



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-02	BOARD MEETING: January 24, 2017	PROJECT NO: 16-036	PROJECT COST: Original: \$5,124,260
FACILITY NAME: DaVita Springfield Dialysis		CITY: Springfield	
TYPE OF PROJECT: Substantive			HSA: III

PROJECT DESCRIPTION: The applicants (DaVita, Inc and DVA Renal Healthcare, Inc.) are proposing to discontinue and existing 21-station End Stage Renal Dialysis facility in Springfield, and establish a 21-station replacement ESRD facility in Springfield, Illinois. The cost of the project is \$5,124,260, and the completion date is March 31, 2019.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The applicants (DaVita, Inc. and DVA Renal Healthcare Inc.) are proposing to discontinue an existing 21-station ESRD facility in Springfield, and establish a 21-station replacement facility approximately one-half mile away, in the same city. The cost of the project is \$5,124,260, and the project completion date is March 31, 2019.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes to discontinue and establish a health care facility as defined at 20 ILCS 3960/3.

PURPOSE OF THE PROJECT:

- The applicants note the lease for the existing facility (932 North Rutledge), will expire on December 31, 2019 and the landlord, Memorial Health System plans to repurpose the facility for its internal business needs. The proposed replacement facility is needed to meet the existing and future demand for dialysis services in the area. The replacement facility will be new construction, and will be plumbed for 24 stations to accommodate future growth. The 79 patients currently using the Rutledge street facility are expected to transfer to the North Grand location, and Dr. Ashraf Tamizuddin, Medical Director for Springfield dialysis projects that an additional 31 of his 49 Stage 4/5 chronic kidney disease patients are expected to dialyze at the proposed facility, after project completion.

PUBLIC HEARING/COMMENT:

- No public hearing was requested. No support or opposition letters were received were received by the State Board Staff.

SUMMARY:

- There is a projected excess of (29) station in the HSA III ESRD Planning Area by CY 2018. However, the proposed project will not contribute to the overage, but simply relocate 21 ESRD stations to a modern facility. The patient base (79 patients) that uses the Rutledge street facility will likely transfer to the North Grand replacement facility, and an additional 31 pre-ESRD patients under the care of Dr. Tamizuddin, are expected to receive treatment at the new facility as well. Based on these assertions, sufficient need exists to re-establish this 21-station ESRD facility

CONCLUSIONS:

- **The applicants addressed twenty one (21) criteria and have met them all.**

**STATE BOARD STAFF REPORT
DaVita Springfield Central Dialysis
PROJECT #16-036**

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	DaVita, Inc. DVA Renal Healthcare, Inc.
Facility Name	Springfield Central Dialysis
Location	600 North Grand Avenue West, Springfield
Application Received	September 6, 2016
Application Deemed Complete	September 7, 2016
Review Period Ends	January 5, 2017
Permit Holder	DVA Renal Healthcare Inc.
Operating Entity	DVA Renal Healthcare, Inc.
Owner of the Site	Palestra Real Estate Partners, Inc.
Project Financial Commitment Date	January 24, 2019
Gross Square Footage	9,092 GSF
Project Completion Date	March 31, 2019
Expedited Review	No
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

I. The Proposed Project

The applicants (DaVita, Inc., and DVA Renal Healthcare, Inc.) are proposing to discontinue an existing 21-station End Stage Renal Dialysis (ESRD) facility in Springfield, and establish a 21-station replacement facility in the same city. The cost of the project is \$5,124,260, and the completion date is March 31, 2019.

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, Inc. and DVA Renal Healthcare, Inc. As of December 31, 2015, DaVita, Inc. operated or provided administrative services to a total of 2,251 U.S. outpatient dialysis centers. DVA Renal Healthcare, Inc. is a Tennessee Corporation licensed to conduct business in the State of Illinois and is currently in good standing with the State of Illinois. DVA Renal Healthcare, Inc. is also the operating entity, and the owner of the site is Palestra Real Estate Partners, Inc. The proposed facility will be located at 600 North Grand Avenue West, Springfield, Illinois in the HSA III ESRD Planning Area.

HSA III ESRD Planning Area consists of the following Illinois counties: Adams, Brown, Calhoun, Cass, DeWitt, Douglas, Edgar, Ford, Iroquois, Livingston, Macon, McLean, Moultrie, Piatt, Shelby, and Vermillion. There is a current calculated excess of twenty nine (29) ESRD stations in this planning area, per the December 2016 Revised Bed/Station Need Determination. This is a substantive project subject to an 1110 and 1120 review. Obligation of the project will occur after permit issuance.

Table One below outlines the current DaVita Projects approved by the State Board and not yet completed.

TABLE ONE			
Current DaVita Projects			
Project Number	Name	Project Type	Completion Date
14-042	Tinley Park Dialysis	Establishment	4/30/2017
15-004	Machesney Park Dialysis	Establishment	04/30/2017
15-003	Vermillion County Dialysis	Establishment	04/30/2017
15-020	Calumet City Dialysis	Establishment	07/31/2017
15-025	South Holland Dialysis	Discontinuation/Establishment	10/31/2017
15-032	Morris Dialysis	Discontinuation/Establishment	04/30/2017
15-033	Lincoln Park Dialysis	Discontinuation/Establishment	04/30/2017
15-035	Montgomery Dialysis	Establishment	04/30/2017
15-048	Park Manor Dialysis	Establishment	02/28/2018
15-049	Huntley Dialysis	Establishment	02/28/2018
15-052	Sauget Dialysis	Expansion	08/31/2017
15-054	Washington Heights Dialysis	Establishment	09/30/2017
16-004	O'Fallon Dialysis	Establishment	9/30/2017
16-015	Forest City Dialysis	Establishment	6/30/2018
16-016	Jerseyville Dialysis	Add One Station	6/30/2017
16-020	Collinsville Dialysis	Establishment	11/30/2017
16-023	Irving Park Dialysis	Establishment	8/31/2018
16-033	Brighton Park Dialysis	Establishment	10/31/2018

IV. Project Costs

The applicants are funding this project with cash and securities in the amount of \$2,855,764 and the fair market value of leased space and equipment of \$2,268,496. There is no estimated start-up cost or operating deficit. All reported project costs are classified as clinical.

TABLE TWO			
Project Costs and Sources of Funds			
USE OF FUNDS	Reviewable	Non Reviewable	Total
New Construction Contracts	\$1,695,116	\$0	\$1,695,116
Contingencies	\$110,000	\$0	\$110,000
Architectural/Engineering Fees	\$139,104	\$0	\$139,104
Consulting & Other Fees	\$109,500	\$0	\$109,500
Movable or Other Equipment (not in construction contracts)	\$802,044	\$0	\$802,044
Fair Market Value of Leased Space & Equipment	\$2,268,496	\$0	\$2,268,496
TOTAL USES OF FUNDS	\$5,124,260	\$0	\$5,124,260
SOURCE OF FUNDS	Reviewable	Non Reviewable	Total
Cash and Securities	\$2,855,764	\$0	\$2,855,764
Leases (fair market value) ⁽¹⁾	\$2,268,496	\$0	\$2,268,496
TOTAL SOURCES	\$5,124,260	\$0	\$5,124,260
<i>1. Building will be new construction built by the landlord, and rented by the applicants</i> <i>Source: Page 6 of the Application for Permit.</i>			

V. Discontinuation

A) Criterion 1110.110(a) – Discontinuation

To demonstrate compliance with this criterion the applicants must document

- 1) *the reasons for the discontinuation*
- 2) *impact on access in the planning area*

The applicants (DaVita, Inc., and DVA Renal Healthcare, Inc.), propose to discontinue operations at Springfield Central Dialysis, 932 North Rutledge, Springfield, and establish operations in a newly built facility, approximately one-half mile away. The current 21-station facility is housed in a building owned by Memorial Health System, who plans to repurpose the building for internal business services, after the current lease expires on December 31, 2019. The applicants will vacate the premises and proposes to establish a 21-station replacement facility, at 600 North Grand Avenue, Springfield. The applicants attest that all patients and medical records will transfer to the replacement facility upon project completion, and the Rutledge street building will return to Memorial Health System.

The proposed project is not a discontinuation entirely, as the applicants propose to establish a replacement facility within the same service area/zip code. There will be no impact on patient access.

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION DISCONTINUATION (77 IAC 1110.110(a))

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

A) Criterion 1110.230(a) Purpose of the Project

The applicants note the lease for the existing facility (932 North Rutledge), will expire on December 31, 2019 and the landlord, Memorial Health System plans to repurpose the facility for its internal business needs. The proposed replacement facility is needed to meet the existing and future demand for dialysis services in the area. The replacement facility will be new construction, and will be plumbed for 24 stations to accommodate future growth. The 79 patients currently using the Rutledge street facility are expected to transfer to the North Grand location, and Dr. Ashraf Tamizuddin, Medical Director for Springfield dialysis projects that an additional 31 of his 49 Stage 4/5 CKD patients are expected to dialyze at the proposed facility, after project completion.

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 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 2015 Community Care report, which details DaVita's commitment to quality, patient centric focus and community outreach, is included as part of Applicant's application for Project #16-023 . As referenced in the report, DaVita led the industry in quality, with twice as many Four-and-Five-Star centers than other major dialysis providers. The proposed facility will not impact the ability of other healthcare providers or healthcare systems to cross subsidize safety net services. Importantly, this is the relocation of an existing 21-station dialysis facility. No stations will be added as part of this relocation, and only patients of the existing facility will transfer to the replacement facility. Dr. Tamizuddin's medical practice is treating 493 Stage 3, 4, or 5 CKD patients who reside within 30 minutes of the proposed replacement facility. Importantly, 115 of these patients live in the proposed replacement facility's zip code of 62702."

TABLE THREE ⁽¹⁾			
SAFETY NET INFORMATION			
DaVita Facilities in Illinois			
	2013	2014	2015
Net Revenue	\$228,115,132	\$266,319,949	\$311,351,089
CHARITY			
Charity (# of self-pay patients)	187	146	109
Charity (self-pay) Cost	\$2,175,940	\$2,477,363	\$2,791,566
% of Charity Care to Net Rev.	0.9%	0.9%	0.8%
MEDICAID			
Medicaid (Patients)	679	708	422
Medicaid (Revenue)	\$10,371,416	\$8,603,971	\$7,381,390
% of Medicaid to Net Revenue	4.5%	3.2%	2.3%
<i>1. Source: Pages 168-169 of the Application for Permit.</i>			

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

The applicants considered the following four (4) alternatives to the proposed project.

1. Do Nothing
2. Renovate Existing Facility
3. Utilizing Existing Facility
4. Relocate Springfield Dialysis

Do Nothing/Renovate Existing Facility/Utilize Existing Facility

The applicants rejected the above mentioned options, because the building's landlord, Palestra Real Estate Partners, Inc. will not be renewing the lease after its expiration on December 31, 2019. Instead, the landlord intends to return the building to ownership of Memorial Health System, to be repurposed for services specific with its health system. Therefore, these three options are inapplicable. (*Application, p. 84*)

Relocate Springfield Central Dialysis

The applicants determined this was the only viable option to pursue, if access was to dialysis care was to be maintained in HSA-03, and the service area. The proposed replacement facility will be located approximately one half mile away from the existing ESRD facility, and all existing patients will be transferred to the new facility upon project completion. **Cost of option chosen: \$5,124,260.** (*Application, p. 85*)

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

A) Criterion 1110.234(a) - Size of Project

The applicants are proposing to construct 9,092 GSF of clinical space for twenty one (21) stations or 433 GSF per station. The State Board standard is 450-650 BGSF per station. (See Application for Permit page 86)

B) Criterion 1110.234 (b) – Projected Utilization

The Medical Director and referring physician for Springfield Central Dialysis (Dr. Ashraf Tamizuddin) has identified 493 pre-ESRD patients from his practice who live within a 30-minute commute, and 115 who reside within the same zip code (62702), of the proposed facility. Of these patients, Dr. Tamizuddin conservatively estimates 31 will require dialysis services within the next 12 to 24 months. These patients, combined with the 79 patients currently being served at the existing facility, will result in utilization surpassing the 80th percentile. (See Application for Permit page 171)

110 patients x 156 treatment per year = 17,160 treatments
21 stations x 936 treatments per stations per year = 19,656 treatments
17,160 treatments/19,656 treatments = 87.3% utilization

C) Criterion 1110.234 (e) – Assurances

The applicants provided the necessary assurance that they will be at target occupancy within two years after project completion. . (See Application for Permit page 139)

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF PROJECT, PROJECTED UTILIZATION, ASSURANCES (77 IAC 1110.234(a), (b) and (c))

VIII. Section 1110.1430 - In-Center Hemo-dialysis Projects

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

To address this criterion the applicants must provide a list of all facilities currently owned in the State of Illinois and an attestation documenting that no adverse actions have been taken against the applicants by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities and Services Review Board; and authorization to the State Board and Agency to access information in order to verify any documentation or information submitted in response to the requirements of the application for permit.

The applicants provided sufficient background information, including a list of facilities and the necessary attestations as required by the State Board at pages 63-78 of the application for permit. The State Board Staff concludes the applicants have met this criterion.

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

B) Criterion 1110.1430(c) - Planning Area Need
The applicant shall document the following:

- 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/Service Restrictions
-
- 1) The proposed facility will be located in the HSA III ESRD Planning Area. There is calculated excess of twenty-nine (29) ESRD stations in this planning area by CY 2018, per the December 2016 ESRD Inventory Update.
 - 2) The applicants note the service area for the proposed facility is the same as the service area for the existing Rutledge Street facility. The proposed facility will continue to serve the patients under the care of Dr. Ashraf Tamizuddin, M.D., which includes 79 existing patients as well as 31 pre-ESRD patients expected to require dialysis services within two years after project completion. It is noted that all of the projected referral patients reside in the same zip code (62702), as the replacement facility.
 - 3) Dr. Ashraf Tamizuddin, the referring physician, identified 79 patients currently treated at the Rutledge Street facility and another 49 Stage 4 and 5 CKD patients from the same area. Of these 49 patients, there are 31 patients expected to begin dialysis at the North Grand replacement facility in the first two years of operation. Pages 173-174 of the application contains zip code origins of historical and projected patient referrals from the Springfield area.
 - 5) The proposed replacement facility (North Grand) is needed to maintain access to life-sustaining dialysis patients in Springfield. The relocation of the 21 station facility is necessary to ensure the continued provision of dialysis services in a modernized, updated environment. The applicants' further note the newly constructed facility will be plumbed to accommodate 24 stations, in anticipation of future service need. However, only 21 stations will be established and no additional stations will be introduced to the existing excess of stations in HSA-03.

Although there appears to be excess stations and underutilized facilities in the service area, the proposed project will only introduce modernized stations in a new facility, and not contribute to the current excess of stations in HSA-03. A positive finding results for this criterion.

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

C) Criterion 1110.1430(d)(1), (2) and (3) - Unnecessary Duplication/Mal-distribution/ Impact on Other Facilities

- 1) The applicant shall document that the project will not result in an unnecessary duplication.
- 2) The applicant shall document that the project will not result in maldistribution of services.
- 3) The applicant shall document that, within 24 months after project completion, the proposed project will not lower the utilization of other area providers below the occupancy standards specified in 77 Ill. Adm. Code 1100 and will not lower, to a further extent, the utilization of other area providers that are currently (during the latest 12-month period) operating below the occupancy standards.

The ratio of ESRD stations to population in the geographical service area (GSA) of Springfield Central Dialysis is 1 station per 2,622 residents according to the 2010 census. The State ratio is 1 station per 2,911 residents (based on US Census projections for 2015 and the June 2016 Board Station Inventory). While there appears to be underutilized facilities in the service area, (see Table 4), the proposed project will not introduce additional stations to the service area, but instead replace 21 existing stations with 21 modernized stations in a newly constructed facility.

Table Four shows that there are underutilized facilities in the service area. None of the 5 identified facilities are operating at or in excess of the 80th percentile. Despite the underutilized facilities in the planning area, it does not appear that the proposed facility will have an impact on other facilities because the proposed 21-station facility will replace 21 aged stations located in building with an expiring lease. The applicants note that all 79 patients at the Rutledge Street facility, and the additional 31 pre-ESRD patient under the care of Dr. Tazimuddin, will transfer to the replacement facility upon project completion. This will not create maldistribution of service or result in a negative impact on existing providers.

TABLE FOUR						
Facilities within thirty (30) minutes of the proposed facility and utilization						
Facility	City	Time ⁽¹⁾	Stations	Medicare Star Rating	Utilization ⁽²⁾	Met Standard?
DaVita Springfield Central#	Springfield	0	21	4	64.2%	No
Memorial Medical Center^	Springfield	2.3	6	N/A	2.78%	No
Fresenius Lincolnland Dialysis Center	Springfield	8	16	3	75%	Yes
DaVita Springfield South*	Springfield	10.3	12	5	56.9%	No
DaVita Springfield Montvale	Springfield	11.5	17	3	65.6%	No
Total Stations/Average Utilization			72		65.4%>	
*Recently approved, in 2-year ramp-up #Applicant Facility ^Inpatient Acute Dialysis Facility, Inpatient Access Only >Average Utilization Minus Memorial Medical Center						

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION UNNECESSARY DUPLICATION OF SERVICE/MADISTRIBUTION/IMPACT ON OTHER FACILITIES (77 IAC 1110.1430(d) (1), (2) and (3))

- E) Criterion 1110.1430 (f) - Staffing**
- F) Criterion 1110.1430 (g) - Support Services**
- G) Criterion 1110.1430 (h) - Minimum Number of Stations**
- H) Criterion 1110.1430 (i) - Continuity of Care**
- I) Criterion 1110.1430 (j) – Relocation of Facilities**
- J) Criterion 1110.1430 (k) – Assurances**

The proposed facility will be certified by Medicare if approved. Therefore, appropriate staffing is required for certification. Support services including nutritional counseling, psychiatric/social services, home/self training, and clinical laboratory services will be provided at the proposed facility. The following services will be provided via referral to Memorial Medical Center, Springfield: blood bank services, rehabilitation services and psychiatric services. The applicants are proposing twenty one (21) stations and the minimum number of stations in an MSA is eight (8) stations. Continuity of care will be provided at Memorial Medical Center, Springfield as stipulated in the agreement provided in the application for permit. Additionally, the proposed 21-station facility will be a replacement facility established approximately one-half of a mile from the existing 21-station facility. The 79 existing patients, as well as 31 additional referral patients will be served by this facility, after project completion. Lastly, the appropriate assurances have been provided by the applicants asserting the proposed facility will be at the target occupancy of eighty percent (80%) two years after project completion and that the proposed facility will meet the adequacy outcomes stipulated by the State Board. *(See Application for Permit Pages 98-139)*

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING, SUPPORT SERVICES, MINIMUM NUMBER OF STATIONS, CONTINUITY OF CARE, AND ASSURANCES (77 IAC 1110.1430(f), (g), (h), (i), (j) and (k))

VIII. FINANCIAL VIABILITY

- A) Criterion 1120.120 – Availability of Funds**
- B) Criterion 1120.130 – Financial Viability**

The applicants are funding this project with cash and securities in the amount of \$2,855,764 and the fair market value of leased space and equipment of \$2,268,496. A review of the 2015 audited financial statements indicates there is sufficient cash to fund the project. Because the project will be funded with cash no viability ratios need to be provided. Table Six below outlines DaVita Inc. Credit Rating.

TABLE FIVE
DaVita, Inc.
(Dollars in thousands)
31-Dec-15

	2015	2014	2013
Cash	\$1,499,116	\$965,241	\$946,249
Current Assets	\$4,503,280	\$3,876,797	\$2,472,278
Current Liabilities	\$2,399,138	\$2,088,652	\$2,462,049
LTD	\$9,001,308	\$8,383,280	\$8,141,231
Net Patient Service Revenue	\$9,052,419	\$8,501,454	\$8,013,649
Total Revenue	\$13,781,837	\$12,795,106	\$11,764,050
Operating Expenses	\$12,611,142	\$10,979,965	\$10,213,916
Net Income	\$427,410	\$723,114	\$633,446

Source: DaVita, Inc. 2015 10K

TABLE SIX
DaVita, Inc.
Credit Rating

	Standard & Poor's	Moody's	Fitch ⁽¹⁾
Corporate credit rating	BB	Ba3	
Outlook	stable	stable	
Secured debt	BB	Ba1	
Unsecured debt	B+	B1	

Source: The Applicant

1. DaVita is not followed by Fitch

IX. ECONOMIC FEASIBILITY

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

The applicants provided a copy of a lease of 9,092 GSF rentable contiguous square feet with an initial lease term of fifteen (15) years with three (3) five (5) year renewal options. The lease rate per gross square foot is \$27.06. The applicants have attested that the entering into of a lease (borrowing) is less costly than the liquidation of existing investments which would be required for the applicant to buy the property and build a structure itself to house a dialysis clinic. Further, should the applicant be required to pay off the lease in full, its existing investments and capital retained could be converted to cash or used to retire the outstanding lease obligations within a sixty (60) day period. The expenses incurred with leasing the proposed facility and cost of leasing the equipment is less costly than constructing a new facility or purchasing new equipment. (*See Application for Permit pages 142-163*)

C) **Criterion 1120.140 (c) – Reasonableness of Project Costs**

Only Clinical Costs are reviewed in this criterion.

New Construction and Contingencies Costs are \$1,805,116 or \$198.53 per GSF for 9,092 GSF. This appears reasonable when compared to the State Board Standard of \$278.19 per GSF, when projecting 2018 as the mid-point of construction.

Contingencies – These costs total \$110,000, and are 6.4% of the construction costs identified for this project. This is in compliance with the State standard of 10-15%.

Architectural Fees are \$139,104 and are 7.7% of new construction and contingencies. This appears reasonable when compared to the State Board Standard of 7.08% to 10.62%.

Movable or Other Equipment – These costs are \$802,044 or \$38,192 per station (12 stations). 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 are \$2,268,496. The State Board does not have a standard for these costs.

D) Criterion 1120.140 (d) - Direct Operating Costs

The applicants are estimating \$183.09 per treatment in direct operating costs. This appears reasonable when compared to previously approved projects of this type.

Operating Expenses:	\$3,141,842
Treatments:	17,160
Cost Per Treatment:	\$183.09

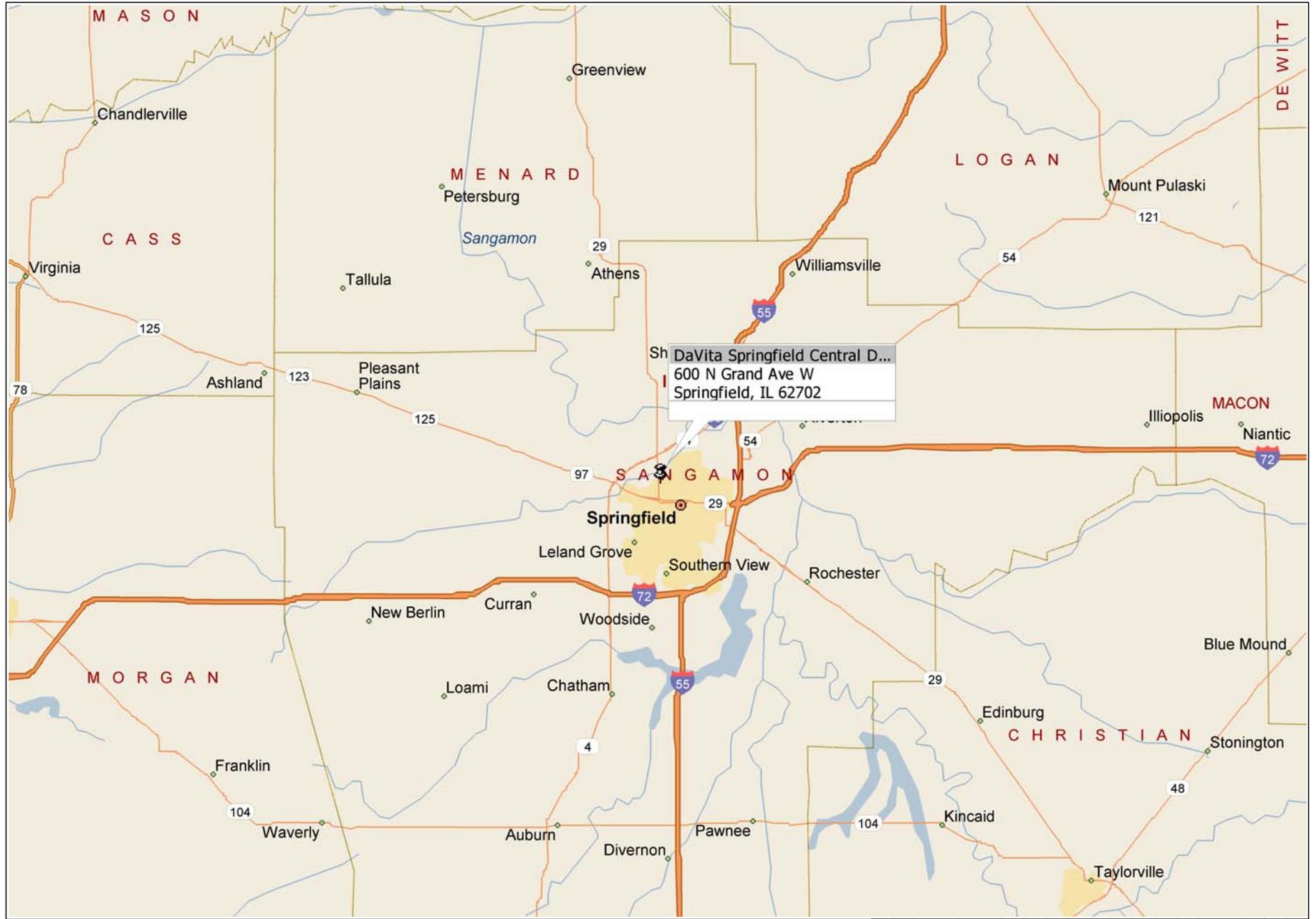
E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs

The applicants are estimating \$16.60 in capital costs. This appears reasonable when compared to previously approved projects of this type.

Depreciation	\$273,146
Amortization	\$11,685
Total Capital Costs:	\$284,831
Treatments:	17,160
Capital Cost per Treatment	\$16.60

THE STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION AVAILABILITY OF FUNDS, FINANCIAL VIABILITY, REASONABLENESS OF FINANCING ARRANGEMENTS TERMS OF DEBT FINANCING, REASONABLENESS OF PROJECT COSTS, DIRECT OPERATING COSTS, AND TOTAL EFFECT OF THE PROJECT ON CAPITAL COSTS (77 IAC 1120.120, 130, 140(a), (b), (c), (d) and (e))

16-036 DaVita Springfield Central Dialysis - Springfield



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