

LENORA W. PATE

ATTORNEY AT LAW

(205) 930-5162

lpate@sirote.com

SIROTE
— & —
PERMUTT
A PROFESSIONAL CORPORATION

August 15, 2011

RECEIVED

AUG 16 2011

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

VIA FEDERAL EXPRESS

Mr. Alva M. Lambert
Executive Director
State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, AL 36130

**Re: Project Modification Request
Renal Treatment Centers – Southeast, LP d/b/a Limestone County Dialysis
Project No. AL 2010-191**

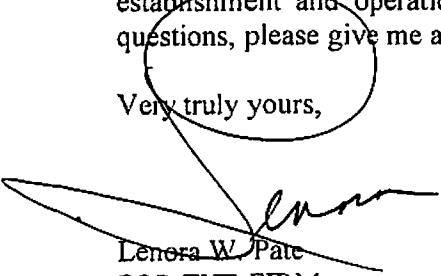
Dear Mr. Lambert:

This Project Modification Request is filed regarding CON 2520-ESRD-MOD#1 issued to Renal Treatment Centers – Southeast, LP d/b/a Limestone County Dialysis (“Limestone County Dialysis”) on March 1, 2011, to establish and operate a new End Stage Renal Disease facility consisting of ten (10) hemodialysis stations in Limestone County approximately five (5) miles from Athens Dialysis, an ESRD facility owned by another DaVita subsidiary and located at 15953 Athens Limestone Drive, Athens, Alabama (“Project”).

Pursuant to CON Rule 410-1-10-.03, Limestone County Dialysis would like to request a modification of this Project as follows: Instead of establishing and operating a new End Stage Renal Disease facility consisting of ten (10) hemodialysis stations, Limestone County Dialysis proposes to establish and operate a new End Stage Renal Disease facility consisting of nine (9) hemodialysis stations and one (1) peritoneal dialysis station. As required, enclosed are the revised pages to the original CON Application reflecting this proposed modification, as well as a new signed and notarized signature page.

As always, we appreciate your assistance and look forward to receiving a modified CON for the establishment and operation of Limestone County Dialysis reflecting this change. If you have any questions, please give me a call immediately.

Very truly yours,


Lenora W. Pate
FOR THE FIRM

LP/lc

DOCSBHM\1797996\1

LAW OFFICES AND MEDIATION CENTERS
2311 HIGHLAND AVENUE SOUTH BIRMINGHAM, ALABAMA 35205

POST OFFICE BOX 55727 BIRMINGHAM, ALABAMA 35255-5727

TELEPHONE | 205.930.5100 FAX | 205.930.5101 URL | <http://www.sirote.com>

Birmingham | Huntsville | Mobile

Mr. Alva M. Lambert
August 15, 2011
Page 2

Enclosures

c: Lenora W. Pate, Esq.
Todd Falk
Bob Gallagher
Carey B. McRae

RECEIVED

AUG 16 2011

STATE HEALTH PLANNING AND DEVELOPMENT AGENCY

I. APPLICANT IDENTIFICATION (continued)

E. Type Ownership and Governing Body

- 1. Individual
- 2. Partnership
- 3. Corporate (for profit) DaVita, Inc.
Name of Parent Corporation
- 4. Corporate (non-profit) _____
Name of Parent Corporation
- 5. Public
- 6. Other (specify) _____

F. Names and Titles of Governing Body Members and Owners of This Facility

OWNERS

Renal Treatment Centers – Southeast, LP d/b/a Limestone County Dialysis, a subsidiary of DaVita, Inc.

GOVERNING BOARD MEMBERS OF RENAL TREATMENT CENTERS, INC. (General Partner of Applicant):

Kent J. Thiry; Javier Rodriguez; H.W. Guy Seay; Corinna B. Polk; Thomas O. Usilton; David T. Shapiro; Chetan P. Mehta; Steven I. Grieger; Dennis Kogod; James Hilger; and Richard K. Whitney.

GOVERNING AUTHORITY OF LIMESTONE COUNTY DIALYSIS (as required by the Alabama State Board of Health, Alabama Department of Public Health):

Bruce DiPlacido, M.D.; Todd Falk; Ingrid Treut-Roberts

II. PROJECT DESCRIPTION

Project/Application Type (check all that apply)

- New Facility Major Medical Equipment
Type ESRD facility Type _____
- New Service Termination of Service or Facility
Type _____
- Construction/Expansion/Renovation Other Capital Expenditure
Type _____
- Change in Service

III. EXECUTIVE SUMMARY OF THE PROJECT (brief description)

To address the demonstrated, substantial unmet need for dialysis services in Limestone County in accordance with the State Health Plan, Renal Treatment Centers—Southeast, LP d/b/a Limestone County Dialysis ("Limestone County Dialysis" or "Applicant"), a subsidiary of DaVita, Inc. ("DaVita"), proposes to establish and operate a new state-of-the-art end stage renal disease ("ESRD") facility consisting of nine (9) hemodialysis stations and one (1) peritoneal dialysis station in Athens, Alabama, in Limestone County approximately five (5) miles from Athens Dialysis, an ESRD facility owned by another DaVita subsidiary and located at 15953 Athens Limestone Drive, Athens, Alabama (the "Project"). If approved, this proposed Project will address the current capacity issues at DaVita's Athens Dialysis facility, as well as the demonstrated, substantial unmet need for dialysis services in Limestone County.

RECEIVED

AUG 16 2011

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

2002. At the same time, the number of Americans on dialysis and with kidney transplants skyrocketed from 42,000 to 431,000. Alarming, CDC also reports that by 2030, the annual number of people with new onset of ESRD will exceed 450,000, and those receiving dialysis or who have had kidney transplants will top 2 million.

SOURCE: Texas Medical Association, Increase the Decrease: More ESRD Patients Could Collapse Existing System, available at <http://www.texmed.org/Template.aspx?id=5012>.

SOURCES: Center of Disease Control and Prevention, Department of Health and Human Services, U.S. Obesity Trends: 1985-2007, available at <http://www.cdc.gov/nccdphp/dnpa/obesity/trend/maps/index.htm>.

Sanford T. Reikes, Trends in End-Stage Renal Disease: Epidemiology, Morbidity, and Mortality, 108(1) Postgraduate Medicine 124-42 (2000); Trust for America's Health, 2009 Report, available at <http://healthyamericans.org/reports/obesity2009/>.

- C. If medical service area is not specifically defined in the State Health Plan, explain statistical methodologies or market share studies based upon accepted demographic or statistical data available with assumptions clearly detailed. If Patient Origin Study data is used, explain whether institution or county based, etc.

Not applicable.

- D. Are there any other factors affecting access to the project?

(X) Geographic (X) Economic () Emergency (X) Medically Underserved

Please explain.

Medically Underserved

According to the U.S. Department of Health and Human Services, Bureau of Primary Health Care, Limestone County is currently designated as a low income Primary Medical Care Health Professional Shortage Area ("HPSA"). The HPSA system of designation is the most widely accepted measurement for determining whether an area has an adequate number of health care professionals.

Geographic

Limestone County Dialysis will be located approximately five (5) miles from Athens Dialysis, an ESRD facility owned by another DaVita, Inc. subsidiary which is currently operating at 148% of its maximum optimal capacity as defined by the State Health Plan. Therefore, the establishment and operation of Limestone County Dialysis, a new state-of-the-art ESRD facility consisting of nine (9) hemodialysis stations and one (1) peritoneal dialysis station, would alleviate the existing demand for ESRD services by Athens Dialysis patients while allowing many patients to continue treatment in the geographical area that is most convenient for them.

Economic

Expansion of Athens Dialysis, which currently consists of seventeen (17) hemodialysis stations, is not a viable alternative to this proposed Project because of the significant need for ESRD services in the area and because Athens Dialysis has reached its maximum size for optimal efficiency and quality patient services. Thus, in light of the significant need for ESRD services in the area and the operational difficulties that can result by expanding an already-large facility, the establishment and operation of a new facility in close proximity to the existing facility is the most economical and efficient way to address the demonstrated, substantial unmet need of this area and the increasing demand of Athens Dialysis patients.

Because of the geographic and economic factors present, as well as the fact that the primary medical service area is designated as a low income Primary Medical Care HPSA, this proposed

AUG 16 2011

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

Project will provide needed access to medical care by better serving existing and future ESRD patients and by addressing the demonstrated, substantial unmet need in the medical service area.

II. HEALTH CARE REQUIREMENTS OF THE MEDICAL SERVICE AREA

- A. What are the factors (inadequacies) in the existing health care delivery system which necessitate this project?

Limestone County Dialysis will be located approximately five (5) miles from the only existing ESRD facility in Limestone County - Athens Dialysis, owned by another DaVita, Inc. subsidiary and currently operating at approximately 148% of its maximum optimal capacity as defined in the State Health Plan. Therefore, the high demand for services by existing Athens Dialysis patients and high utilization rates at Athens Dialysis, as well as the demonstrated, substantial unmet need in the medical service area, necessitates this proposed Project.

- B. How will the project correct the inadequacies?

The establishment and operation of a new state-of-the-art ESRD facility consisting of nine (9) hemodialysis stations and one (1) peritoneal dialysis station in Athens, Alabama, in Limestone County approximately five (5) miles from Athens Dialysis, an ESRD facility owned by another DaVita subsidiary and located at 15953 Athens Limestone Drive, Athens, Alabama, will correct the inadequacies in the existing system. Approval of the proposed Project will allow DaVita to address the current capacity issues at DaVita's Athens Dialysis facility, as well as the demonstrated, substantial unmet need for dialysis services in Limestone County.

Based on the State Health Plan methodology utilizing the present in-center hemodialysis stations in Limestone County, there is a current unmet need for an additional 9 or 10 hemodialysis stations in Limestone County. Limestone County's only existing ESRD facility, DaVita's Athens Dialysis, is currently operating three (3) shifts a day on Monday, Wednesday and Friday and (2) shifts a day on Tuesday, Thursday, and Saturday, at 148% of its maximum optimal capacity as defined by the State Health Plan. Athens Dialysis currently has seven (7) patients on a waiting list who are unable to take the third shift due to transportation issues and are, therefore, forced to travel to Madison County for an earlier shift. There are also eighteen (18) of Athens Dialysis' existing patients on a waiting list to be transferred to an earlier shift at Limestone County Dialysis.

The proposed Project seeks CON approval to develop and operate a new ESRD facility rather than expand Athens Dialysis, a seventeen (17) hemodialysis station facility which has reached its maximum size for optimal efficiency and quality patient services. The proposed Project will not only enhance the quality of life for existing Athens Dialysis patients in need of additional scheduling options and meaningful patient choice through a convenient new location near Athens Dialysis, but will also address the current capacity issues and patient waiting lists at Athens Dialysis.

Furthermore, because of the cost and operational efficiencies involved in this proposed Project, the proposed Project will not only correct the inadequacies present in the current system, it will do so in the most cost-effective way.

- C. Why is your facility/organization the appropriate facility to provide the proposed project?

DaVita, the parent corporation of Limestone County Dialysis, is the largest independent provider of ESRD services in the United States. DaVita serves nearly 1,500 outpatient dialysis centers located in 41 states and the District of Columbia, serving approximately 100,000 patients.

Limestone County Dialysis is the most appropriate applicant for this proposed Project based on the twenty (20) year history of Athens Dialysis, owned by another subsidiary of DaVita, Inc., in Limestone County as the sole provider of ESRD services to this rural, medically underserved community. DaVita enjoys an established relationship with the Limestone County community,

RECEIVED

AUG 16 2011

Additional Hemodialysis Stations Needed

10 or 9

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

The establishment of nine (9) hemodialysis stations and one (1) peritoneal dialysis station at Limestone County Dialysis would help address this demonstrated, substantial unmet need, allowing for better and more efficient health service of the population.

- E. If the application is for a specialized or limited-purpose facility or service, show the incidence of the particular health problem.

Not Applicable.

- F. Describe the relationship of this project to your long-range development plans, if you have such plans.

The goal of DaVita is to meet the needs of its ESRD patients by providing quality, compassionate, cost-effective care. The establishment and operation of Limestone County Dialysis is directly in line with DaVita's mission of continuing to provide the Limestone County ESRD patient community with superior and efficient state-of-the-art service. Thus, the proposed Project is fully compatible with DaVita's overall long range plans, as well as DaVita's long range plans in Limestone County.

III. RELATIONSHIP TO EXISTING OR APPROVED SERVICES AND FACILITIES

- A. Identify by name and location the existing or approved facilities or services in the medical service area similar to those proposed in this project.

There is only one (1) ESRD facility currently in Limestone County that is similar to the proposed Project: Athens Dialysis, owned by another DaVita, Inc. subsidiary and located at 15953 Athens Limestone Drive, Athens, Alabama, and currently operating at 148% of maximum optimal capacity.

- B. How will the proposed project affect existing or approved services and facilities in the medical service area?

Limestone County's only existing ESRD facility, DaVita's Athens Dialysis, is currently operating three (3) shifts a day on Monday, Wednesday and Friday and (2) shifts a day on Tuesday, Thursday, and Saturday, at 148% of its maximum optimal capacity as defined by the State Health Plan. Athens Dialysis currently has seven (7) patients on a waiting list who are unable to take the third shift due to transportation issues and are, therefore, forced to travel to Madison County for an earlier shift. There are also eighteen (18) of Athens Dialysis' existing patients on a waiting list to be transferred to an earlier shift at Limestone County Dialysis.

The proposed Project seeks CON approval to develop and operate a new ESRD facility rather than expand Athens Dialysis, a seventeen (17) hemodialysis station facility which has reached its maximum size for optimal efficiency and quality patient services. The proposed Project will not only enhance the quality of life for existing Athens Dialysis patients in need of additional scheduling options and meaningful patient choice through a convenient new location near Athens Dialysis, but will also address the current capacity issues and patient waiting lists at Athens Dialysis.

⁴ Home training and isolation stations are not included in the State Health Plan need methodology. A.la. Admin. Code R. 410-2-3-.05(2)(a). Therefore, the number of existing stations in Limestone County used to calculate present need includes seventeen (17) hemodialysis stations at Athens Dialysis. The number of existing stations in Limestone County does not include one (1) isolation station and two (2) home training stations at Athens Dialysis.

AUG 16 2011

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

- C. Will there be a detrimental effect on existing providers of the service? Discuss methodologies and assumptions.

No, the proposed Project should have no detrimental effect on the existing provider since there is a demonstrated, substantial unmet need for 9 or 10 hemodialysis stations in Limestone County and the only existing ESRD facility in Limestone County, DaVita's Athens Dialysis, is currently operating at approximately 148% of its maximum optimal capacity as defined in the State Health Plan. This proposed Project will specifically address the unmet need for hemodialysis services at Athens Dialysis, allowing DaVita—a nationally recognized, comprehensive provider of ESRD services—to alleviate its own capacity issues and better serve its existing and future Limestone County patients.

- D. Describe any coordination agreements or contractual arrangements for shared services that are pertinent to the proposed project.

Not applicable.

- E. List the new or existing ancillary and/or supporting services required for this project and briefly describe their relationship to the project.

Limestone County Dialysis will provide the services required for operation of the facility through either employee or independent contractor staff. Transplantation services will be available through arrangements with the University of Alabama Hospital in Birmingham (UAB) and Vanderbilt University Medical Center in Nashville. Routine laboratory services will be provided by DaVita Labs in Florida, and stat laboratory services will be provided at Athens Limestone Hospital.

IV. POTENTIAL LESS COSTLY OR MORE EFFECTIVE ALTERNATIVES

- A. What alternatives to the proposed project exist? Why was this proposal chosen?

This proposed Project was chosen because the establishment and operation of a new state-of-the-art end stage renal disease ("ESRD") facility consisting of nine (9) hemodialysis stations and one (1) peritoneal dialysis station in Athens, Alabama, in Limestone County approximately five (5) miles from Athens Dialysis, an ESRD facility owned by another DaVita subsidiary and located at 15953 Athens Limestone Drive, Athens, Alabama, by Limestone County Dialysis will enable DaVita to address the current capacity issues at DaVita's Athens Dialysis facility, as well as the demonstrated, substantial unmet need for dialysis services in Limestone County.

Based on the State Health Plan methodology utilizing the present in-center hemodialysis stations in Limestone County, there is a current unmet need for an additional 9 or 10 hemodialysis stations in Limestone County. Limestone County's only existing ESRD facility, DaVita's Athens Dialysis, is currently operating three (3) shifts a day on Monday, Wednesday and Friday and (2) shifts a day on Tuesday, Thursday, and Saturday, at 148% of its maximum optimal capacity as defined by the State Health Plan. Athens Dialysis currently has seven (7) patients on a waiting list who are unable to take the third shift due to transportation issues and are, therefore, forced to travel to Madison County for an earlier shift. There are also eighteen (18) of Athens Dialysis' existing patients on a waiting list to be transferred to an earlier shift at Limestone County Dialysis.

The proposed Project seeks CON approval to develop and operate a new ESRD facility rather than expand Athens Dialysis, a seventeen (17) hemodialysis station facility which has reached its maximum size for optimal efficiency and quality patient services. The proposed Project will not only enhance the quality of life for existing Athens Dialysis patients in need of additional scheduling options and meaningful patient choice through a convenient new centralized location within approximately five (5) miles of Athens Dialysis, but will also address the current capacity issues and patient waiting lists at Athens Dialysis.

RECEIVED

AUG 16 2011

I. CERTIFICATION

The information contained in this application is true and correct to the best of my knowledge and belief.

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY

RENAL TREATMENT CENTERS —
SOUTHEAST, LP, D/B/A LIMESTONE
COUNTY DIALYSIS (“APPLICANT”)

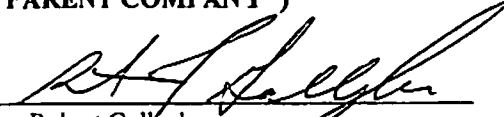
By: Renal Treatment Centers, Inc.
Its: General Partner



By: Robert Gallagher
Its: Regional Operations Director

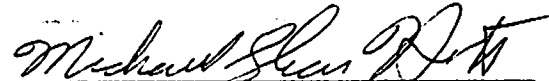
DAVITA, INC.

(“PARENT COMPANY”)



By: Robert Gallagher
Its: Regional Operations Director

4th day of August 2011



Notary Public (Affix seal on Original)

MY COMMISSION EXPIRES SEPTEMBER 16, 2014

Author: Alva M. Lambert

Statutory Authority: § 22-21-267, 271, 275, Code of Alabama, 1975

History: Amended March 19, 1996 and July 25, 2002