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RECEIVED

JUN 27 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

June 24, 2016

Via Federal Express – Monday Priority Delivery

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

Re: USRC West Chicago, LLC; Project No. 16-027

Dear Ms. Avery:

In response to the Department's completeness review of Applicants' application for a certificate of need permit for the referenced Project ("Application"), I enclose the following substitute pages to the Application.

- safety net/charity care statements,
- transfer agreement, and
- other pages correcting earlier information.

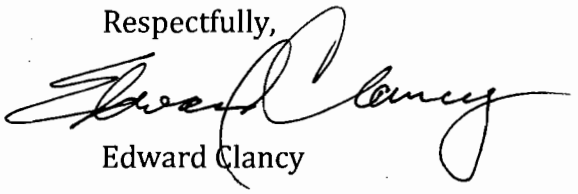
Please insert these pages into the Application in place of the current pages. I believe these additional documents will complete the Application. If there is anything missing, please let me know, and I will get it to you right away.

Additionally, on behalf of Applicants, I respectfully request that the Illinois Health Facilities and Services Review Board (the "Board") grant expedited review of the Application and consider the Application at the Board's October meeting. The project proposes to establishment a 13-station dialysis facility in West Chicago, which is in a Federally Designated Medically Underserved Area. Currently, there is an unmet need for 54 dialysis stations, which the proposed project will help relieve. It is critical for Applicants to have their Application heard at the Board's October meeting. If the Board does not consider the Application until its December meeting, winter conditions will significantly prolong the completion of the project and delay area residents access to the dialysis services they need.

In addition, in their negotiations for leased space and in arranging for proceeding timely with the project, Applicants relied on the Board's published meeting dates and the dates IDPH must determine an application in order to put it on the agenda for those meeting dates. If the Board does not consideration at its October meeting, Applicants will have to expend considerable time and resources to revisit these earlier efforts, which might jeopardize the project going forward.

I appreciate your consideration of our request for expedited review. If you have any questions or need any additional information, please contact me.

Respectfully,



Edward Clancy

Enclosures
cc: Thomas L. Weinberg (via email)
Rick Maniscalco (via email)
Tom Fahey (via email)

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:

INDEX OF ATTACHMENTS

ATTACHMENT NO.		PAGES
1	Applicant/Coapplicant Identification including Certificate of Good Standing	25-28
2	Site Ownership	29-33
3	Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership.	34-35
4	Organizational Relationships (Organizational Chart) Certificate of Good Standing Etc.	36
5	Flood Plain Requirements	37-39
6	Historic Preservation Act Requirements	40-41
7	Project and Sources of Funds Itemization	42
8	Obligation Document if required	43
9	Cost Space Requirements	44
10	Discontinuation	
11	Background of the Applicant	45-52
12	Purpose of the Project	53
13	Alternatives to the Project	54-56
14	Size of the Project	57
15	Project Service Utilization	58
16	Unfinished or Shell Space	
17	Assurances for Unfinished/Shell Space	
18	Master Design Project	
19	Mergers, Consolidations and Acquisitions	
	Service Specific:	
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	59-
27	Non-Hospital Based Ambulatory Surgery	
28	Selected Organ Transplantation	
29	Kidney Transplantation	
30	Subacute Care Hospital Model	
31	Children's Community-Based Health Care Center	
32	Community-Based Residential Rehabilitation Center	
33	Long Term Acute Care Hospital	
34	Clinical Service Areas Other than Categories of Service	
35	Freestanding Emergency Center Medical Services	
	Financial and Economic Feasibility:	
36	Availability of Funds	120-155
37	Financial Waiver	156
38	Financial Viability	157
39	Economic Feasibility	158
40	Safety Net Impact Statement	159
41	Charity Care Information	160

Illinois Historic Preservation Agency Letter

A copy of a letter from the Illinois Historic Agency follows this page. The letter states that the proposed project complies with the requirements of the Illinois Historic Resources Presentation Act.

Purpose of the Project

The purpose of this Project is to keep dialysis services accessible to a growing ESRD population in the Southside of Chicago (HSA 6) and to alleviate the current need for dialysis services within the Health Planning Area (6 C). The Revised Needs Determinations for ESRD Stations, dated May 11, 2016, shows that HSA 6 currently has an unmet need for 54 additional stations. Applicant will help alleviate this need by making 13 ESRD stations (12 general and 1 isolation) available to ESRD patients in the planning area.

The location of the proposed Facility is in a Federally Designated Medically Underserved Area/ Population. The market area that Applicant will serve is primarily within a five-mile radius around the facility, which includes the area within the Federally Designated Medically Underserved Area/ Population.

In addition, as the physicians' referral letter in Appendix 1 indicates, the physicians estimate that they will refer annually an additional 61 patients to Applicant's facility, within 24-months after project completion. By the time Applicant completes the project, additional dialysis stations will be necessary to meet the needs of these patients. The goal of USRC West Chicago, LLC is to keep dialysis access available to this patient population, continue to monitor the growth of the patients needing dialysis, and provide responsible health care planning for this area.

Zip Code	Total Population
60429	15,630
60426	29,594
60411	58,136
60409	37,186
60406	25,460
60402	63,448
60305	11,172

Zip Code	Total Population
60304	17,231
60302	32,108
60153	24,106
Total	2,441,808

Maldistribution

This Project will not result in maldistribution, because there is not an excess of stations in HSA 007. On the contrary, this area has a need for 54 additional stations, as published in the IDPH Revised Needs Determinations for ESRD Stations, dated May 11, 2016. A copy of the relevant page of the Long-Term Care Bed Inventory Update is included in this attachment.

The ratio of stations to population does not exceed one and one-half times the State average.

The ratio of stations to population within a 30-minute drive time of the proposed facility does not exceed one and a half times the State average. According to the most-recently available IDPH Revised Needs Determinations for ESRD Stations and the 2010 census-population statistics, the state station to population ratio is currently 1 station per 2,918 persons. One and one-half times the state average equals 1 station per 1,945 persons. The calculated station to population ratio within the 30-minute drive time of the proposed facility is 1 station per 2,006 persons. Therefore, the station to population ratio within the 30-minute drive time of the proposed facility does not exceed one and one-half times the State average, showing that there is not a maldistribution of stations in the 30-minute drive time of the proposed facility.

The calculation for the state station to population ratio utilizes 2010 census data for the State of Illinois and the total station count in the IDPH Revised Needs Determinations for ESRD Stations, dated May 11, 2016. The calculation of the station to population ratio for facilities within a 30-minute drive time includes all facilities and zip codes identified in the Unnecessary Duplication of Services attachment.

112 West 87th Street, Chicago, Illinois 60620	
Total Number of Stations for Facilities within a 30 Minute Drive Time	1,217
Total Population for Zip Codes within a 30 Minute Drive Time	2,441,808
Ratio of Stations to Population	1/2,006

State of Illinois	
Total Number of Stations in the State of Illinois	4,396
Total Population in the State of Illinois	12,830,632
Ratio of Stations to Population	1/2,918
One and One-Half Times Ratio of Stations to Population	1/1,945

Impact of Project on Other Area Providers

The addition of 13 ESRD stations at the Facility Dialysis Facility would account for only 1.07% of the total shift capacity in the unadjusted 30-minute drive time area and 1% of the total shift capacity in HSA 6. Assuming the Facility achieved immediately 80% utilization (9,734 shifts per year), the facility would make only a 0.85% difference in the 30-minute drive time occupancy levels and less than a 0.95% difference in the total shift capacity of HSA 6. This increase in stations is fractional compared to the number of licensed stations in the area, thus it is unlikely that the addition of these stations will lower the utilization of other area providers, both those who are operating above 80% and those operating below 80%.

Additionally, HSA 6 has a station need of 54 stations, as IDPH published in its Revised Needs Determinations for ESRD Stations, dated May 11, 2016.

Applicant bases these calculations on the 1,217 stations in the IDPH Revised Needs Determinations for ESRD Stations, dated May 11, 2016, and the 30-minute drive time facilities as identified in Attachment 26 Unnecessary Duplication of Services. Shift capacity of each station is 3 shifts per day, 6 days a week, 52 weeks a year.

Staffing Availability

Medical Director

The curriculum vitae of the facility's Medical Director follows this page.

Staff Recruitment

U.S. Renal Care Inc. recruits facility personnel using various job posting websites as well as a recruitment tool maintained on the corporate website (available at http://www.usrenalcare.com/us_renal_care_careers.htm).

Training

Applicant maintains rigorous orientation and training requirements for all staff of dialysis facilities. Clinical staff receive comprehensive orientation training in multiple areas (policies related to orientation and competencies are included in this attachment). Such staff is also required to comply with any federal or state training requirements necessary for certification in their respective fields. In addition, U.S. Renal maintains both corporate and facility level training requirements for facility staff. A sample of U.S. Renal Care's orientation and training materials follow this page. For example, all staff members are subject to corporate requirements for annual competency assessments, quarterly assignments, and mandatory training programs.

Staffing Plan

Applicant maintains staffing ratios in compliance with state requirements for the state in which Applicant maintains a dialysis facility. Included in this attachment is the U.S. Renal Care policy regarding staffing ratios, which demonstrates the requirement for on-duty RNs when the patients are present and maintenance of direct patient care providers in compliance with state regulations. In the case of Illinois Applicant will maintain a ratio of one direct patient care provider to every four patients.

TRANSFER AGREEMENT
BETWEEN
ADVOCATE HEALTH AND HOSPITALS CORPORATION d/b/a ADVOCATE CHRIST MEDICAL CENTER AND AND

USRC WEST CHICAGO, LLC

THIS AGREEMENT is entered into this 23rd day of June, 2016 between ADVOCATE HEALTH AND HOSPITALS CORPORATION d/b/a ADVOCATE CHRIST MEDICAL CENTER, an Illinois not-for-profit corporation, hereinafter referred to as "ADVOCATE", and USRC WEST CHICAGO, LLC an Illinois hospital hereinafter referred to as "CLINIC".

WHEREAS, ADVOCATE is licensed under Illinois law as an acute care Hospital;

WHEREAS, FACILITY has a Certificate of Need under Illinois law is enrolled in Medicare as an outpatient freestanding dialysis center;

WHEREAS, the parties mutually desire to enter into an affiliation agreement to provide for the medically appropriate transfer or referral of patients between ADVOCATE and FACILITY, for the benefit of the community and in compliance with HHS regulations; and

WHEREAS, the parties mutually desire to enter into an affiliation agreement to provide for the medically appropriate transfer or referral of patients between ADVOCATE and FACILITY, for the benefit of the community and in compliance with HHS regulations; and

WHEREAS, the parties desire to provide a full statement of their agreement in connection with the services to be provided hereunder.

NOW, THEREFORE, BE IT RESOLVED, that in consideration of the mutual covenants, obligations and agreements set forth herein, the parties agree as follows:

I. TERM

1.1 This Agreement shall be effective from the date it is entered into, and shall remain in full force and effect for an initial term of one (1) year. Thereafter, this Agreement shall be automatically extended for successive one (1) year periods unless terminated as hereinafter set forth. All the terms and provisions of this Agreement shall continue in full force and effect during the extension period(s).

II. TERMINATION

2.1 Either party may terminate this Agreement, with or without cause, upon thirty (30) days prior written notice to the other party. Additionally, this Agreement shall automatically terminate should either party fail to maintain the licensure or certification necessary to carry out the provisions of this Agreement.

III. OBLIGATIONS OF THE PARTIES

3.1 ADVOCATE agrees:

a. That ADVOCATE shall refer and transfer patients to FACILITY for medical treatment only when such transfer and referral has been determined to be

medically appropriate by the patient's attending physician or, in the case of an emergency, the Medical Director for ADVOCATE, hereinafter referred to as the "Transferring Physician";

b. That the Transferring Physician shall contact FACILITY's Emergency Department Nursing Coordinator, prior to transport, to verify the transport and acceptance of the emergency patient by FACILITY. The decision to accept the transfer of the emergency patient shall be made by FACILITY's Emergency Department physician, hereinafter referred to as the "Emergency Physician", based on consultation with the member of FACILITY's Medical Staff who will serve as the accepting attending physician, hereinafter referred to as the "Accepting Physician". In the case of the non-emergency patient, the Medical Staff attending physician will act as the Accepting Physician and must indicate acceptance of the patient. ADVOCATE agrees that FACILITY shall have the sole discretion to accept the transfer of patients pursuant to this Agreement subject to the availability of equipment and personnel at FACILITY. The Transferring Physician shall report all patient medical information which is necessary and pertinent for transport and acceptance of the patient by FACILITY to the Emergency Physician and Accepting Physician;

c. That ADVOCATE shall be responsible for effecting the transfer of all patients referred to FACILITY under the terms of this Agreement, including arranging for appropriate transportation, financial responsibility for the transfer in the event the patient fails or is unable to pay, and care for the patient during the transfer. The Transferring Physician shall determine the appropriate level of patient care during transport in consultation with the Emergency Physician and the Accepting Physician;

d. That pre-transfer treatment guidelines, if any, will be augmented by orders obtained from the Emergency Physician and/or Accepting Physician:

e. That, prior to patient transfer, the Transfering Physician is responsible for insuring that written, informed consent to transfer is obtained from the patient, the parent or legal guardian of a minor patient, or from the legal guardian or next-of-kin of a patient who is determined by the Transferring Physician to be unable to give informed consent to transfer;

f. To inform its patient of their responsibility to pay for all inpatient and outpatient services provided by FACILITY; and

g. To maintain and provide proof FACILITY of professional and public liability insurance coverage in the amount of One Million Dollars ($1,000,000.00) per occurrence or claim made with respect to the actions of its employees and agents connected with or arising out of services provided under this Agreement.

3.2 FACILITY agrees:

a. To accept and admit in a timely manner, subject to bed availability, ADVOCATE patients referred for medical treatment, as more fully described in Section 3.1, Subparagraphs a through g;

b. To accept patients from ADVOCATE in need of inpatient hospital care, when such transfer and referral has been determined to be medically appropriate by the patient's attending physician and/or emergency physician at Hospital;

c. That FACILITY will seek to facilitate referral of transfer patients to specific Accepting Physicians when this is requested by Transferring Physicians and/or transfer patients;

d. That FACILITY shall provide ADVOCATE patients with medically appropriate and available treatment provided that Accepting Physician and/or Emergency Physician writes appropriate orders for such services; and

c. To maintain and provide proof to ADVOCATE of professional and public liability insurance coverage in the amount of One Million Dollars ($1,000,000.00) per occurrence or claim made with respect to the actions of its employees and agents connected with or arising out of services provided under this Agreement.

IV. GENERALCOVENANTSANDCONDITIONS

4.1 Release of Medical Information. In all cases of patients transferred for the purpose of receiving medical treatment under the terms of this Agreement, ADVOCATE shall insure that copies of the patient's medical records, including X-rays and reports of all diagnostic tests, accompany the patient to FACILITY, subject to the provisions of applicable State and Federal laws governing the confidentiality of such information. Information to be exchanged shall include any completed transfer and referral forms mutually agreed upon for the purpose of providing the medical and administrative information necessary to determine the appropriateness of treatment or placement, and to enable continuing care to be provided to the patient. The medical records in the care and custody of FACILITY and ADVOCATE shall remain the property of each respective institution.

4.2 Personal Effects. ADVOCATE shall be responsible for the security, accountability and appropriate disposition of the personal effects of patients prior to and during transfer to FACILITY. FACILITY shall be responsible for the security, accountability and appropriate disposition of the personal effects of transferred patients upon arrival of the patient at FACILITY.

4.3 Indemnification. The parties agree to indemnify and hold each other harmless from any liability, claim, demand, judgment and costs (including reasonable attorney's fees) arising out of or in connection with the intentional or negligent acts of their respective employees and/or agents.

4.4 Independent Contractor. Nothing contained in this Agreement shall constitute or be construed to create a partnership, joint venture, employment, or agency relationship between the parties and/or their respective successors and assigns, it being mutually understood and agreed that the parties shall provide the services and fulfill the obligations hereunder as independent contractors. Further, it is mutually understood and agreed that nothing in this Agreement shall in any way affect the independent operation of either FACILITY or ADVOCATE. The governing body of FACILITY and ADVOCATE shall have exclusive control of the management, assets, and affairs at their respective institutions. No party by virtue of this Agreement shall assume any liability for any debts or obligations of a financial or legal nature incurred by the other, and neither institution shall look to the other to pay for service rendered to a patient transferred by virtue of this Agreement.

4.5 Publicity and Advertising. Neither the name of FACILITY nor ADVOCATE shall be used for any form of publicity or advertising by the other without the express written consent of the other.

4.6 Cooperative Efforts. The parties agree to devote their best efforts to promoting co-operation and effective communication between the parties in the performance of services hereunder, to foster the prompt and effective evaluation, treatment and continuing care of recipients of these services. Parties shall each designate a representative who shall meet as often as necessary to discuss quality improvement measures related to patient stabilization and/or treatment prior to and subsequent to transfer and patient outcome. The parties agree to reasonably cooperate with each other to oversee performance improvement and patient safety applicable to the activities under this Agreement to the extent permissible under applicable laws. All information obtained and any materials prepared pursuant to this section and used in the course of internal quality control or for

the purpose of reducing morbidity and mortality, or for improving patient care, shall be privileged and strictly confidential for use in the evaluation and improvement of patient, as may be amended from time to time.

4.7 Nondiscrimination. The parties agree to comply with Title VI of the Civil Rights Act of 1964, all requirements imposed by regulations issued pursuant to that title, section 504 of the Rehabilitation Act of 1973, and all related regulations, to insure that neither party shall discriminate against any recipient of services hereunder on the basis of race, color, sex, creed, national origin, age or handicap, under any program or activity receiving Federal financial assistance.

4.8 Affiliation. Each party shall retain the right to affiliate or contract under similar agreements with other institutions while this Agreement is in effect.

4.9 ApplicableLaws. The parties agree to fully comply with applicable federal, and state laws and regulations affecting the provision of services under the terms of this Agreement.

4.10 GoverningLaw. All questions concerning the validity or construction of this Agreement shall be determined in accordance with the laws of Illinois.

4.11 Writing Constitutes Full Agreement. This Agreement embodies the complete and full understanding of FACILITY and ADVOCATE with respect to the services to be provided hereunder. There are no promises, terms, conditions, or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations, or agreements, either verbal or written, between the parties hereto. Neither this Agreement nor any rights hereunder may be assigned by either party without the written consent of the other party.

4.12 WrittenModification. There shall be no modification of this Agreement, except in writing and exercised with the same formalities of this Agreement.

4.13 Severability. It is understood and agreed by the parties hereto that if any part, term, or provision of this Agreement is held to be illegal by the courts or in conflict with any law of the state where made, the validity of the remaining portions or provisions shall be construed and enforced as if the Agreement did not contain the particular part, term, or provision held to be invalid.

4.14 Notices. All notices required to be served by provisions of this Agreement may be served on any of the parties hereto personally or may be served by sending a letter duly addressed by registered or certified mail. Notices to be served on ADVOCATE shall be served at or mailed to: Advocate Christ Medical Center, 4440 West 95th Street, Oak Lawn, IL 60453, Attention: President, with a copy to Advocate Health Care, Attn: General Counsel, 3075 Highland Parkway, Downers Grove, Illinois 60515 unless otherwise instructed. Notices to be served on FACILITY shall be served at or mailed to: USRC WEST CHICAGO, LLC, Attn: General Counsel, 2400 Dallas Parkway, Suite 350, Plano, Texas 75093, unless otherwise instructed.

IN WITNESS WHEREOF, this Agreement has been executed by ADVOCATE and FACILITY on the date first above written.

ADVOCATE HEALTH AND HOSPITALS CORPORATION d/b/a ADVOCATE CHRIST MEDICAL CENTER

BY: _____
NAME: Kenneth Lukhard
TITLE: President

USRC WEST CHICAGO, LLC

BY: _____
NAME: Thomas L. Weinberg
TITLE: Chairman

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Charity Care

1. The chart below indicates the amount of charity care U.S. Renal Care, Inc.'s facilities in Illinois provided for the latest 3 audited fiscal years, the cost of charity care, and the ratio of that charity care cost to net patient revenue.

Charity Care for All U.S. Renal Care Facilities in Illinois			
	2013	**2014**	**2015**
Net Patient Revenue of All Illinois Facilities	$10,669,105	$10,770,414	$12,400,107
Cost of Charity Care	$441,488	$97,869	$61,146
Ratio of Charity Care	4.14%	0.91%	0.49%

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