LLC is attached at Attachment – 4.

Chicago Ridge Dialysis Center

Organizational Structure



**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
CLINICAL							
ESRD	\$3,361,634		7,423		7,423		
Total Clinical	\$3,361,634		7,423		7,423		
NON REVIEWABLE							
Total Non-Reviewable							
TOTAL	\$3,361,634		7,423		7,423		

Section IV, Project Scope, Utilization, and Unfinished/Shell Space
Criterion 1110.234(a), Size of the Project

The Applicants propose to establish a 16-station dialysis facility. Pursuant to Section 1110, Appendix B of the HFSRB's rules, the State standard is 360-520 gross square feet per dialysis station for a total of 5,760 to 8,320 gross square feet for 16 dialysis stations. The total gross square footage of the proposed dialysis facility is 7,423 gross square feet (or 464 GSF per station). Accordingly, proposed Facility meets the State standard.

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
ESRD	7,423	5,760 – 8,320	0	State Standard Met

Section X, Economic Feasibility Review Criteria
Criterion 1120.140(c), Reasonableness of Project and Related Costs

1. The Cost and Gross Square Feet by Department is provided in the table below.

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)	
ESRD	\$138.09				7,423			\$1,025,000	\$1,025,000
Contingency	\$2.02				7,423			\$148,625	\$148,625
TOTALS	\$158.11				7,423			\$1,173,625	\$1,173,625

* Include the percentage (%) of space for circulation

2. As shown in Table 1120.310(c) below, the project costs are below the State Standard.

Table 1120.310(c)			
	Proposed Project	State Standard	Above/Below State Standard
Modernization Contracts & Contingencies	\$1,173,625	\$173.14 per gsf x 7,423 gsf = \$173.14 x 7,423 = \$1,285,218	Below State Standard
Contingencies	\$148,625	10-15% of Modernization Contracts = 10-15% x \$1,025,000 = \$102,500 - \$153,750	Meets State Standard
Architectural/Engineering Fees	\$86,000	6.90% - 10.56% x (Modernization Costs + Contingencies) = 6.90% - 10.36% x (\$1,025,000 + \$148,625) = 6.90% - 10.36% x \$1,173,625 = \$80,980 - \$121,588	Meets State Standard
Consulting and Other Fees	\$53,500	No State Standard	No State Standard
Moveable Equipment	\$595,000	\$39,945 per station x 16 stations \$39,945 x 16 = \$639,120	Below State Standard