



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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DOCKET NO: H-02	BOARD MEETING: June 2, 2015	PROJECT NO: 15-020	PROJECT COST: Original: \$4,118,967
FACILITY NAME: Calumet Dialysis Facility		CITY: Calumet City	
TYPE OF PROJECT: Substantive			HSA: VII

PROJECT DESCRIPTION: The applicants (DaVita Healthcare Partners, Inc. and Total Renal Care Inc.) are proposing the establishment of a 16 station ESRD facility in 7,500 GSF of leased space in Calumet City, Illinois at a cost of approximately \$4,118,967. The anticipated project complete date is June 30, 2017.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (DaVita Healthcare Partners, Inc. and Total Renal Care Inc.) are proposing the establishment of a 16 station ESRD facility in 7,500 GSF of leased space in Calumet City, Illinois at a cost of approximately \$4,118,967. The anticipated project complete date is June 30, 2017.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

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

PURPOSE OF THE PROJECT:

- The purpose of the project is to improve access to life sustaining dialysis services to the residents of the Calumet City community where the April 22, 2015 Inventory of Health Care Facilities and Services and Need Determinations show a **need** for 18 additional dialysis stations in Health Service Area (HSA) 7 through 2015.

SUMMARY:

- The State Board has projected a calculated **need for 18 stations** in the HSA VII ESRD Planning Area. The facility will be located in a medically underserved area. Average utilization of the 41 facilities within the 30 minute area (adjusted) is approximately 74.5%. The State Board Staff believes there is demand for the facility as evidenced by the calculated need for 18 stations and it appears from the documentation submitted the proposed facility will serve the residents of the HSA VII ESRD Planning Area. In addition it appears the proposed facility will improve access as the proposed location has been determined to be in a medically underserved area. The applicants are projecting 92 pre-ESRD patients will require outpatient dialysis services within 2 years after project completion resulting in a utilization of over 80%.

PUBLIC HEARING/COMMENT

- A public hearing was offered, no hearing was requested and no letters of support or opposition were received by the State Board Staff.

CONCLUSION:

- The applicants have addressed a total of 21 criteria and have met them all.

STATE BOARD STAFF REPORT
Project #15-020
Calumet Dialysis Facility

APPLICATION SUMMARY/CHRONOLOGY	
Applicants(s)	DaVita HealthCare Partners Inc and Total Renal Care, Inc.
Facility Name	Calumet Dialysis Facility
Location	1200 Sibley Boulevard, Calumet City, Illinois
Permit Holder	Total Renal Care, Inc.
Operating Entity	Total Renal Care, Inc.
Owner of Site	National Shopping Plazas, Inc.
Application Received	April 22, 2015
Application Deemed Complete	April 23, 2015
Review Period Ends	June 23, 2015
Review Period Extended by the State Board Staff?	No
Can the applicants request a deferral?	Yes

I. Project Description

The applicants (DaVita Healthcare Partners, Inc. and Total Renal Care Inc.) are proposing the establishment of a 16 station ESRD facility in 7,500 GSF of leased space in Calumet City, Illinois at a cost of approximately \$4,118,967. The anticipated project complete date is June 30, 2017.

II. Summary of Findings

- A. The State Board Staff finds the proposed project appears 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 Total Renal Care Inc. DaVita Healthcare Partners, Inc. currently operates over 2,179 dialysis centers throughout the United States. 88 of these facilities are in Illinois. Total Renal Care Inc. is a subsidiary of DaVita HealthCare Partners, Inc. Total Renal Care Inc. is a Delaware Corporation licensed to conduct business in the State of Illinois and is currently in good standing with the State of Illinois. The operating entity is Total Renal Care Inc. Inc. and the owner of the site is National Shopping Plazas, Inc. The facility will be located at 1200 Sibley Boulevard, Calumet City, Illinois in the HSA VII ESRD planning area. This is a substantive project and is subject to a Part 1110 and 1120 review. Project obligation will occur after permit issuance.

IV. Health Service Area VII ESRD Planning Area

The HSA VII ESRD Planning area includes Dupage and Suburban Cook Counties. There are 68 ESRD facilities and 1,266 ESRD stations in this planning area. Average utilization in the HSA VII ESRD Planning Area is approximately 67%.

V. Project Details

The applicants (DaVita Healthcare Partners, Inc. and Total Renal Care Inc.) are proposing the establishment of a 16 station ESRD facility in 7,500 GSF of leased space in Calumet City, Illinois at a cost of approximately \$4,118,967. Estimated start-up costs and operating deficit cost is \$ 1,529,798. The anticipated project complete date is June 30, 2017.

VI. Project Costs and Sources of Funds

The applicants are funding this with \$2,103,942 and a lease with a FMV of \$2,015,025.

Uses of Funds	Total
New Construction Contracts	\$1,232,500
Contingencies	\$110,000
Architectural & Engineering Fees	\$97,500
Consulting and Other Fees	\$75,000
Movable or Other Equipment	\$588,942
FMV of Leased Space	\$2,015,025
Total	\$4,118,967
Sources of Funds	
Cash	\$2,103,942
FMV of Leased Space	\$2,015,025
Total	\$4,118,967

VII. Section 1110.230 - Purpose of Project, Safety Net Impact Statement and Alternatives

A) Criterion 1110.230 (a) - Purpose of the Project

The applicants stated: *“The purpose of the project is to improve access to life sustaining dialysis services to the residents of the Calumet City community where the April 22, 2015 Inventory of Health Care Facilities and Services and Need Determinations show a need for 18 additional dialysis stations in Health Service Area (HSA) 7 through 2015. Based upon the ESRD Utilization Data reported to the IDPH for the quarter ending December 31, 2014, the utilization for all existing and approved facilities within the 30-minute adjusted drive time geographic service area ("GSA") is 71.0%. Excluding facilities approved, but not yet operational for 2 years (Tinley Park, FMC New City, and West Side Dialysis), as well as Rush University's*

pediatric dialysis facility, average utilization of existing facilities increases to 74.5%. Importantly, Tinley Park, FMC New City and West Side Dialysis will accommodate distinct patient bases as each facility has a separate primary referring nephrology group. These facilities are projected to become operational by 2016 at the latest and reach target utilization of 80% by 2018, or approximately 1 year after the proposed Calumet City Dialysis becomes operational. Accordingly, these new facilities will not have sufficient capacity to accommodate Calumet City Dialysis' projected patients. Further, Rush University Dialysis is a pediatric dialysis facility and does not accept adult ESRD patients. Accordingly, it is not an option for the projected Calumet City Dialysis patients. Finally, when considering the primary service area for the proposed Calumet City Dialysis (20 minute GSA), the utilization rate increases to 76.2% (or just below the State Board's 80% utilization standard). (It is important to note that there are no approved, but not yet operational facilities, within the 20-minute GSA.) Dr. Lourdes Terrado's practice, within Horizon Healthcare Associates, treated 439 CKD patients in 2014, who reside within approximately 20 minutes of Calumet City. 269 of these patients are at Stage 4 or 5 CKD. 142 of these 269 Stage 4 or 5 CKD patients are presented in support of the establishment of Calumet City Dialysis. See Appendix - 1. Conservatively, based upon attrition due to patient death, transplant, return of function, or relocation, Dr. Terrado anticipates that at least 92 of these patients will initiate dialysis at the proposed facility within 12 to 24 months following project completion. The establishment of a 16-station dialysis facility will improve access to necessary dialysis treatment for those individuals in the Calumet City community who suffer from ESRD. ESRD patients are typically chronically ill individuals and adequate access to dialysis services is essential to their well-being.”

B) Criterion 1110.230 (b) - Safety Net Impact Statement

The applicants stated the following: *“This criterion is required for all substantive and discontinuation projects. 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 2013 Community Care report, which details DaVita's commitment to quality, patient centric focus and community outreach is attached at Attachment - 11A. 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 in 2013. 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 \$204 million 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 of the existing and approved dialysis facility within 30 minutes normal travel time of the Proposed Facility is*

currently 71.0%. Excluding facilities approved, but not yet operational for 2 years (Tinley Park, FMC New City, and West Side Dialysis), as well as Rush University's pediatric dialysis facility average utilization of existing facilities increases to 74.5%. Importantly Tinley Park, FMC New City and West Side Dialysis will accommodate distinct patient bases as each facility has a separate primary referring nephrology group. These facilities are projected to become operational by 2016 at the latest and reach target utilization of 80% by 2018, or approximately 1 year after the proposed Calumet City Dialysis becomes operational. Accordingly, these new facilities will not have sufficient capacity to accommodate Calumet City Dialysis' projected patients. Further, Rush University Dialysis is a pediatric dialysis facility and does not accept adult ESRD patients. Accordingly, it is not an option for the projected Calumet City Dialysis patients. Finally, when considering the primary service area for the proposed Calumet City Dialysis (20 minute GSA), the utilization rate increases to 76.2% (or just below the State Board's 80% utilization standard). Dr. Terrado has identified 439 patients from her practice who are suffering from Stage 3, 4, or 5 CKD, who all reside within an approximate 20 minute commute of the proposed facility. At least 92 of these patients will be referred to the Proposed Facility within 12 to 24 months. This represents a 95.8% utilization rate, which exceeds the State's 80% standard. As such, the proposed facility is necessary to allow existing facilities to operate at their optimum capacity while at the same time accommodating the growing demand for dialysis services. Accordingly, the proposed dialysis facility will not impact other general health care providers' ability to cross-subsidize safety net services.”

TABLE TWO			
Safety Net Impact Statement			
Illinois DaVita Dialysis Facilities			
	2012	2013	2014
Net Revenue	\$228,403,979	\$244,115,132	\$266,319,949
Charity Patients #	152	187	146
Charity Costs	\$1,199,657	\$2,175,940	\$2,477,363
Charity Costs/Net Revenue	0.53%	0.89%	0.93%
Medicaid Patients #	651	679	708
Medicaid Revenue	\$11,387,229	\$10,371,416	\$8,603,971
Medicaid Revenue/Net Revenue	4.99%	4.25%	3.23%

C) Criterion 1110.230 (c) - Alternatives to the Proposed Project

The applicants considered one alternative to the propose project utilizing existing facilities in the service areas. This was rejected because of the average utilization of the existing facilities of 74.5% and the number of pre ESRD patients (269 patients) currently being seen by the referring physician. There is no capital cost with this alternative.

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

A) Criterion 1110.234 (a) - Size of Project

The proposed 16 station facility will be located in 7,500 GSF of space or 469 GSF of space per station. This is within the State Board Standard of 450-650 GSF per station.

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

B) Criterion 1110.234 (b) - Project Services Utilization

The referring physician is currently treating 439 CKD patients that reside within approximately 20 minutes of the proposed facility, and whose condition is advancing to ESRD. 269 of these CKD patients are at Stage 4 or 5 CKD. 142 of these 269 Stage 4 or 5 CKD patients are presented in support of the establishment of Calumet City Dialysis. Based upon attrition due to patient death, transplant, return of function, or relocation, it is estimated that 92 of these 142 patients will initiate dialysis within 12 to 24 months following project completion. If these referrals materialize the applicants will be at the 80% target occupancy by the second year after project completion.

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

C) Criterion 1110.234 (e) Assurances

The applicants have provided the necessary assurance that they will meet the State Board Standard of 80% utilization by the second year after project completion.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (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 attested that there have been no adverse actions against the applicants in the past three years and that the State Board and the Illinois Department of Public Health can access any and all documents to verify information in this application for permit. The applicants are in compliance with of Illinois Executive Order #2005-5 the site of the proposed dialysis facility is located outside of a flood plain. The applicants are in compliance with the Illinois State Agency Historic Resources Preservation Act (20 ILCS 3420, as there are no significant historic, architectural or archaeological resources are located within the proposed project area.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH BACKGROUND OF THE APPLICANTS (77 IAC 1110.1430 (b) (1) (3))

B) Criterion 1110.1430 (c) - Planning Area Need

The State Board has projected a calculated need for 18 ESRD stations in the HSA VII ESRD Planning Area. The referring physician has identified 439 patients who are suffering from Stage 3, 4 or 5 CKD who all reside within an approximate 20 minute commute of the proposed facility. 269 of these patients are at Stage 4 or 5 CKD. 142 of these 269 Stage 4 or 5 CKD patients are expected to be referred to the new facility. The referring physician estimates that 92 of these 142 patients will need dialysis within the next 12 to 24 months. Further, the proposed facility will be located in a medically underserved area as determined by the U.S. Department of Health and Human Services Health Resources and Services Administration.

The State Board Staff believes there is demand for the facility as evidenced by the calculated need for 18 stations and the proposed facility will serve the residents of the HSA VII ESRD Planning Area. In addition it appears the proposed facility will improve access as the proposed location has been determined to be in a medically underserved area.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH BACKGROUND OF THE APPLICANTS (77 IAC 1110.1430 (c))

C) Criterion 1110.1430 (d) - Unnecessary Duplication/Maldistribution

There are 45 facilities within 30 minutes (adjusted) of the proposed facility. Of these 45 facilities three have not been operational for two years and one (Rush University Medical Center) is a pediatric dialysis facility and does not provide service to adult patients. Average utilization of the 41 facilities is 74.45%. The ratio of stations to population in the geographic service area is 1 station per every 1,537 individual. The State of Illinois ratio is 1 station per every 3,079 individuals. There appears to be sufficient population to utilize the proposed 16 station facility at the State Board's target occupancy of 80%. Because no patients are being referred from other dialysis facilities it does not appear the proposed facility will impact other facilities in the planning area. Further the patient population for this project was not used to support any other facilities approved by the State Board within this ESRD planning area.

The State Board Staff does not believe an unnecessary duplication or a maldistribution of service will result with the establishment of this facility because there is a calculate need in the planning area, the population identified by the applicants has not been used to justify any other projects and the location of the proposed facility is in a medically underserved area.

TABLE THREE
Facilities within 30 minutes (adjusted) of proposed facility

Facility	City	Adjusted Time	Stations	Utilization	Met Standard
South Holland Renal Center	South Holland	8.05	20	88.60%	Yes
FMC South Holland	South Holland	8.05	19	98.33%	Yes
FMC Roseland	Chicago	12.65	12	98.61%	Yes
Community Dialysis of Harvey	Harvey	13.8	18	62.04%	No
Stony Island Dialysis	Chicago	14.95	32	73.96%	No
Markham Renal Center	Markham	16.1	24	69.44%	No
FMC Chatham	Chicago	16.1	16	72.92%	No
FMC Blue Island	Blue Island	16.1	24	88.19%	Yes
FMC South Deering	Chicago	17.25	20	36.67%	No
Greenwood Dialysis	Chicago	17.25	28	79.76%	No
Chicago Heights Dialysis	Chicago Heights	18.4	16	73.96%	No
FMC Neomedica South	Chicago	18.4	36	75.93%	No
Fresenius Medical Care Steger	Steger	19.55	12	59.26%	No
Jackson Park Dialysis	Chicago	19.55	24	75.00%	No
Fresenius Medical Care Hazel Crest	Hazel Crest	19.55	16	83.33%	Yes
FMC Garfield	Chicago	20.7	22	75.00%	No
FMC South Shore	Chicago	20.7	16	75.00%	No
Grand Crossing Dialysis	Chicago	20.7	12	94.44%	Yes
Fresenius Medical Care Oak Forest	Oak Forest	21.85	12	38.89%	No
Woodlawn Dialysis	Chicago	21.85	32	65.10%	No
Hazel Crest Renal Center	Hazel Crest	21.85	19	86.46%	Yes
FMC Ross Englewood	Chicago	21.85	16	91.67%	Yes
Direct Dialysis	Crestwood	23	9	59.26%	No
Alsip Dialysis Center	Alsip	23	20	65.83%	No
Dialysis Center of America Crestwood	Crestwood	23	24	66.67%	No
FMC Merionnette Park	Merrionette Park	23	24	66.67%	No
Emerald Dialysis	Chicago	23	24	81.25%	Yes
FMC Evergreen Park	Evergreen Park	23	30	93.33%	Yes
Mount Greenwood Dialysis	Chicago	24.15	16	89.58%	Yes
Olympia Fields Dialysis Center	Matteson	25.3	24	63.19%	No
Kenwood Dialysis	Chicago	25.3	32	65.10%	No
Fresenius Medical Care Mokena	Mokena	25.3	12	76.39%	No
Dialysis Ctr of America Olympia Fields	Olympia Fields	25.3	27	88.89%	Yes
FMC Bridgeport	Chicago	25.3	27	88.89%	Yes
FMC Prairie	Chicago	26.45	24	70.14%	No
FMC Polk Street	Chicago	27.6	24	49.31%	No
Loop Renal Center	Chicago	27.6	28	51.79%	No
Beverly Dialysis	Chicago	27.6	14	98.81%	Yes
Stroger	Chicago	28.75	9	57.41%	No
FMC Marquette Park	Chicago	28.75	16	89.58%	Yes
Circle Medical Management	Chicago	29.9	27	67.90%	No
Total Stations/Average Utilization			857	74.45%	
DaVita Tinley Park	Tinley Park	24.15	12	0.00%	No

TABLE THREE					
Facilities within 30 minutes (adjusted) of proposed facility					
Facility	City	Adjusted Time	Stations	Utilization	Met Standard
FMC New City	Chicago	26.45	16	0.00%	No
Rush University Medical Center	Chicago	28.75	5	33.33%	No
Davita West Side Dialysis	Chicago	29.9	12	11.10%	No
Total Stations/Average Utilization			902	68.82%	
<ul style="list-style-type: none"> • Time determined by MapQuest and adjusted per 1100.510 (d) • Utilization as of March 31, 2015 as furnished by the facilities. 					

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH UNNECESSARY DUPLICATION OF SERVICE.MALDISTRIBUTION (77 IAC 1110.1430 (d))

D) Criterion 1110.1430 (f) - Staffing

The State Board relies upon the Medicare Certification for the appropriate staffing at the proposed facility. The facility will be certified for Medicare Certification once completed.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING (77 IAC 1110.1430 (f))

E) Criterion 1110.1430 (g) - Support Services

The proposed facility will supply all needed support services required by CMS which may consist of clinical laboratory services, blood bank, nutrition, rehabilitation, psychiatric services, and social services; and patients, either directly or through other area DaVita facilities, will have access to training for self care dialysis, self-care instruction, and home hemodialysis and peritoneal dialysis.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SUPPORT SERVICES (77 IAC 1110.1430 (g))

F) Criterion 1110.1430 (h) - Minimum Number of Stations

The applicants are proposing a 16 station facility to be located in the Chicago-Joliet-Naperville Metropolitan Statistical Area which meets the State Board requirements of 8 stations in an MSA.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION MINIMUM NUMBER OF STATIONS (77 IAC 1110.1430 (h))

G) Criterion 1110.1430 (i) - Continuity of Care

The applicants have an agreement with Advocate South Suburban Hospital for inpatient care and other hospital services.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION CONTINUITY OF CARE (77 IAC 1110.1430 (i))

H) Criterion 1110.1430 (k) - Assurances

The applicants have provided the necessary attestation as required by the State Board.

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

X. FINANCIAL

A) Criterion 1120.140 (a) - Availability of Funds

The applicants are funding this project with \$2,103,942 in cash and securities and a lease with a FMV of \$2,015,025. A review of the applicants' audited financial statements indicates sufficient resources are available to fund the project.

TABLE FOUR		
DaVita Healthcare Partners, Inc (Dollars in thousands)		
	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 AVAILABILITY OF FUNDS (77 IAC 1120.120)

B) Criterion 1110.130 (b) - Financial Viability

The applicants have qualified for the financial waiver which allows an applicant that is funding the project from internal sources to forgo providing historical financial ratios for the past three years and the first year after project completion. The applicants are funding this project from internal sources.

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

XI. ECONOMIC FEASIBILITY

A) Criterion 1110.140 (a) - Reasonableness of Financing Arrangements

B) Criterion 1110.140 (b) - Terms of Debt Financing

The applicants are funding this project with cash of \$2,103,942 and a lease with a FMV of \$2,015,025. The lease is for 15 years at \$28 square foot increasing by 2% per year, with 3 five year options for renewal. The lease appears reasonable when compared to previously approved projects.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 IAC 1140 (a), 77 IAC 1140.140 (b))

C) Criterion 1110.140 (c) - Reasonableness of Project Costs

New construction and contingency costs are \$1,342,500 or \$179 per GSF. This appears reasonable when compared to the State Board Standard of \$262.22 per GSF.

Contingency costs are \$110,000 and are 8.92% of new construction contracts. This appears reasonable when compared to the State Board Standard of 10%.

Architectural and Engineering Fees are \$97,500 and are 7.26% of new construction and contingency contracts. This appears reasonable when compared to the State Board Standard of 6.53-9.81%

Consulting and Other Fees total \$75,000. The State Board does not have a standard for these costs.

Movable or Other Equipment (Not in Construction Contracts) costs total \$588,942 or \$50,601 per station and include the following costs. The State Board standard is \$52,119 per station.

TABLE FIVE	
Moveable and Other Equipment	
Communications	\$98,500
Water Treatment	\$134,375
Bio-medical Equipment	\$10,885
Clinical Equipment	\$244,920
Clinical Furniture/Fixtures	\$23,495
Lounge Furniture/Fixtures	\$3,265
Storage Furniture/Fixtures	\$7,037
Business Office Fixtures	\$23,465
General Furniture/Fixtures	\$29,000
Signage	\$14,000
Total Moveable and Other Equipment	\$588,942

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

D) Criterion 1110.140 (d) - Projected Operating Costs

The projected operating cost per treatment is \$197.88. This appears reasonable when compared to previously approved projects.

Operating Expenses	\$2,839,943
Treatments	14,352
Cost per Treatment	\$197.88

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION PROJECTED OPERATING COSTS (77 IAC 1120.140 (d))

E) Criterion 1110.140 (e) - Projected Capital Costs

The projected capital cost per treatment is \$14.90. This appears reasonable when compared to previously approved projects.

Depreciation	\$205,647
Amortization	<u>\$8,155</u>
Total Capital Costs	\$213,802

Treatments 14,352
Capital Costs per Treatment \$14.90

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

15-020 Calumet City Dialysis

