



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM: A-01	BOARD MEETING: April 17, 2018	PROJECT NUMBER: 15-054
PERMIT HOLDERS(S): Total Renal Care, Inc. DaVita, Inc.		
FACILITY NAME and LOCATION: DaVita Washington Heights Dialysis, Chicago		

STATE BOARD STAFF REPORT
PERMIT RENEWAL REQUEST

I. Background

On February 16, 2016, the State Board approved Project #15-054. The permit authorized the establishment of a 16-station End Stage Renal Dialysis (ESRD) facility in the Washington Heights neighborhood of Chicago, Illinois. The State Agency notes the project is obligated, and the current project completion date is March 31, 2018. Project cost: \$3,899,637.

State Board Staff notes the permit holders submitted this permit renewal request on February 14, 2018. This submittal was in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee accompanied the renewal request.

II. Findings

State Board Staff notes this is the second renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of September 30, 2018. This would extend the project's completion date by six months, from March 31, 2018 to September 30, 2018.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project was obligated in May 2016, the construction phase is 100% complete, and the Certificate of Occupancy granted on May 5, 2017. The following project components remain:
- Medicare Certification Inspection (approximately 4-6 months)
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the project has proceeded according to schedule. However, excessive delays in the certification inspection process made it necessary to request a permit renewal.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate approximately \$3,874,706 (97.5% of the total project cost), has been expended to date and can attest to the existence of sufficient financial resources to complete the project.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the approved permit amount of \$3,899,637.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 16-station ESRD facility in the Washington Heights neighborhood of Chicago. Project cost: \$3,899,637.

Permit Issuance Date: February 16, 2016

Project Obligation Date: May 19, 2016

Original Project Completion Date: September 30, 2017

Proposed Project Completion Date: March 31, 2018
(6-month renewal request/1st renewal)

Proposed Project Completion Date: September 30, 2018
(6-Month renewal request/2nd renewal)

V. Applicable Rules for Permit Renewal Requests

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.230(h)(5) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny or refer the request to the HFSRB for action. If staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

VI. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal.

FEDERAL EXPRESS

Ms. Kathryn J. Olson
Chair
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Permit Renewal Request – Washington Heights Dialysis (Proj. No. 15-054)

Dear Ms. Olson:

I am writing on behalf of DaVita Inc. and Total Renal Care Inc. (collectively, “DaVita”) to request a six month extension of the completion date for Project No. 15-054 (Washington Heights Dialysis). On February 16, 2016, the Illinois Health Facilities and Services Review Board (“HFSRB”) approved DaVita’s certificate of need application for the establishment of Washington Heights Dialysis (the “Project”). While construction is complete and the facility had its first treatment on November 15, 2017, based on recent experience, DaVita anticipates it may take an additional six months for Medicare certification of the facility. Accordingly, DaVita respectfully requests a six month renewal of the Project permit and a new project completion date of September 30, 2018.

1. Requested Project Completion Date

DaVita requests the HFSRB grant a six month renewal of the Project permit and establish September 30, 2018 as the new project completion date.

2. Status of the Project

The Project was obligated on May 19, 2016, through the execution of a lease to establish the dialysis facility. The interior build out was started on January 10, 2017 and is complete. The Certificate of Occupancy was received on May 5, 2017 and the facility had its first treatment on November 15, 2017. DaVita is presently awaiting Medicare certification and, based on recent experience, anticipates it may take an additional six months for Medicare certification of the facility. Therefore, to allow sufficient time to complete the Project, DaVita requests a six month renewal of the Project permit.

To date, DaVita has expended \$3,874,706 on the Project.

3. **Statement Regarding Completion of the Project**

Construction is complete and the facility treated its first patient on November 15, 2017. To ensure adequate time to allow for Medicare survey and certification, DaVita respectfully requests a six month renewal of the Project permit.

4. **Confirmatory Evidence of Project Compliance**

I hereby certify, pursuant to 77 Ill. Admin. Code §1130.740, DaVita's compliance with the scope and costs of the project approved by the HFSRB pursuant to Project Permit #15-054.

Based on the above information, which is provided to the HFSRB in compliance with Section 1130.740 of the Illinois Administrative Code, DaVita formally requests a six month renewal of its permit for Project #15-054 and a new project completion date of September 30, 2018.

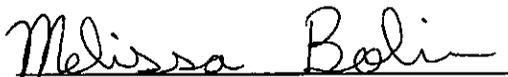
If you need any additional information or have any questions regarding the status of the project, please feel free to contact me.

Sincerely,



Gaurav Bhattacharyya
Division Vice President
DaVita Inc.

SUBSCRIBED AND SWORN
to before me this 13 day of
February, 2018



My commission expires: 08/15/19



cc: Dawn Thomas, DaVita Inc.
Michael Constantino, HFSRB
Anne Cooper, Polsinelli PC