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:	BOARD MEETING:	PROJECT NUMBER:
A-02	August 6, 2019	17-049
PERMIT HOLDERS(S): DaVita, Inc. Total Renal Care, Inc.		
FACILITY NAME and LOCATION: Northgrove Dialysis, Highland		

STATE BOARD STAFF REPORT
PERMIT RENEWAL REQUEST

I. Background

On April 17, 2018, the State Board approved Project #17-049. The permit authorized the establishment of a 12-station End Stage Renal Dialysis (ESRD) facility in Highland, Illinois. The State Board Staff notes the project is obligated, and the current project completion date is July 31, 2019. Project cost: $3,028,696.

State Board Staff notes the permit holders submitted the permit renewal request on June 12, 2019. 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 first 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 February 29, 2020. This would extend the project's completion date by seven months, from July 31, 2019 to February 29, 2020.

B. Status of the Project and Components Yet to be Finished: The permit holders state the construction phase of the project is nearing completion, with the first patient being treated in 3rd quarter 2019, and Medicare certification to occur in the following six months. The following project components remain:

- Begin Treating Patients
- Medicare Certification.

C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the project has proceeded with due diligence. The permit holders are requesting the additional time to allow for the Medicare certification process, which in relation to previous projects, has taken 6 months.

D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate approximately $2,518,589 (83.1% 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 $3,028,696.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 12-station ESRD facility in Highland, Illinois. Project cost: $3,028,696.

Permit Issuance Date:	April 17, 2018
Project Obligation Date:	May 16, 2019
Original Project Completion Date:	July 31, 2019
Proposed Project Completion Date: (7-month renewal request)	February 29, 2020

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.

RECEIVED
JUN 12 2019
HEALTH FACILITIES &
SERVICES REVIEW BOARD

May 21, 2019

FEDERAL EXPRESS

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

Re: Permit Renewal Request – Northgrove Dialysis (Proj. No. 17-049)

Dear Ms. Avery:

I am writing on behalf of DaVita Inc. and Total Renal Care, Inc. (collectively, the "Permit Holders") to request a 7 month extension of the completion date for Project No. 17-049 (Northgrove Dialysis). On April 17, 2018, the Illinois Health Facilities and Services Review Board ("HFSRB") approved the Permit Holders' certificate of need application for the establishment of a 12 station dialysis clinic to be located at 2491 Industrial Drive, Highland, Illinois (the "Project"). Construction is nearly complete, and first treatment is expected for the third quarter of 2019. Based upon recent experience, the Permit Holders anticipate Medicare certification may take an additional six months after first treatment. Accordingly, the Permit Holders respectfully request a seven month renewal of the Project permit and a new project completion date of February 29, 2020.

1. <u>Requested Project Completion Date</u>

The Permit Holders request the HFSRB grant a seven month renewal of the Project permit and establish February 29, 2020 as the new project completion date.

2. <u>Status of the Project</u>

Construction is nearly complete, and first treatment is expected for the third quarter of 2019. Based upon recent experience, the Permit Holders anticipate Medicare certification may take an additional six months after first treatment. Therefore, to allow sufficient time to complete the Project, the Permit Holders requests a seven month renewal of the Project permit.

To date, the Permit Holders have expended $2,518,589 on the Project.

3. Statement Regarding Completion of the Project

Construction is nearly complete, and first treatment is expected for the third quarter of 2019. Based upon recent experience, the Permit Holders anticipate Medicare certification may take an additional six months after first treatment. To allow sufficient time to complete the Project, the Permit Holders requests a seven month renewal of the Project permit.

4. Confirmatory Evidence of Project Compliance

I hereby certify, pursuant to 77 Ill. Admin. Code §1130.740, Permit Holders' compliance with the scope and costs of the project approved by the HFSRB pursuant to Project Permit #17-049.

Based on the above information, which is provided to the HFSRB in compliance with Section 1130.740 of the Illinois Administrative Code, the Permit Holders formally request a seven month renewal of its permit for Project #17-049 and a new project completion date of February 29, 2020.

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

Sincerely,

Mary J. Anderson

Mary J. Anderson
Division Vice President
DaVita Inc.

Subscribed and sworn to me
This 11th day of JUNE, 2019

Diane Lucia
Notary Public

DIANE E. LUCIA
Official Seal
Notary Public-State of Illinois
My Commission Expires April 1, 2021