



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-04	BOARD MEETING: December 10, 2019	PROJECT NO: 19-040	PROJECT COST:
FACILITY NAME: Fresenius Kidney Care Mount Prospect		CITY: Mount Prospect	Original: \$254,838
TYPE OF PROJECT: Non-Substantive			HSA: VII

PROJECT DESCRIPTION: The Applicants (Fresenius Kidney Care Mount Prospect, LLC and Fresenius Medical Care Holdings, Inc.) propose to add 8 stations to its existing 8-station facility located at 1710 West Golf Road, Mount Prospect, Illinois. The cost of the project is \$254,838. The expected completion date is December 31, 2020.

EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicants (Fresenius Kidney Care Mount Prospect, LLC, and Fresenius Medical Care Holdings, Inc.) propose to add 8- stations to its existing 8-station facility located at 1710 West Golf Road, Mount Prospect, Illinois. The cost of the project is \$254,838. The expected completion date is December 31, 2020.
- The Applicants were approved by the State Board on May 2, 2017 for the establishment of an 8-station facility at a cost of \$2,214,231 via Permit #17-004.
- The purpose of the project is to maintain access to “Transitional Care” dialysis where transitional care patients, or those initiating in-center hemodialysis treatment are required to receive dialysis treatments 4-5 times per week, as opposed to the traditional 3-time-per-week treatment regimen experienced by traditional patients.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project proposes a substantial change in scope of a health care facility as defined at 77 ILAC 1130.140.
- One of the objectives of the Health Facilities Planning Act is *“to assess the financial burden to patients caused by unnecessary health care construction and modification. Evidence-based assessments, projections and decisions will be applied regarding **capacity, quality, value and equity** in the delivery of health care services in Illinois. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process.”* [20 ILCS 3960/2]

PURPOSE OF THE PROJECT:

- The purpose of the project is to maintain patient access to life sustaining dialysis services at Fresenius Kidney Care Mount Prospect, an 8-station ESRD facility located in Mount Prospect, Illinois.

PUBLIC HEARING/COMMENT:

- A public hearing was offered but was not requested. The project file contains no letters of support and no letters of opposition.

SUMMARY:

- To add stations to an existing facility the State Board does not consider the need or excess of the stations in the ESRD Planning Area or the number of existing ESRD facilities and their utilization.
- The State Board requires a facility that is proposing to add stations to be at target utilization or above for the past 24-months and have a sufficient number of pre-ESRD patients that reside in the ESRD Planning Area that will require dialysis within 12-24 months after the additional stations are added.
- The Applicants have identified FKC Mount Prospect as a “Transitional Care” dialysis facility, where 2 of the 8 stations are reserved for new or “transitional” dialysis care patients who require treatment 4 to 5 times per week (as opposed to 3 times per week), on a home dialysis machine, in an effort to educate and familiarize the patient on home dialysis treatments. Although this regimen is more patient-engaged, it is noted that those receiving home dialysis correctly experience improved outcomes, more energy, fewer diet restrictions, and lower mortality rates. The Applicants have addressed a total 18 criteria and appear to have met them all.

STATE BOARD STAFF REPORT
Project #19-040
Fresenius Kidney Care Mount Prospect

APPLICATION/CHRONOLOGY/SUMMARY	
Applicants(s)	Fresenius Medical Care Mount Prospect, LLC, d/b/a Fresenius Kidney Care Mount Prospect Fresenius Medical Care Holdings, Inc.
Facility Name	Fresenius Kidney Care Mount Prospect
Location	1710 West Golf Road, Mount Prospect, Illinois
Permit Holder	Fresenius Medical Mount Prospect, LLC, Fresenius Medical Care Holdings, Inc.
Operating Entity	Fresenius Medical Care Mount Prospect, LLC
Owner of Site	MPC Company, LLC
Description	Addition of 8-ESRD Stations
Total GSF	1,200 GSF
Application Received	August 29, 2019
Application Deemed Complete	August 30, 2019
Review Period Ends	October 29, 2019
Financial Commitment Date	December 10, 2020
Project Completion Date	December 31, 2020
Review Period Extended by the State Board Staff?	No
Can the Applicants request a deferral?	Yes
Expedited Review?	No

I. Project Description

The Applicants (Fresenius Medical Care Mount Prospect, LLC and Fresenius Medical Care Holdings, Inc.) propose to add 8-stations to its existing 8-station facility located at 1710 West Golf Road, Mount Prospect, Illinois. The cost of the project is \$254,838. The expected completion date is December 31, 2020.

II. Summary of Findings

- A. State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1110.
- B. State Board Staff finds the proposed project appears to be in conformance with the provisions of Part 1120.

III. General Information

The Applicants are Fresenius Medical Care Holdings, Inc. and Fresenius Medical Care Mount Prospect, LLC d/b/a Fresenius Kidney Care Mount Prospect. **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 Fresenius Medical Care Holdings, Inc., which oversees National Medical Care Inc.,

and its subsidiary, Fresenius Medical Care Ventures Holding Company, Inc. Fresenius Medical Care Ventures, LLC has a 51% membership interest in Fresenius Medical Care Mount Prospect, LLC. Prospect Partners, LLC has the remaining 49% membership interest in Fresenius Medical Care Mount Prospect, LLC.

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

IV. Project Uses and Sources of Funds

The Applicants are funding the project with cash in the amount of \$70,000 and the FMV of leased space of \$184,838.

TABLE ONE				
Project Uses and Sources of Funds ⁽¹⁾				
Uses of Funds	Reviewable	Non-Reviewable	Total	% of Total
Modernization Contracts	\$30,000	\$0	\$30,000	11.8%
Movable or Other Equipment (not in construction contracts)	\$40,000	\$0	\$40,000	15.7%
Fair Market Value of Leased Space or Equipment	\$184,838	\$0	\$184,838	72.5%
TOTAL USES OF FUNDS	\$254,838	\$0	\$254,838	100.00%
SOURCE OF FUNDS	Reviewable	Non-Reviewable	Total	% of Total
Cash and Securities	\$70,000	\$0	\$70,000	27.5%
Leases (fair market value)	\$184,838	\$0	\$184,838	72.5%
TOTAL SOURCES OF FUNDS	\$254,838	\$0	\$254,838	100.00%
1. Itemization of Project Costs can be found at Page 6 of the Application for Permit				

V. Health Planning Area

The proposed facility will be in the HSA VII ESRD Planning Area. HSA VII includes DuPage and suburban Cook counties. The October 2019 Inventory Update has **projected an excess of one hundred eighteen (118) ESRD stations by CY 2022.**

VI. Background of the Applicants

A) Criterion 1110.110 (a) (1) & (3) – Background of the Applicants

An applicant must demonstrate that it is fit, willing and able, and has the qualifications, background and character to adequately provide a proper standard of health care service for the community. To demonstrate compliance with this criterion the Applicants must provide

- A) A listing of all health care facilities currently owned and/or operated by the applicant in Illinois or elsewhere, including licensing, certification and accreditation identification numbers, as applicable;
- B) A listing of all health care facilities currently owned and/or operated in Illinois, by any corporate officers or directors, LLC members, partners, or owners of at least 5% of the proposed health care facility;
- C) Authorization permitting HFSRB and IDPH access to any documents necessary to verify the information submitted, including, but not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. Failure to provide the authorization shall constitute an abandonment or withdrawal of the application without any further action by HFSRB.
- D) An attestation that the Applicants have had no *adverse action*¹ taken against any facility they own or operate, or a certified listing of any adverse action taken.

1. The Applicants attested that there has been no adverse action taken against Fresenius Medical Care Mount Prospect, LLC or Fresenius Medical Care Holdings, Inc. during the three (3) years prior to filing the application. [Application for Permit pages 39-40]
2. The Applicants have authorized the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to have access to any documents necessary to verify information submitted in connection to the Applicants' certificate of need to add eight ESRD stations. The authorization includes but is not limited to: official records of IDPH or other State agencies; the licensing or certification records of other states, when applicable; and the records of nationally recognized accreditation organizations. [Application for Permit pages 39-40]
3. The site is owned by MPC Company, LLC. This facility is currently operating; therefore, a copy of the lease is not required.
4. This is a modernization project and evidence of compliance with Executive Order #2006-05 and the Illinois State Agency Historic Resources Preservation Act is not required.

¹Adverse 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)

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

The following three (3) criteria are informational; no conclusion on the adequacy of the information submitted.

A) 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 purpose of this project is as stated:

“The purpose of this project is to maintain access to “Transitional Care” dialysis services that provide patient-centric dialysis onboarding for improved health outcomes. A Transitional Care Unit (TCU) is one or more certified ESRD stations within an in-center facility, which are part of the in-center stations, where treatments are performed. Because the Mount Prospect facility operates two transitional stations, which are likely to treat patients 4-5 days a week, instead of 3, it cannot operate at the Board-calculated standard of 80% based on 6 weekly patient shifts. Generally, in-center patients have Monday/Wednesday/Friday or Tuesday/Thursday/Saturday treatment schedules. The 4 or 5 day treatment schedule, for the patients in the TCU stations, overlaps the more commonly-utilized 3-day a week schedule causing clinic utilization to appear lower and thus not meeting the State target of 80%. However, due to these overlapping schedules, the facility is actually close to capacity. Increasing the station availability at the Fresenius Mount Prospect facility will allow more patients to begin their dialysis experience in a way that can provide the best education and outcomes while they adjust to dialysis and decide what modality best fits their individual needs. It is the desire that the patients treating in the TCU will choose home dialysis, and that the conventional in-center patient population will see by example, the benefits of home dialysis and choose to dialyze at home also.” [Application for Permit page 41-42]

B) Criterion 1110.110 (c) - Safety Net Impact Statement

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.

Information regarding the Safety Net Impact Statement was provided as required and can be reviewed at page 115 of the Application for Permit.

TABLE ONE ⁽¹⁾
SAFETY NET INFORMATION
Fresenius Medical Care Facilities in Illinois

	2016	2017	2018
Net Revenue	\$450,657,245	\$461,658,707	\$436,811,409
CHARITY			
Charity (# of self-pay patients)	233	280	294
Charity (self-pay) Cost	\$3,269,127	\$4,598,897	\$5,295,686
% of Charity Care to Net Rev.	.072%	.098%	1.2%
MEDICAID			
Medicaid (Patients)	396	320	328
Medicaid (Revenue)	\$7,310,484	\$4,383,383	\$6,630,014
% of Medicaid to Net Revenue	1.67%	.097%	1.43%

1. Source: Page 115 of the Application for Permit.

2. Charity Care is defined by the State Board as *care provided by a health care facility for which the provider does not expect to receive payment from the patient or a third-party payer.* [20 ILCS 3960/3]. As a for profit entity Fresenius Medical Care does not provide charity care the numbers reported are for self-pay patients.

Note: Medicaid reported numbers are impacted by many patients who switch from Medicaid to Medicaid Risk Insurance (managed care plan) which pays similar to Medicaid. These patients are reported under commercial insurance however, in 2016 of our commercial patients we had 1,230 Medicaid Risk patients with Revenues of \$22,664,352.

C) Criterion 1110.110 (d) - Alternatives to the Project

To demonstrate compliance with this criterion the Applicants must document all alternatives to the proposed project that were considered.

The only applicants considered four alternatives:

1) Do Nothing/Maintain Status Quo

The applicants rejected this alternative, as it would result in the loss of access to Transitional Care promoting home dialysis, and the associated outcomes. No costs were identified with this alternative.

2) Add Fewer Stations/Project of Lesser Scope

The applicants note that existing facility has quickly reached capacity in less than a year, and that two of the eight additional stations will also be slated for transitional care. The applicants feel that any lesser amount of stations will perpetuate the overcrowding situation, resulting in access issues for Fresenius Mount Prospect patients. Price associated with this alternative: \$75,000.

3) Establish a Joint Venture

The applicants note that FMC Mount Prospect is already classified as a joint venture, which is not a determinant of overall project costs, or a determinant to alleviate the high utilization. No project costs were identified with this alternative.

4) Utilize Other Health Care Resources

NANI physicians currently serve as medical directors at facilities in the planning area, and already admit their patients to other facilities. However, transitional care is not available at all clinics, denying these patients the opportunity to experience transitional care and home dialysis as a treatment option. No costs were identified with this alternative.

5) Project as Proposed

The applicants deemed the alternative of adding eight ESRD stations as most acceptable, due to the immediate need to resolve the over-utilization and maintain exposure to transitional care/home dialysis. The option of adding eight stations to the existing eight-station ESRD facility was seen as most effective way to serve a planning area in the best capacity. Cost of this alternative: \$254,838.

VIII. 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 the proposed size of the project is in compliance with Part 1110 Appendix B.

The Applicants are proposing to add 8 ESRD stations, resulting in a 16- station ESRD facility, in 6,000 BGSF of clinical space. The project involves the modernization of 5,400 GSF of existing office space, and the transformation of 600 GSF of additional space, resulting in a 6,000 GSF facility. The proposed facility addition equates to approximately 375 BGSF per station. The State Board standard is 450-650 GSF per station or 10,400 BGSF. The Applicants have successfully addressed this criterion. (See Application for Permit page 46)

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF PROJECT (77 ILAC 1110.120 (a))

B) Criterion 1110.120 (b) – Projected Utilization

To demonstrate compliance with this criterion the Applicants must document that the proposed project will be at the target occupancy of 80% within two years after project completion.

The Applicants supplied data for the additional 8 stations in two formats. The first involves 32 patients using a traditional six-shift schedule. Using these parameters, the Applicant facility has not, and will not achieve the target utilization of 80%. The second format involves a combination of the traditional 6-shift format for 6 of the 8 stations, and the TCU format for the 2 remaining stations. Using this method, the Applicant's facility has a current utilization rate of 82.75% (application, p 47). The Applicants applied the second formula for their projected utilization data and determined that the facility will be operating at 90% capacity by the second year after project completion, with 12 traditional ESRD stations, and 4 TCU stations. The Applicants also supplied a referral letter from Dr. Tina Han, M.D., Medical Director for FKC Mount Prospect, attesting to the referral of 61 Pre-ESRD patients to the facility, in the first two years after project completion. It is anticipated that these newly referred patients will utilize both the 6-shift and TCU dialysis formats, to bring the facility's utilization to 90%. Based on these data, a positive finding has been made.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 ILAC 1110.120 (b))

C) Criterion 1110.120 (e) – Assurances

To demonstrate compliance with this criterion the Applicants must document that the proposed facility will be at target occupancy two years after project completion.

The Applicants provided the necessary assurance that they will be at target occupancy within two years after project completion. (See Application for Permit page 63)

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1110.120(e))

VIII. In-Center Hemo-dialysis Projects

A) **Criterion 1110.230 (b)(2) & (4) - Planning Area Need** **The Applicants must document the following:**

2) **Service to Planning Area Residents**

To demonstrate compliance with this sub-criterion the Applicants must document that the proposed dialysis facility will provide service to the residents of the proposed ESRD Planning Area.

The Applicants note that thirty-one (99%) of the current patients dialyzing at the facility reside in the HSA VII ESRD Planning Area. The applicants also note that all (100%) of the 61 pre-ESRD patients reside within this Planning Area.

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

To demonstrate compliance with this sub-criterion the Applicants must document that 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.

Historical Utilization

Fresenius Kidney Care Mount Prospect was certified for service on September 2018, is currently serving 32 ESRD patients, and is operating at 67% capacity, using the traditional Board standard of 6 weekly treatment shifts. However, FKC Mount Prospect is considered a Transitional Care Unit (TCU), with 2 of its 8-station complement operating a 4-5 times per week schedule, with 4 patients. The Applicants note the 6 stations operating under the standard 6-weekly shift are currently operating at 78%, with 28 patients. The Applicants also note the TCU “method” operates using gentler and more frequent dialysis treatments (4-5 days per week, as opposed to 3), during the ESRD patients initial 30 days of treatment. While the TCU method exposes the patient to home dialysis on an initial basis, it results in decreased facility utilization data, using traditional State utilization standards.

Projected Referrals

The Applicants provided a referral letter from Dr. Tina Han, M.D. from Nephrology Associates of Northern Illinois (NANI), and Medical Director of the Fresenius Kidney Care Mount Prospect dialysis facility. The Applicants stated *“A Transitional Care Unit (TCU) is one or more certified ESRD stations which are part of the facility’s in-center stations, where treatments are performed. For the first 30 days of the initiation of dialysis, patients are more likely to receive treatment 4-5 times a week for approximately 3 hours, rather than the conventional 3 times a week. During this time the patient receives individualized education on end stage renal disease as well as all treatment modalities. The TCU helps patients adjust to dialysis and provides an opportunity to experience how good they can feel with more frequent dialysis treatments. Through this process we encourage patients to choose home dialysis leading to better outcomes.”* [Application for Permit pages 52]

The referral letter also notes the Applicant facility was treating 204 hemodialysis patients as of March 2019, have referred 52 new hemodialysis patients for services in the last 12 months, and between the Palatine and Mount Prospect facilities, have 51 home dialysis patients. There are currently 242 stage 4-5 pre-ESRD patients being served in the in the zip codes surrounding the Mount Prospect facility. Of the patients, the Dr. Han expects 61 to begin dialysis treatments during the first two years after project completion. The Applicants predict that the initial 32 patients, combined with the 61 projected referral patients will result in an operational capacity of 82.75%, using the combination of conventional and TCU dialysis modalities (application, p. 47). Based upon the information provided in the Application for Permit the Applicants have successfully addressed this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION PLANNING AREA NEED (77 ILAC 1110.230 (b)(2) and (4))

- B) Criterion 1110.230 (e) - Staffing**
- C) Criterion 1110.230(f) - Support Services**
- D) Criterion 1110.230 (j) – Assurances**

The 8-station facility is certified by Medicare/Medicaid and if approved the 8-station addition will be certified as well. Tina Han, M.D, is the Medical Director. Support services including nutritional counseling, psychiatric/social services, home/selftraining, and clinical laboratory services will be provided at the proposed facility. The following services will be provided via referral to Northwest Community Hospital; blood bank services, rehabilitation services and psychiatric services. Additionally, 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 60-63)

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA STAFFING, SUPPORT SERVICES, ASSURANCES (77 ILAC 1110.230 (e), (f), and (j))

IX. FINANCIAL VIABILITY

- A) Criterion 1120.120 – Availability of Funds**
- B) Criterion 1120.130 – Financial Viability**
To demonstrate compliance with these two criteria the Applicants must document if the resources are available to fund the proposed project.

The Applicants are funding this project with cash and securities in the amount of \$70,000 and the fair market value of leased equipment totaling \$184,838. A review of the 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 because the Applicants have qualified for the financial viability waiver.

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

	2014	2015	2016	2017	2018
Cash & Investments	\$195,280	\$249,300	\$357,899	\$569,818	\$1,842,592
Current Assets	\$4,027,091	\$4,823,714	\$5,208,339	\$4,519,571	\$2,553,285
Total Assets	\$18,489,619	\$19,332,539	\$20,135,661	\$19,822,127	\$20,666,711
Current Liabilities	\$2,058,123	\$2,586,607	\$2,799,192	\$2,900,783	\$3,280,491
Long Term Debt	\$2,669,500	\$2,170,018	\$2,085,331	\$1,755,960	\$1,243,728
Total Liabilities	\$9,029,351	\$9,188,251	\$9,602,364	\$9,279,633	\$8,492,116
Total Revenues	\$10,373,232	\$11,691,408	\$12,806,949	\$13,919,204	\$13,587,028
Expenses	\$9,186,489	\$10,419,012	\$11,185,474	\$12,003,776	\$11,268,979
Income Before Tax	\$1,186,743	\$1,272,396	\$1,621,175	\$1,915,428	\$2,318,049
Income Tax	\$399,108	\$389,050	\$490,932	\$407,606	\$451,500
<i>Net Income</i>	\$787,635	\$883,346	\$1,130,243	\$1,507,822	\$1,866,549

Source: 2014/2015/2016/2017/2018 Audited Financial Statements

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA AVAILABILITY OF FUNDS FINANCIAL VIABILITY (77 ILAC 1110.140(a) & (b))

X. ECONOMIC FEASIBILITY

A) Criterion 1120.140(a) – Reasonableness of Financing Arrangements

B) Criterion 1120.140(b) – Terms of Debt Financing

To demonstrate compliance with these criteria the Applicants must attest that a lease is less costly and that the terms of the lease are reasonable.

The applicant is paying for the project with cash on hand, and not borrowing any funds for the project. However, per the Board's rules, the entering into a lease is treated as borrowing. As such, the applicant is attesting 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. [Application for Permit pages 111-114]

Based upon the information provided in the Application for Permit; the Applicants have met the requirements of this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF FINANCING TERMS OF DEBT FINANCING (77 ILAC 1110.140(a) & (b))

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

To demonstrate compliance with this criterion the Applicant must document that the costs are reasonable.

Modernization costs - are \$30,000 or \$25.00 per GSF. This is in compliance with the State Board Standard of \$206.74 (2020 mid-point). [$30,000 \div 1,200$ GSF for modernization = \$25.00 per GSF]

Movable Equipment - is \$40, 000 or \$5,000 per station. This is in compliance with the State Board Standard of \$52,293 per station. [$40,000 \div 8$ stations = \$5,000 per station]

Fair Market Value of Leased Equipment is \$184,838. The State Board does not have a standard for this criterion.

STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA REASONABLENESS OF PROJECT COST (77 ILAC 1110.140(c))

D) Criterion 1120.140(d) - Direct Operating Costs

To demonstrate compliance with this criterion the Applicants must provide the direct operating cost for the first year when the Applicants reach target occupancy but no more than two years after project completion.

The Applicants are estimating \$233.14 per treatment in direct operating costs. The State Board does not have a standard for these costs.

Estimated Personnel Expense:	\$1,203,460
Estimated Medical Supplies:	\$451,388
Estimated Other Supplies (Exc. Dep/Amort):	\$1,602,894
Total	\$3,257,742
Estimated Annual Treatments:	11,059
Cost Per Treatment:	\$294.57

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

The Applicants are estimating \$14.16 in capital costs. The State Board does not have a standard for these costs.

Depreciation/Amortization:	\$199,102
Interest	\$0
Capital Costs:	\$199,102
Treatments:	11,059
Capital Cost per Treatment	\$18.00

19-040 Fresenius Kidney Care Mount Prospect - Mount Prospect

