



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-07	BOARD MEETING: January 15, 2019	PROJECT NO: 18-046	PROJECT COST:
FACILITY NAME: Fresenius Medical Care Cicero		CITY: Cicero	Original: \$46,000
TYPE OF PROJECT: Non-Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Cicero, LLC d/b/a Fresenius Medical Care Cicero) propose to add 2-stations at an existing 18-station ESRD facility at cost of \$46,000. The anticipated project completion date is December 31, 2019.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Cicero, LLC d/b/a Fresenius Medical Care Cicero) propose to add 2-stations at an existing 18-station ESRD facility at cost of \$46,000. The anticipated project completion date is December 31, 2019.
- This facility was approved as Permit #11-096 in April of 2012 for the establishment of a 16-station facility. In August of 2018 the Applicants added 2-stations for a total of 18 stations under the lesser of 10% of total station capacity or 3-station rule. Ten percent (10%) of 16 is 1.6 stations or 2 stations. An ESRD facility can add stations under this rule every two years. The Applicants could not apply to add 2 stations under this rule until August of 2020. [77 ILAC 1130.140 – Substantially Changes the Scope or Changes the Functional Operation of the Facility]

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The proposed project is before the State Board because the proposed project is a substantial change in scope of the facility.

PURPOSE OF THE PROJECT:

- The Applicants stated: *“The purpose of this project is to maintain life-sustaining dialysis services in the Federally Designated Medically Underserved Area/Population of Cicero in the most cost-effective way, by adding 2 ESRD stations in existing space at the CMS 5-star rated Fresenius Cicero facility. As of September 2018, the facility was operating at 88% utilization with 18 stations and 95 patients. The result of the expansion will be a 20-station ESRD facility.*

PUBLIC HEARING/COMMENT:

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

SUMMARY:

- For projects to add stations to an existing facility the calculated bed need or excess is not considered (Planning Area Need). Additionally the utilization of other area facilities is not taken into consideration (Unnecessary Duplication/Mal-distribution).
- Applicants adding stations to an existing facility have to provide documentation that the additional stations will be used to provide service to planning area residents and that there is sufficient demand to justify the additional stations. As stated above, the Applicants were approved for a 16-station facility in April of 2012 and have added two stations in August of 2018 for a total of 18 stations. The 18-station facility is currently operating at 88% utilization (September 2018). The Applicants have identified 58 pre-ESRD patients (demand) that will require dialysis within two years and the Applicants expect to be at 98% utilization by 2021. Over 50% of the dialysis patients currently reside in the HSA VII ESRD Planning Area (service to planning area residents).
- The Applicants have successfully addressed all 18 criteria.

STATE BOARD STAFF REPORT

Project #18-046

Fresenius Medicare Care Cicero

APPLICATION/ CHRONOLOGY/SUMMARY	
Applicants(s)	Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Cicero, LLC d/b/a Fresenius Medical Care Cicero
Facility Name	Fresenius Medical Care Cicero
Location	3000 S. Cicero Avenue, Cicero, Illinois
Permit Holder	Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Cicero, LLC d/b/a Fresenius Medical Care Cicero
Operating Entity/Licensee	Fresenius Medical Care Cicero, LLC d/b/a Fresenius Medical Care Cicero
Owner of Site	MR Cicero Plaza, LLC
Proposed Gross Square Feet	800 GSF Addition
Application Received	November 29, 2018
Application Deemed Complete	November 30, 2018
Financial Commitment Date	December 31, 2019
Anticipated Completion Date	December 31, 2019
Review Period Ends	January 29, 2019
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes

I. Project Description

The Applicants (Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Cicero, LLC d/b/a Fresenius Medical Care Cicero) propose to add 2-stations at an existing 18-station ESRD facility at cost of \$46,000. The anticipated project completion date is December 31, 2019.

II. Summary of Findings

- A. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1110.
- B. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1120.

III. General Information

The Applicants are Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Cicero, LLC d/b/a Fresenius Medical Care Cicero. **Fresenius Medical Care Holdings, Inc.**, operating as Fresenius Medical Care North America or FMCNA, operates a network of some 2,100 dialysis clinics located throughout the continent. One of the largest providers of kidney dialysis services, FMCNA offers outpatient and in-home hemodialysis

treatments for chronic kidney disease. The company's operating units also market and sell dialysis machines and related equipment and provide renal research, laboratory, and patient support services. FMCNA oversees the North American operations of dialysis giant Fresenius Medical Care AG & Co.

Fresenius Medical Care Ventures, LLC has a 51% membership interest in Fresenius Medical Care Cicero, LLC. Cronos Partners, LLC has a 49% membership interest in Fresenius Medical Care Cicero, LLC.

This is a non-substantive project subject to a Part 1110 and Part 1120 review. Financial commitment will occur after permit issuance.

IV. Project Uses and Sources of Funds

The Applicants are funding this project with cash in the amount of \$16,000 and the Fair Market Value of Lease Space of \$30,000. Anticipated start-up costs and operating deficit is \$297,165.

**TABLE ONE
Project Uses and Sources Of Funds**

Uses of Funds	Reviewable	Total
Modernization Contract	\$5,000	\$5,000
Movable or Other Equipment (not in construction contracts)	\$11,000	\$11,000
Fair Market Value of Leased Space or Equipment	\$30,000	\$30,000
Total Uses of Funds	\$46,000	\$46,000
Sources of Funds		
Cash and Securities	\$16,000	\$16,000
Leases (fair market value)	\$30,000	\$30,000
Total Sources of Funds	\$46,000	\$46,000

V. Background of the Applicants, Purpose of the Project, Safety Net Impact, Alternatives

A) Criterion 1110.110(a) - Background of the 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 actions¹ have been taken against any applicant’s facility 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 or a certified listing of adverse action taken against any applicant’s facility; and authorization to the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of the application for permit.

¹ “Adverse action is defined as a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations.” (77 IAC 1130.140)

1. A listing of Fresenius Medical Care Clinics in Illinois has been provided at pages 36-37 of the Application for Permit.
2. The Applicants provided the necessary attestation that no adverse action has been taken against any facility owned or operated by the Applicants and authorization allowing the State Board and IDPH access to all information to verify information in the application for permit. [Application for Permit pages 38-39]
3. This is an operating ESRD facility located at 3000 S. Cicero Avenue, Cicero, Illinois. Proof of ownership of the building can be found at pages 23-28 of Application for Permit #11-096. Organizational relationships can be found at pages 29 of the Application for Permit.
4. A Certificate of Good Standing has been provided as required for Fresenius Medical Care Cicero, LLC, as a foreign entity with permission to transact business in the State of Illinois. An Illinois Certificate of Good Standing is evidence that an Illinois business franchise (i.e. Illinois Corporation, LLC or LP) is in existence, is authorized to transact business in the state of Illinois, and complies with all state of Illinois business requirements and therefore is in "Good Standing" in the State of Illinois. [Application for Permit page 26]
5. The Applicants provided evidence that they were in compliance with Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.* [Addressed as part of the Application for Permit #11-096]
6. The proposed location of the facility is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State owned historic resources* (20 ILCS 3420/1). [[Addressed as part of the Application for Permit #11-096]]

B) Criterion 1110.110 (b) – Purpose of the Project

To demonstrate compliance with this criterion the Applicants must document that the project will provide health services that improve the health care or well-being of the market area population to be served. The Applicants shall define the planning area or market area, or other area, per the applicant's definition. The Applicants shall address the purpose of the project, i.e., identify the issues or problems that the project is proposing to address or solve. Information to be provided shall include, but is not limited to, identification of existing problems or issues that need to be addressed, as applicable and appropriate for the project.

The Applicants stated:

“The purpose of this project is to maintain life-sustaining dialysis services in the Federally Designated Medically Underserved Area/Population of Cicero in the most cost-effective

way, by adding 2 ESRD stations in existing space at the CMS 5-star rated Fresenius Cicero facility. As of September 2018, the facility was operating at 88% utilization with 18 stations and 95 patients. The result of the expansion will be a 20-station ESRD facility.” [See Application for Permit page 40]

C) Criterion 1110.110 (c) Safety Net Impact

All health care facilities, with the exception of skilled and intermediate long term care facilities licensed under the Nursing Home Care Act, shall provide a safety net impact statement, which shall be filed with an application for a substantive project (see Section 1110.40). Safety net services are the services provided by health care providers or organizations that deliver health care services to persons with barriers to mainstream health care due to lack of insurance, inability to pay, special needs, ethnic or cultural characteristics, or geographic isolation. [20 ILCS 3960/5.4]

This is a non-substantive project. The Applicants provided the charity care information as required.

TABLE TWO
Safety Net Information ⁽¹⁾

Year	2015	2016	2018
#Charity Care/Self Pay Patients	195	233	280
Net Patient Revenue	\$438,247,352	\$449,611,441	\$460,678,799
Amount of Charity Care/Self Pay	\$3,204,986	\$3,269,127	\$4,552,654
Cost of Charity Care/Self Pay	\$3,204,986	\$3,269,127	\$4,552,654
% of Charity Care to Revenue	.74%	.72%	.98%

1. As a for-profit corporation Fresenius does not provide charity care per the Board's definition. Numbers reported are self-pay. Self-pay balances are written off to bad debt. Medicare may reimburse a portion of bad debt as part of cost reporting.

D) Criterion 1110.110 (d) - Alternatives to the Proposed Project

To demonstrate compliance with this criterion the Applicants must document that the proposed project is the most effective or least costly alternative for meeting the health care needs of the population to be served by the project.

The Applicants considered three alternatives to the proposed project

1. A project of greater or lesser scope
2. A joint venture project
3. Utilize other health care facilities in the 10-mile radius.

The Applicants rejected all three alternatives because they did not address the high utilization currently being experienced by the facility. The facility had added two stations under the lesser of 10% or 3 station rule in August of 2018. The facility is currently a joint venture and the other health care facilities in the area, to which physicians supporting this project admit patients, are operating at target occupancy (80% or above) or above.

VI. Project Scope and Size, Utilization and Unfinished/Shell Space

A) Criterion 1110. 120 (a) - Size of Project

To demonstrate compliance with this criterion the Applicants must document that that the physical space proposed for the project is necessary and appropriate. The proposed square footage cannot deviate from the square footage range indicated in Appendix B, or exceed the square footage standard in Appendix B if the standard is a single number, unless square footage can be justified by documenting, as described in subsection (a)(2).

The Applicants are proposing to add two stations in 800 GSF of space or 400 GSF per station. The State Board Standard is 650 GSF per station. The space is appropriately sized.

B) Criterion 1110.120 (b) - Project Services Utilization

To demonstrate compliance with this criterion the Applicants must document that, by the end of the second year of operation, the annual utilization of the clinical service areas or equipment shall meet or exceed the utilization standards specified in Appendix B. The number of years projected shall not exceed the number of historical years documented. All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except where noted in 77 Ill. Adm. Code 1100. [Part 1110 Appendix B]

The Applicants currently have 95 patients dialyzing at the facility and a utilization rate of 88%. Should the State Board approve this project the facility will be at 79% upon installation of the stations. In Year One the Applicants expect to be at 80% and by year two 98% utilization. The Applicants have successfully addressed this criterion.

**TABLE THREE
Estimated Patients and Utilization**

	Patients	Total Treatments	Utilization
20 stations	95	14,820	79.00%
Year One	96	14,976	80.00%
Year Two	118	18,408	98.33%

C) Criterion 1110.120 (e) - Assurances

To document compliance with this criterion the Applicants representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the end of the second year of operation after project completion, the Applicants will meet or exceed the utilization standards specified in Appendix B.

The Applicants provided the necessary attestation at page 59 of the Application for Permit.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT TO BE IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT, PROJECTED UTILIZATION, ASSURANCES (77 ILAC 1110.120(a), (b) & (e))

VII. Addition of Stations

A) Criterion 1110.235 (b)(2) & (4) - Planning Area Need

2) Service to Planning Area Residents

A) Applicants proposing to establish or add stations shall document that the primary purpose of the project will be to provide necessary health care to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.

B) Applicants proposing to add stations to an existing in-center hemodialysis service shall provide patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected patient volume will be from residents of the area.

Fresenius Medical Care Cicero is in the HSA VII ESRD Planning Area. The Applicants have identified 58 pre-ESRD patients that will require dialysis within two years of the addition of the 2-stations. Forty-five of these patients reside in HSA VII and 13 patients reside in HSA VI. Of the 95 patients currently dialyzing at the facility 59 patients reside in HSA VII and 36 reside in HSA VI. Over 50% of the facility's volume is coming from the HSA VII Planning Area.

4) Service Demand – Expansion of In-Center Hemodialysis Service

The number of stations to be added for each category of service is necessary to reduce the facility's experienced high utilization and to meet a projected demand for service. The applicant shall document subsection (b) (4) (A) and either (b) (4) (B) or (C):

A) Historical Service Demand

i) An average annual utilization rate that has equaled or exceeded utilization standards for in-center hemodialysis service, as specified in 77 Ill. Adm. Code 1100, for each of the latest 2 years.

The Fresenius Medical Care Cicero 18-station dialysis facility, located in a Medically Underserved Area/Population, has been operating at an average utilization rate of 82% for the past 12 months and 74% over the past two years. The clinic is currently at 88% utilization as of September 2018 with 95 patients.

- ii) If patients have been referred to other facilities in order to receive the subject service, the applicant shall provide documentation of the referrals, including: patient origin by zip code; name and specialty of referring physician; and name and location of the recipient facility, for each of the latest 2 years.

A physician referral letter signed by Matthew Andersen, M.D. and notarized has been provided that meets the requirements of the State Board. The letter states *“that NANI nephrologists in this area were treating 136 in-center hemodialysis patients at the end of 2015, 265 at the end of 2016, 264 at the end of 2017, and 294 as of September 2018. In the most recent 12-month period we referred 81 new ESRD patients for dialysis services to Fresenius Cicero, Berwyn, Midway, Summit and Oak Park. We currently are seeing 960 pre-ESRD patients in various stages that reside in the zip codes immediately surrounding the Cicero facility. Of these I expect approximately 58 patients be referred to Fresenius Medical Care Cicero in the first two months after operation of the new stations.”*

The referral letter included patient origin for NANI physicians by zip code, and the name of the recipient facility for each of the latest two years. The Applicants have met the requirements of this criterion.

BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.235 (b) (2) (4))

B) Criterion 1110.235 (e) - Staffing

The applicant shall document that relevant clinical and professional staffing needs for the proposed project were considered and that licensure and The Joint Commission staffing requirements can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

Fresenius Medical Care Cicero is an "open" unit with regards to medical staff and will continue to be. Any Board Licensed nephrologist may apply for privileges at the Cicero facility, just as they currently are able to at all Fresenius Kidney Care facilities.

Dr. Matthew Andersen is the Medical Director for Fresenius Medical Care Cicero and will continue to be the Medical Director. His curriculum vitae has been included in the Application for Permit at pages 56-57 of the Application for Permit. The Cicero facility currently employs the following staff:

- Clinic Manager who is a Registered Nurse
- 4 Registered Nurses
- 13 Patient Care Technicians
- Full-time Registered Dietitian
- Full-time Licensed Master Level Social Worker
- Full-time Equipment Technician
- Full-time Secretary

Two additional patient care technicians and one registered nurse will be hired after the 2-station expansion. All patient care staff and licensed/registered professionals will meet the State of Illinois requirements. Any additional staff hired must also meet these requirements along with completing a 9-week orientation training program through the Fresenius Medical Care staff education department. Annually all clinical staff must complete OSHA training, Compliance training, CPR Certification, Skills Competency, CVC Competency, Water Quality training and pass the Competency Exam. The above staffing model is required to maintain a 4 to 1 patient-staff ratio on the treatment floor; A RN will always be on duty when the facility is in operation.

BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING (77 ILAC 1110.235 (e))

C) Criterion 1110.235 (f) - Support Services

An applicant proposing to establish an in-center hemodialysis category of service must submit a certification from an authorized representative that attests to each of the following:

- 1) Participation in a dialysis data system;
- 2) Availability of support services consisting of clinical laboratory service, blood bank, nutrition, rehabilitation, psychiatric and social services; and
- 3) Provision of training for self-care dialysis, self-care instruction, home and home-assisted dialysis, and home training provided at the proposed facility, or the existence of a signed, written agreement for provision of these services with another facility.

The appropriate attestation has been provided as required at page 58 of the Application for Permit.

BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SUPPORT SERVICES (77 ILAC 1110.235 (f))

D) Criterion 1110.235 (j) - Assurances

The applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that:

- 1) By the second year of operation after the project completion, the applicant will achieve and maintain the utilization standards specified in 77 Ill. Adm. Code 1100 for each category of service involved in the proposal; and
- 2) An applicant proposing to expand or relocate in-center hemodialysis stations will achieve and maintain compliance with the following adequacy of hemodialysis outcome measures for the latest 12-month period for which data are available:
≥ 85% of hemodialysis patient population achieves urea reduction ratio (URR) ≥ 65% and ≥ 85% of hemodialysis patient population achieves Kt/V Daugirdas II 1.2.

The appropriate attestation has been provided at page 59 of the Application for Permit.

BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.235 (j))

IX. 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 of \$16,000 and the fair market value of leased space totaling \$30,000. A review of the 2014/2015/2016 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.²

TABLE THREE
FMC Holdings Inc. Audited Financial Statements
(Dollars in Thousands 000)
December 31st

	2014	2015	2016	2017
Cash & Investments	\$195,280	\$249,300	\$357,899	\$569,818
Current Assets	\$4,027,091	\$4,823,714	\$5,208,339	\$4,519,571
Total Assets	\$18,489,619	\$19,332,539	\$20,135,661	\$19,822,127
Current Liabilities	\$2,058,123	\$2,586,607	\$2,799,192	\$2,900,783
Long Term Debt	\$2,669,500	\$2,170,018	\$2,085,331	\$1,755,960
Total Liabilities	\$9,029,351	\$9,188,251	\$9,602,364	\$9,279,633
Total Revenues	\$10,373,232	\$11,691,408	\$12,806,949	\$13,919,204
Expenses	\$9,186,489	\$10,419,012	\$11,185,474	\$12,003,776
Income Before Tax	\$1,186,743	\$1,272,396	\$1,621,175	\$1,915,428
Income Tax	\$399,108	\$389,050	\$490,932	\$407,606
<i>Net Income</i>	\$787,635	\$883,346	\$1,130,243	\$1,507,822

Source: 2014/2015/2016/2017 Audited Financial Statements

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA AVAILABILITY OF FUNDS AND FINANCIAL VIABILITY (77 ILAC 1120.120 & 77 ILAC 1120.130)

² Financial Viability Waiver

The applicant is NOT required to submit financial viability ratios if:

- 1) all project capital expenditures, including capital expended through a lease, are completely funded through internal resources (cash, securities or received pledges); or
HFSRB NOTE: Documentation of internal resources availability shall be available as of the date the application is deemed complete.
- 2) the applicant's current debt financing or projected debt financing is insured or anticipated to be insured by Municipal Bond Insurance Association Inc. (MBIA) or its equivalent; or
HFSRB NOTE: MBIA Inc. is a holding company whose subsidiaries provide financial guarantee insurance for municipal bonds and structured financial projects. MBIA coverage is used to promote credit enhancement as MBIA would pay the debt (both principal and interest) in case of the bond issuer's default.
- 3) the applicant provides a third-party surety bond or performance bond letter of credit from an A rated guarantor (insurance company, bank or investing firm) guaranteeing project completion within the approved financial and project criteria.

X. ECONOMIC FEASIBILITY

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

The Applicants attested that entering into a lease (borrowing) is less costly than liquidating existing investments which would be required for the Applicants to buy the property and build a structure itself to house a dialysis clinic. The project will be funded with cash and leasing arrangements; and 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 63-66).

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING ARRANGEMENTS AND TERMS OF DEBT FINANCING (77 ILAC 1120.140 (a) & 77 ILAC 1120.140 (b))

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

Only Reviewable Costs are reviewed in this criterion. The Applicants are in compliance with the Standards in Part 1120 Appendix A.

Modernization Costs are \$5,000 or \$6.25 GSF [$\$5,000/800 \text{ GSF} = \6.25 per GSF], and appears reasonable when compared to the State Board Standard of \$200.71.

Movable Equipment is \$11,000 or \$5,500 per Station [$\$11,000/2 \text{ stations} = \$5,500 \text{ per station}$]. This is reasonable when compared to the State Board Standard of \$55,293.

State Board Standard for Modernization and the Cost per Station							
Year	2015	2016	2017	2018	2019	2020	2021
Modernization & Contingency Costs	\$178.33	\$183.68	\$189.19	\$194.87	\$200.71	\$206.73	\$212.94
Cost Per Station	\$49,127	\$50,601	\$52,119	\$53,683	\$55,293	\$56,952	\$58,661

Fair Market Value of Leased Space is \$30,000. The State Board does not have a standard for this facility.

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

- D) Criterion 1120.140(d) - Direct Operating Costs**

The Applicants shall provide the projected direct annual operating costs (in current dollars per equivalent patient day or unit of service) for the first full fiscal year at target utilization

but no more than two years following project completion. Direct costs means the fully allocated costs of salaries, benefits and supplies for the service.

The Applicants are estimating \$231.83 per treatment in direct operating costs. The State Board does not have a standard for this cost.

Estimated Personnel Expense:	\$1,436,814
Estimated Medical Supplies:	\$450,867
Estimated Other Supplies (Exc. Dep/Amort):	\$1,938,834
Total	\$3,826,515
Estimated Annual Treatments:	17,784
Direct Cost Per Treatment:	\$215.17

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION DIRECT OPERATING COSTS (77 ILAC 1120.140 (d))

E) Criterion 1120.140 (e) - Total Effect of the Project on Capital Costs
 The Applicants shall provide the total projected annual capital costs (in current dollars per equivalent patient day) for the first full fiscal year at target utilization but no more than two years following project completion.

The Applicants are estimating \$12.06 in capital costs. The State Board does not have a standard for this cost.

Depreciation/Amortization:	\$192,176
Interest	\$0
Capital Costs:	\$192,176
Treatments:	17,784
Capital Cost per Treatment:	\$10.81

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION TOTAL EFFECT OF PROJECT ON CAPITAL COSTS (77 ILAC 1120.140 (e))

18-046 Fresenius Medical Care Cicero - Cicero

