



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET NO: H-08	BOARD MEETING: November 17, 2015	PROJECT NO: 15-033	PROJECT COST: Original: \$6,795,937
FACILITY NAME: Lincoln Park Dialysis		CITY: Chicago	
TYPE OF PROJECT: Substantive			HSA: VI

PROJECT DESCRIPTION: The applicants (DaVita Healthcare Partners, Inc. and Lincoln Park Dialysis Services, Inc.) are proposing to discontinue a 22-station ESRD facility located at 3157 North Lincoln Avenue, in Chicago and to establish a 22 station replacement facility located at 2484 North Elston Avenue, Chicago. The cost of the project is \$6,795,937 and the anticipated completion date is April 30, 2017.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (DaVita Healthcare Partners, Inc. and Lincoln Park Dialysis Services, Inc.) are proposing to discontinue a 22-station ESRD facility located at 3157 North Lincoln Avenue, Chicago, Illinois and to establish a 22 station replacement ESRD facility 1.5 miles (5 minutes) away located at 2484 North Elston Avenue, Chicago, Illinois. The cost of the project is \$6,795,937 and the anticipated completion date is April 30, 2017.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- This project is before the State Board because the project proposes to discontinue and establish a health care facility as defined by the Illinois Health Facilities Planning Act (20 ILCS 3960/3).

PURPOSE OF THE PROJECT:

- The applicants note the purpose of the proposed project is to serve the residents of HSA-06, and the service area with a modern facility equipped to serve the growing ESRD population. The applicants note the existing facility contains numerous operational and logistical inefficiencies. The applicants note the replacement facility will be located in close proximity to the original ESRD facility, in an effort to ensure continued access for the current patient base.

NEED FOR THE PROJECT:

- The October 2015 inventory update shows **there is a need for 104 additional stations** in the HSA 6 ESRD planning area. However, the proposed project will not introduce additional stations to the area, but relocate 22 existing stations to a modernized facility. **Per the applicants** *“The existing facility is suboptimal for patients and staff, and in need of repair. The existing facility house 22 dialysis stations in 6,559 GSF, or 298.1 GSF per station, which meets the Board’s standard for ESRD facilities of this size, but presents privacy and functionality issues. The existing facility has suboptimal sight lines, resulting in hardships during patient monitoring, and the facility on a whole has inadequate storage space”*. Lastly, the existing facility has no patient parking lot or patient drop off area. The applicants note the proposed replacement facility will address each of these deficiencies, and continue in the tradition of providing quality renal care to the residents of the service area and HSA-06.

PUBLIC HEARING/COMMENT

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

FINANCIAL AND ECONOMIC FEASIBILITY:

- The applicants are financially viable as evidenced by their balance sheet and the project is economically feasible as the applicants have sufficient cash to fund the project.

CONCLUSIONS:

- The applicants addressed a total of 23 criteria and have not met the following:

State Board Standards Not Met	
Criteria	Reasons for Non-Compliance
Criterion 1110.1430 (j) - Relocation of Existing Facility	For three of the past four quarters the applicant's utilization has not met the 80 th percentile. The average operational capacity is at 75.3% at its existing facility and does not meet the State Board's Standard of 80%.

STATE BOARD STAFF REPORT
Project #15-033
Lincoln Park Dialysis

APPLICATION CHRONOLOGY	
Applicants(s)	DaVita HealthCare Partners Inc. and Lincoln Park Dialysis Services, Inc
Facility Name	Lincoln Park Dialysis
Location	2484 North Elston Avenue, Chicago, Illinois
Permit Holder	Lincoln Park Dialysis Services, Inc.
Operating Entity	Lincoln Park Dialysis Services, Inc.
Owner of Site	Chicago Title Land Trust Company
Number of Stations	22
Total GSF	9,600 GSF
Application Received	July 20, 2015
Application Deemed Complete	July 20, 2015
Review Period Ends	September 18, 2015
Financial Commitment Date	April 30, 2017
Project Completion Date	April 30, 2017
Review Period Extended by the State Board Staff?	No
Can the applicants request a deferral?	Yes

I. Project Description

The applicants are proposing to discontinue a 22-station ESRD facility located at 3157 North Lincoln Avenue, Chicago, Illinois and to establish a 22 station replacement ESRD facility located at 2484 North Elston Avenue, Chicago, Illinois (approximately 1.5 miles away). The cost of the project is \$6,795,937 and the anticipated completion date is April 30, 2017.

II. Summary of Findings

- A. The State Board Staff finds the proposed project **does not** appear to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The applicants are DaVita HealthCare Partners Inc. and Lincoln Park Dialysis Services, Inc. DaVita Healthcare Partners, Inc. currently operates over 2,000 dialysis centers throughout the United States. 81 of these facilities are in Illinois. Lincoln Park Dialysis Services Inc. is a subsidiary of DaVita HealthCare Partners, Inc. The operating entity is Lincoln Park Dialysis Services, Inc. and the owner of the site is Chicago Title Land Trust Company. The replacement facility will be located at 2484 North Elston Avenue,

Chicago, Illinois in the HSA 6 ESRD planning area. The proposed site is located outside of a flood plain and in compliance with Executive Order #2006-5. There are no historic, architectural or archaeological sites within the project area. This is a substantive project and is subject to an 1110 and 1120 review. Project obligation will occur after permit issuance.

HSA 6 ESRD planning area includes the City of Chicago, and there is a calculated need for 122 additional stations in this planning area. As of October 2015, there are 1,167 stations and 57 ESRD facilities in this planning area. 17 of these facilities are owned by the applicants.

IV. Project Description

The applicants propose to discontinue a 22-station ESRD facility, located at 3157 North Lincoln Avenue, Chicago. The applicants propose to establish a 22-station replacement facility in 9,600 GSF of leased space, located at 2484 North Elston Avenue, Chicago, approximately one and one half miles away from the discontinued facility. The applicants cite lack of space substandard clinical conditions for the discontinuation/relocation. The anticipated completion date is April 30, 2017.

V. Project Costs

The applicants are funding this project with cash/securities totaling \$2,819,368 the fair market value of leased space of \$3,976,569. The identified project costs and source of funds are located in Table One, and all costs identified with this project are classified as clinical.

TABLE ONE			
Project Costs and Sources of Funds			
Uses of Funds	Clinical	Non-Clinical	Total Costs
Modernization Contracts	\$1,700,000	\$0	\$1,700,000
Contingencies	\$60,000	\$0	\$60,000
Architectural and Engineering Fees	\$146,000	\$0	\$146,000
Consulting & Other Fees	\$125,000	\$0	\$125,000
Movable Equipment	\$788,368	\$0	\$788,368
FMV of Leased Space	\$3,976,569	\$0	\$3,976,569
Total	\$6,795,937	\$0	\$6,795,937
Sources of Funds			
Cash/Securities	\$2,819,368	\$0	\$2,819,368
FMV of Leased Space	\$3,976,569	\$0	\$3,976,569
Total	\$6,795,937	\$0	\$6,795,937

VI. Criterion 1110.130 (a) - Discontinuation

The applicants are proposing to discontinue the 22 station ESRD facility at 3157 North Lincoln Avenue, Chicago, Illinois. The applicants stated the following regarding the closing and reestablishment of a 22 station ESRD facility.

“The existing facility has numerous operational and logistical inefficiencies. While the existing facility houses 22 dialysis stations in 6,559 GSF, or 298.1 GSF per station, which meets the Board’s standard for in-center hemodialysis facilities of this size, the space is inadequate to effectively serve the patient population, or meet the facility’s storage needs. The treatment floor is compact, making it difficult for nurses to have telephone conversations with medical providers without being overheard, and the facility has no parking lot or patient drop off area.”

All existing patients are expected to transfer to the replacement facility. The applicants seek authority from the Board to discontinue its existing 22-station dialysis facility at 3157 North Lincoln Avenue, Chicago, Illinois and establish a 22-station dialysis facility at 2484 North Elston Avenue, Chicago, Illinois (the "Replacement Facility"). The Replacement Facility will be approximately 1.5 miles, or approximately 5 minutes, from the Existing Facility. All medical records are to be transferred to the proposed new facility. The applicants contacted all facilities within 45 minutes of the proposed facility as required.

Given the condition of the existing facility the State Board Staff has concluded that the discontinuation is warranted.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION DISCONTINUATION (77 IAC 1110.130 (a))

VII. Section Purpose, Safety Net Information, Alternatives

A. Criterion 1110.234 (a) – Purpose of the Project

The applicants have stated the following regarding the purpose of the project.

The applicants seek authority from the Board to discontinue its existing 22-station dialysis facility at 3157 North Lincoln Avenue, Chicago, Illinois and establish a 22-station dialysis facility at 2484 North Elston Avenue, Chicago, Illinois (the "Replacement Facility"). The Replacement Facility will be approximately 1.5 miles, or approximately 5 minutes, from the existing facility.

“The existing facility has numerous operational and logistical inefficiencies. While the existing facility houses 22 dialysis stations in 6,559 GSF, or 298.1 GSF per station, which meets the Board’s standard for in-center hemodialysis facilities of this size, the space is inadequate to meet modern operational needs. The treatment floor is compact, which affects patient care, and patient privacy. The existing facility also lacks sufficient storage space. The facility has no patient parking and no patient drop off area.”

B) Criterion 1110.234 (b) – Safety Net Impact

The applicants stated the following:

I. “DaVita HealthCare Partners Inc. and its affiliates are safety net providers of dialysis services to residents of the State of Illinois. DaVita is a leading provider of dialysis services in the United States and is committed to innovation, improving clinical outcomes, compassionate care, education and Kidney Smarting patients, and community outreach. A copy of DaVita's 2014 Community Care report, which details DaVita's commitment to quality, patient centric focus and community outreach, was previously submitted with Project No. 15-025. DaVita has taken on many initiatives to improve the lives of patients suffering from CKD and ESRD. These programs include the Kidney Smart, IMPACT, Cathaway, and transplant assistance programs. Furthermore, DaVita is an industry leader in the rate of fistula use and had the lowest day-90 catheter rates among large dialysis providers. During the period 2000-2014 DaVita improved its fistula utilization rate by 103 percent.

Its commitment to improving clinical outcomes directly translated into 7% reduction in hospitalizations among DaVita patients. DaVita has improved clinical outcomes each year since 2000; generating an estimated \$204M in net savings to the American healthcare system in 2013.

The proposed project will not impact the ability of other health care providers or health care systems to cross-subsidize safety net services. As shown in Table 1110.1430(b), average utilization at existing and approved dialysis facilities within 30 minutes normal travel time of the Replacement Facility is 66.1%, as of March 31, 2015. However, when

excluding the two pediatric facilities, as well as the ten facilities not open or operational for less than two years facilities, the utilization rate climbs to 73.3%. The Existing Facility utilization rate was 72.7%, as of April 30, 2015, which is below the State's 80% standard. Dr. Roseman anticipates all 96 current patients will transfer to the Replacement Facility. Dr. Roseman is currently treating 16 Stage 4 & 5 CKD patients who reside within approximately 30 minutes of the proposed facility. Conservatively, based upon attrition due to patient death, transplant, or return of function, it is projected that 10 of these pre-ESRD patients will require dialysis within 24 months of project completion. Thus, at least 106 patients will receive treatment at the Replacement Facility within 24 months of project completion. The Replacement Facility is needed to address the growing need for dialysis in the Lincoln Park community of Chicago

The proposed project is for the relocation of Lincoln Park Dialysis just 1.5 miles from its current location. Patients currently treated at Lincoln Park Dialysis will receive treatment at the new facility. As such, the discontinuation of service at the current location will not negatively impact the safety net.

TABLE THREE			
Safety Net Impact			
	2012	2013	2014
Net Patient Revenue	\$228,403,979	\$244,115,132	\$266,319,949
Amount of Charity Care (Charges)	\$1,199,657	\$2,175,940	\$2,477,363
Cost of Charity Care	\$1,199,657	\$2,175,940	\$2,477,363
CHARITY CARE			
Charity (# of patients)	152	187	146
Charity (cost In dollars)	\$1,199,657	\$2,175,940	\$2,477,363
% Charity Care to Net Revenue	.05%	.08%	.09%
MEDICAID			
Medicaid (# of patients)	651	679	708
Medicaid (revenue)	\$11,387,229	\$10,371,416	\$8,603,971
% Medicaid to Net Revenue	0.4%	0.4%	0.3%

Criterion 1110.234 (c) – Alternatives to the Proposed Project

The applicants stated the following:

1. Do Nothing

“The Existing Facility is suboptimal for patients and staff. It has privacy and functionality concerns and simply cannot accommodate the existing and expected future patient volume. The existing facility houses 22 stations in 6,559 GSF of space (298.1 GSF /station), which results in deficiencies in patient care and privacy.” Based on these

assertions, the applicants rejected this alternative. There was no cost identified with this alternative.

2. Renovate the Existing Facility

As the Applicants do not own the building, it has determined that it will be better able to serve the needs of its patients if the service is relocated to a modern facility, The Existing Facility houses 22 dialysis stations in approximately 6,559 GSF, or 298.1 GSF per station, which is below the Board standard for in-center hemodialysis stations, As a result, the space is inadequate to effectively treat patients and maintain patient privacy. The facility also has insufficient storage space, no patient parking, and no patient drop off area. The applicants determined that the issues identified could not be addressed through renovation/expansion at the existing facility, and a new location established nearby.

3. Utilize Existing Facilities

The Replacement Facility is needed to serve the growing demand for dialysis services in the area. Currently, the existing facility serves 96 in-center ESRD patients, Dr. Melvin Roseman, M.D., the Medical Director for Lincoln Park Dialysis, anticipates all 96 current patients will transfer to the Replacement Facility. Furthermore, Dr. Roseman is currently treating 16 Stage 4 & 5 CKD patients who all reside within 30 minutes of the proposed facility. Conservatively, based upon attrition due to patient death, transplant, or return of function, it is projected that 10 of these pre-ESRD patients will require dialysis within the next 12 to 24 months. Including the Existing Facility, there are currently 70 existing or approved dialysis facilities within 30 minutes normal travel time of the proposed location of the Replacement Facility with an average utilization of 66.1%. However, when two pediatric facilities and ten facilities that have not yet opened or achieved operational capacity are excluded, the average utilization climbs to 73.3%. Based on these data, there will be insufficient capacity to accommodate all Lincoln Park Dialysis' current and future projected patients.”

4. Relocate Lincoln Park Dialysis

*DaVita determined that the most effective and efficient way to serve its patients and address the dialysis needs of HSA 6 is to relocate the existing facility. The proposed site for the Replacement Facility is located 1.5 miles from the current site, and will adequately serve Lincoln Park Dialysis's current and projected patient-base. Thus, the Applicants selected this option. **The cost associated with this option is \$6,795,937.**”*

VIII. Section 1110.234 - Project Scope and Size, Utilization and Unfinished/Shell Space

A) Criterion 1110.234 (a) - Size of Project

The applicants are proposing 22 stations in 9,600 GSF of space or 436 GSF per station. This appears reasonable when compared to the State Board standard of 450-650 GSF per station. The State Board Staff concludes that based upon the information provided in the application for permit the applicants have successfully met the State Board's GSF standard.

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

B) Criterion 1110.234(b) - Project Services Utilization

The facility is currently operating at 69.7% (September 2015 Utilization Data) and Board staff notes the facility reports having substandard historical utilization data. However, the applicants believe all 96 of the current patients will transfer to the proposed new facility, and the additional 10 pre-stage ESRD patients currently being treated by Dr. Roseman, will result in sufficient utilization (80%), by 2018, the facility's second year of operation. The State Board Staff concludes that based upon the information provided in the application for permit the applicants will meet the State Board's target occupancy standard of 80% within two years after project completion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION PROJECT SERVICE UTILIZATION (77 IAC 1110.234 (b))

C) Criterion 1110.234 (e) – Assurance

The applicants have provided the necessary assurance that they will be at target occupancy of 80% within two years of operation and the quality measures identified by the State Board will be achieved at the proposed facility. See application for permit page 107.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION ASSURANCE (77 IAC 1110.234 (e))

IX. Section 1110.1430 – In-Center Hemodialysis Projects

A) Criterion 1110.1430(b) (1) (3) - Background of Applicant

The applicants have provided the necessary information required by this criterion and have attested that the applicants have not had any adverse actions for the prior 3 years.

See application for permit pages 51-67. The applicants currently have the following project outstanding.

12-008	Stony Island Dialysis
13-070	Belvidere Dialysis
14-020	Chicago Ridge Dialysis
14-042	Tinley Park Dialysis
14-058	Alton Dialysis
14-069	Stony Creek Dialysis
15-004	Machesney Park Dialysis
15-003	Vermilion County Dialysis
15-020	Calumet City Dialysis
15-025	South Holland Relocation
15-032	Morris Dialysis Relocation
15-035	Montgomery County Dialysis

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION BACKGROUND OF APPLICANT (77 IAC 1110.1430(b) (1) (3))

B) Criterion 1110.1430 (c) (1) (2) (3) (5) - Planning Area Need

- 1) 77 Ill. Adm. Code 1100 (Formula Calculation)
- 2) Service to Planning Area Residents
- 3) Service Demand – Establishment of In-Center Hemodialysis Service
- 5) Service Accessibility

There is a calculated need for 104 additional stations in the HSA 6 ESRD planning area, and this discontinuation and re-establishment of a 22-station ESRD facility will not affect the need for stations in the HSA 6 ESRD planning area. Dr. Melvin Roseman, M.D., the Medical Director for Lincoln Park Dialysis, anticipates all 96 current patients will transfer to the proposed new facility. Dr. Roseman is also currently treating 16 Stage 4 & 5 CKD patients who all reside within 30 minutes of the proposed facility. Conservatively, based upon attrition due to patient death, transplant, or return of function, it is projected that 10 of these pre-ESRD patients will require dialysis within the next 12 to 24 months. Thus, approximately 106 patients will receive treatment at the proposed facility within 24 months of project completion. The relocation is necessary to provide essential care to ESRD patients in the Lincoln Park neighborhood of Chicago, as the existing Facility is severely undersized and cannot adequately serve the patient needs. The applicants have met the requirements of this criterion

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 IAC 1110.1430 (b) (1) (2) (3) (5))

C) Criterion 1110.1430(d)(1)(2)(3) - Unnecessary Duplication or Maldistribution

Board staff has determined that there are 60 facilities within 30 minutes of the proposed site. Of that number, 41 (68.3%) are operating below the 80th percentile. Average occupancy of these three facilities is 66.2%. The ratio of stations to population is 1 station per every 2,030 individuals compared to the State of Illinois ratio of 1 station per every 3,042 individuals. It is noted that the project will not introduce additional stations to HSA VI, and the calculated need for stations will remain unchanged at 104 stations in this planning area.

TABLE FOUR				
Facilities within 30 minutes of Proposed Site				
Facility	City	HSA	Adjusted Drive Time⁽¹⁾	% Occupancy⁽²⁾
FMC Northcenter	Chicago	6	5	63.6%
FMC Logan Square	Chicago	6	5	54.1%
FMC West Willow	Chicago	6	5	52.7%
DaVita Logan Square Dialysis	Chicago	6	6	75%
DaVita TRC Children's Dialysis *	Chicago	6	7	31.2%
Circle Medical Mgmt.	Chicago	6	8	62.9%
FMC East Delaware	Chicago	6	10	49.3%
FMC Dialysis Congress Parkway	Chicago	6	10	71.1%
FMC West Belmont	Chicago	6	10	84.3%
FMC Northwestern University	Chicago	6	11	58.7%
DSI Loop Renal Center	Chicago	6	11	58.9%
Rush University Dialysis Center	Chicago	6	11	23.3%
FMC West Metro ⁽³⁾	Chicago	6	11	250%
FMC Chicago Dialysis Center	Chicago	6	12	48.4%
Cook County Hospital Dialysis	Chicago	6	12	50%
DaVita West Side Dialysis	Chicago	6	12	22.2%*
Nephron Dialysis Center	Chicago	6	12	105%
FMC North Kilpatrick	Chicago	6	12	82.1%
Center for Renal Replacement	Lincolnwood	7	13	65.6%
FMC West Side	Chicago	6	13	47.8%
University of Illinois Hospital Dialysis	Chicago	6	13	92.3%
Garfield Kidney Center	Chicago	6	13	94.7%
FMC Humboldt Park	Chicago	6	13	0.0%*
FMC Lakeview	Chicago	6	13	64.2%
FMC Prairie	Chicago	6	15	76.3%
Big Oaks Dialysis Center	Niles	7	15	47.2%
Dialysis Management Services	Chicago	6	15	N/A
DaVita Emerald Dialysis	Chicago	6	16	79.1%

**TABLE FOUR
Facilities within 30 minutes of Proposed Site**

Facility	City	HSA	Adjusted Drive Time (1)	% Occupancy (2)
FMC Bridgeport	Chicago	6	16	88.8%
Grand Crossing Dialysis	Chicago	6	16	84.7%
FMC Garfield	Chicago	6	17	79.5%
Mt. Sinai Medical Center	Chicago	6	17	90.6%
FMC Uptown	Chicago	6	17	90.2%
DaVita Little Village Dialysis	Chicago	6	18	83.3%
SAH Dialysis Clinic at 26 th St.	Chicago	6	18	N/A
Kenwood Dialysis	Chicago	6	18	69.2%
DaVita Montecclare Dialysis	Chicago	6	18	90.6%
FMC Skokie	Skokie	7	18	67.8%
Woodlawn Dialysis	Chicago	6	20	64.5%
FMC Northwest	Norridge	7	20	78.1%
FMC Austin	Chicago	6	20	64.5%
FMC New City	Chicago	6	21	0.0%*
Oak Park Kidney Centers LLC	Oak Park	7	21	73.1%
DaVita Lawndale Dialysis	Chicago	6	21	64.5%
RCG Evanston	Evanston	7	21	78.5%
FMC Northfield	Winnetka	7	21	6.9%
FMC Oak Park Dialysis	Oak Park	7	22	100%
FMC Ross Dialysis	Chicago	6	22	92.7%
FMC Chatham	Chicago	6	22	82.2%
FMC Rogers Park	Chicago	6	22	67.5%
DaVita Evanston Renal Center	Evanston	7	23	66.6%
FMC Cicero	Cicero	7	23	64.5%
FMC Jackson Park Dialysis	Chicago	6	23	71.5%
FMC West Suburban Dialysis Unit	Oak Park	7	25	92%
Loyola Dialysis Center	Maywood	7	25	82.7%
FMC River Forest	River Forest	7	25	75%
FMC Des Plaines	Des Plaines	7	26	34.7%
FMC Greenwood Dialysis Center	Chicago	6	26	80.3%
FMC Berwyn	Berwyn	7	27	88.6%

1. Adjusted time determined by MapQuest and adjusted per 77 IAC 1100.510 (d)
 2. Utilization as of September 30, 2015
- *Specialty Dialysis Center
3. FMC West Metro approved to discontinue 20 ESRD stations as part of Permit #14-047 FMC Humboldt establishment of a 34 station facility.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION MALDISTRIBUTION (77 IAC 1110.1430 (c) (1) (2) (3))

- D) Criterion 1110.1430 (e) - Staffing**
- E) Criterion 1110.1430 (f) - Support Services**
- F) Criterion 1110.1430 (g) - Minimum Number of Stations**
- G) Criterion 1110.1430 (h) - Continuity of Care**

To address these criteria the applicants must provide a staffing plan, the support services to be provided the number of stations to be established, and a copy of the affiliation agreement with a hospital within the area. The applicants have responded to these criteria at pages 89-101 of the application for permit.

This project proposes to discontinue one facility and establish another facility approximately 1.5 miles away. All staff will transfer to the proposed new facility and all support services will be provided at the new facility. The replacement facility will be a 22 station facility and therefore meets the requirements of the minimum number of stations. The applicants have a transfer agreement with University of Illinois Hospital, Chicago. See application of permit pages 102-103.

The State Board Staff relies on the fact that the facility will be certified for Medicare and Medicaid participation for the appropriate staffing, support services and continuity of care. The applicants will meet the minimum number of stations of eight within the Chicago Naperville Joliet ·Gary, IL·IN·WI Metropolitan Statistical Area (MSA) with the establishment of a 22 station facility. The State Board Staff concludes the applicants have successfully addressed these four criteria.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION STAFFING, SUPPORT SERVICES, MINIMUM NUMBER OF STATIONS, CONTINUITY OF CARE (77 IAC 1110.1430 (e) (f) (g) (h))

- H) Criterion 1110.1430 (j) - Relocation of Facilities**

The applicants are proposing to discontinue an existing 22 station ESRD facility located at 3157 North Lincoln Avenue, Chicago, Illinois and establish a 22-station replacement facility at 2484 North Elston Avenue, Chicago, Illinois. The Replacement Facility will be approximately 1.5 miles, or approximately 5 minutes, from the Existing Facility. The current facility is operating at 69.7% occupancy. All 96 of the current patients, and 10 pre-ESRD patients under the care of Dr. Roseman (Medical Director, FMC Lincoln Park Dialysis) are expected to transfer the proposed new facility.

The application contains the following statement:

The existing facility is suboptimal for patients and staff, mainly due to a lack of operational space. The current facility allots 298.1 GSF per station, which is 61.9 GSF less than the State minimum of 360 GSF per station. This results in a lack of adequate

treatment space, a lack of patient privacy, and hardships for medical staff. Additionally, the facility lacks adequate storage space, and has no patient parking or drop off space.

To meet this criterion the applicants shall document that the existing facility has met the utilization targets (80%) for the latest 12-month period for which data is available; and that the proposed facility will improve access for care to the existing patient population. The applicants have averaged 75.3% over the past four quarters, and have met the State standard for only one quarter (September 2014), in the last year. The applicants have failed to meet the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS NOT IN CONFORMANCE WITH CRITERION RELOCATION OF FACILITY (77 IAC 1110.1430 (j))

D) Criterion 1110.1430 (i) -Assurances

The applicants have provided the necessary assurance that they will be at target occupancy of 80% within two years of operation and the quality measures identified by the State Board will be achieved at the proposed facility. See application for permit page 107.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION ASSURANCES (77 IAC 1110.1430 (i))

X. FINANCIAL

A. Criterion 1120.120 - Availability of Funds

The applicants are funding this project with cash and securities totaling \$2,819,368, and the fair market value of leased space of \$3,976,569. A review of the applicants' 2014 10-K statement (submitted with application #15-020) indicates sufficient resources are available to fund the project.

TABLE FIVE		
DaVita Healthcare Partners, Inc.		
(Dollars in thousands)		
December 31, 2014		
	2014	2013
Cash	\$965,241	\$946,249
Current Assets	\$3,876,797	\$2,472,278
Current Liabilities	\$2,088,652	\$2,462,049
LTD	\$8,383,280	\$8,141,231
Net Patient Service Revenue	\$8,501,454	\$8,013,649
Total Revenue	\$12,795,106	\$11,764,050
Operating Expenses	\$10,979,965	\$10,213,916
Net Income	\$723,114	\$633,446
Average revenue/treatment	\$342	\$340
Average expense/treatment	\$273.60	\$285.60

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION FINANCIAL VIABILITY (77 IAC 1120.120 (a))

B. Criterion 1120.130 – Financial Viability

The applicants qualify for the financial waiver because all funding will be coming from internal resources; therefore no financial ratios needed to be provided.

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

XI. ECONOMIC FEASIBILITY

- A. Criterion 1120.140(a) – Reasonableness of Financing Arrangements**
- B. Criterion 1120.140 (b) – Terms of Debt Financing**

The State Board considers leasing as debt financing. The applicants have signed a letter of intent to lease 9,600 GSF of space for 15 years at \$41.00 per GSF, with cost of living increases annually not to exceed 5%. This lease appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 IAC 1120.140(a) (b))

- C. Criterion 1120.140 (c) –Reasonableness of Project Costs**
Only the clinical costs are being reviewed as per 20 ILCS 3960.

Modernization and Contingency Costs– These costs are \$1,760,000 or \$183.33. This appears reasonable when compared to the State Board Standard of \$189.19

Contingency Costs – These costs are \$60,000 and are 3.5% of modernization costs. This appears reasonable when compared to the State Board Standard of 10-15%.

Architectural Engineering Fees – These costs are \$146,000 or 8.2% of modernization and contingency costs. This appears are reasonable when compared to the State Board Standard of 6.65%-9.99%.

Consulting and Other Fees – These costs total \$125,000. The State Board does not have an applicable set of standards for these costs.

Movable Equipment – These costs are \$788,368 or \$35,834 per station. This appears reasonable when compared to the State Board Standard of \$52,119 per station.

Fair Market Value of Leased Space and Equipment – These costs total \$3,976,569. The State Board does not have an applicable set of standards for these costs.

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

- D. Criterion 1120.140 (d) –Direct Operating Costs**
To address this criterion the applicants must provide the direct operating cost per treatment.

The applicants are projecting direct operating costs per treatment to be \$229.22. This appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION DIRECT OPERATING COSTS (77 IAC 1120.140(d))

E. Criterion 1120.140 (e) Projected Capital Costs

To address this criterion the applicants must provide the projected capital costs per treatment.

The applicants are projecting \$14.38 capital costs per treatment. This appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION PROJECTED CAPITAL COSTS (77 IAC 1120.140(e))

15-033 DaVita Lincoln Park Dialysis - Chicago



END STAGE RENAL DIALYSIS - FACILITY PROFILE 2014

Ownership, Management and General Information

Name:	DaVita - Lincoln Park Dialysis Center	Legal Entity Operator:	Lincoln Park Dialysis Service, Inc.
Address:	3157 N. Lincoln Avenue	Legal Entity Owner:	
City:	Chicago	Ownership Type:	For Profit Corporation
County:	Cook	Property Owner:	Imperial Realty
HSA:	6	Other Ownership:	
Medicare ID:	14-2528	Medical Director Name:	Melvin K. Roseman
		Provides Incenter Nocturnal Dialysis:	<input type="checkbox"/>

STATION INFORMATION

Authorized Stations as of 12/31/2014:	22
Certified Stations by CMS:	22
Peak Authorized Stations Operated:	22
Authorized Stations Setup and Staffed in Oct 1-7:	22
Isolation Stations Set up in Oct 1-7: (subset of authorized stations)	0
Number of Shifts Operated per day	

FACILITY STAFFING - FULL TIME EQUIVALENT

Full-Time Work Week:	40
Registered Nurse :	3
Dialysis Technician :	8
Dietician :	1
Social Worker:	1
LPN :	0
Other Health :	0
Other Non-Health:	0

Dialysis Station Utilization for the Week of Oct 1 - 7

Date of Operation	Oct 1	Oct 2	Oct 3	Oct 4	Oct 5	Oct 6	Oct 7
Hours operated	14	14	14	14	0	14	14
Number of Patients Treated	46	45	48	45	0	47	44

Facility Utilization Information

Facility Reported Patient Information

Patients treated as of 1/1/2014: (Beginning patients)	100
Patients treated as of 12/31/2014: (Ending patients)	104
Total Unduplicated patients treated in calendar year:	165

Facility Reported Treatment Information

In-Center Treatments in calendar year:	13,863
Number of Missed Treatments:	722
Average Daily Treatments:	
Average Treatment Time (min):	270.0

ADDITIONS to the FACILITY

New Patients:	20
Transient Patients:	12
Patients Re-Started:	3
Post-Transplant Patien	2
Total:	37

LOSSES to the FACILITY

Recovered patients:	1
Transplant Recipients:	1
Patients transferred out:	47
Patients voluntarily discontinued	2
Patients lost to follow up:	4
Patients deceased:	12
Total:	67

USE RATE for the FACILITY

Treatment Capacity/year (based on Stations):	20,592
Use Rate (Treatments/Treatment capacity):	67%
Use Rate (including Missed Treatments):	71%
Use Rate (Beginning patients treated):	76%
Use Rate (Year end Patients/Stations*6):	79%

Patients and Net Revenue by Payor Source

	Medicare	Medicaid	Private Insurance	Private Pay	Other Public	TOTAL	Charity Care
	76.1%	18.4%	4.3%	0.0%	1.2%	100.0%	1.2%
Patient	124	30	7	0	2	163	2
1/1/2014 to 12/31/2014	62.2%	10.7%	15.9%	1.2%	10.0%	100.0%	1.2%
Net Revenue	\$2,032,992	\$349,034	\$519,528	\$40,120	\$327,410	\$3,269,084	\$40,120

Patients by Age and Sex

AGE GROUPS	MALE	FEMALE	TOTAL
<14 yrs	0	0	0
15-44 yr	15	9	24
45-64 yr	37	29	66
65-74 yr	29	15	44
75 < yrs	18	13	31
Total	99	66	165

Patients by Race

Asian Patients:	10
Native American/ Indian:	0
Black/ African American :	63
Hawaiian /Pacific Islande	3
White:	86
Unknown :	3
TOTAL:	165

Patients by Ethnicity

Hispanic Latino Patients:	36
Non-Hispanic Latino Patien	126
Unknown Ethnicity Patients	3
TOTAL:	165