



Sirote & Permutt, PC  
2311 Highland Avenue South  
Birmingham, AL 35205-2972

PO Box 55727  
Birmingham, AL 35255-5727

July 29, 2014

**VIA E-MAIL & HAND DELIVERY**

Alva M. Lambert  
State Health Planning & Development Agency  
100 North Union Street, Suite 870  
Montgomery, AL 36130

**Re: Project Modification Request  
Flor Dialysis, LLC d/b/a Magic City Dialysis  
Project No. AL 2013-058; CON 2643-ESRD**

Dear Mr. Lambert:

This Project Modification Request is hereby filed on behalf of our client, Flor Dialysis, LLC d/b/a Magic City Dialysis ("Magic City Dialysis"), a subsidiary of DaVita Healthcare Partners Inc. ("DaVita"), to modify Project No. AL 2013-058 and CON 2643-ESRD related to the approved expansion of Magic City Dialysis to add four (4) new in-center hemodialysis stations to its existing facility located at 300 22<sup>nd</sup> Street, Birmingham, Alabama, in Jefferson County ("Project").

In follow up to the progress report and notice of firm commitment being filed simultaneously, and pursuant to Certificate of Need ("CON") Rule § 410-1-10-.03, Magic City Dialysis respectfully requests the approval of this Project Modification Request to modify the Project as follows: i) reduce the approved expansion of Magic City Dialysis from the addition of **four (4)** new in-center hemodialysis stations to the addition of **only two (2)** new in-center hemodialysis stations, ii) decrease the total estimated cost for the Project from **\$820,000** to **\$400,000** which is a decrease of **\$420,000**; and iii) **relocate the remaining two (2) approved but undeveloped new in-center hemodialysis stations from Magic City Dialysis to East Jefferson Dialysis**, a new DaVita-owned end stage renal disease ("ESRD") facility under development in east Jefferson County pursuant to CON 2644-ESRD (Project No. AL 2013-059).<sup>1</sup>

This Project Modification Request is necessary for the following reasons:

1. Since the issuance of CON 2643-ESRD on October 3, 2013, and the filing of its first Progress Report in April 2014, Magic City Dialysis has reevaluated the number of new in-center hemodialysis stations it can

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<sup>1</sup> East Jefferson Dialysis is simultaneously filing a Project Modification Request related, in part, to the relocation of the remaining two (2) approved but undeveloped new in-center hemodialysis stations from Magic City Dialysis to East Jefferson Dialysis, a copy of which is enclosed.

Lenora W. Pate  
Attorney at Law  
lpate@sirote.com  
Tel: 205-930-5162  
Fax: 205-212-3801



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add to its existing treatment floor. Magic City Dialysis currently consists of fourteen (14) in-center hemodialysis stations and two (2) isolation stations, for a total of sixteen (16) stations.<sup>2</sup>

It was anticipated at the time Magic City Dialysis proposed the addition of four (4) new in-center hemodialysis stations, as set forth in the CON Application filed by Magic City Dialysis, that Magic City Dialysis could place all four (4) new in-center hemodialysis stations on its existing treatment floor without the need for construction. To accomplish this, Magic City Dialysis intended to obtain an isolation waiver from the Centers for Medicare & Medicaid Services (“CMS”), eliminate its two (2) isolation stations, and then add two (2) of the new approved in-center hemodialysis stations to the former isolation room and the other two (2) new approved in-center hemodialysis stations to its existing treatment floor. Magic City Dialysis, however, was unable to obtain the CMS isolation waiver. Hence, Magic City Dialysis must continue to operate its two (2) existing isolation stations, and will only be able to add two (2) new in-center hemodialysis stations to its existing treatment floor without construction.

Therefore, this Project Modification Request is being filed to reduce the approved expansion of Magic City Dialysis from the addition of **four (4)** new in-center hemodialysis stations to the addition of only **two (2)** new in-center hemodialysis stations.

Consequently, we suggest that the “Services to be provided” section of CON 2643-ESRD be modified. It currently states that:

*The applicant is seeking to add four (4) new hemodialysis stations to its existing facility consisting of fourteen (14) hemodialysis stations, two (2) isolation stations, four (4) home peritoneal stations and two (2) home hemodialysis stations for a total of twenty-six (26) stations.*

It is suggested that the “Services to be provided” section of CON 2643-ESRD is revised to state as follows:

**The applicant is seeking to add two (2) new hemodialysis stations to its existing facility consisting of fourteen (14) hemodialysis stations and two (2) isolation stations, for a total of eighteen (18) stations.**

2. As a result of a reduced expansion of Magic City Dialysis, this Project Modification Request is also being filed to decrease the total estimated cost for the Project from **\$820,000** to **\$400,000** which is a net decrease of **\$420,000**. Specifically, Magic City Dialysis has already fully equipped two (2) new in-center hemodialysis stations with existing dialysis machines and chairs reallocated to Magic City Dialysis from DaVita’s existing inventory, and had no cost expenditure related to this equipment. Consequently, the estimated equipment cost for the Project has been reduced from **\$265,000** to **\$0**. The estimated increase in first year annual operating cost has also been reduced from **\$555,000** to **\$400,000**.

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<sup>2</sup> Since issuance of CON 2643-ESRD, four (4) home peritoneal stations and two (2) home hemodialysis stations have been relocated from Magic City Dialysis to Red Mountain Home Training pursuant to CON 2617-ESRD (Project No. AL 2013-014).



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3. Finally, this Project Modification is also filed to relocate the remaining two (2) approved but undeveloped new in-center hemodialysis stations from Magic City Dialysis to East Jefferson Dialysis, a new DaVita-owned end stage renal disease ("ESRD") facility under development in east Jefferson County pursuant to CON 2644-ESRD (Project No. AL 2013-059). East Jefferson Dialysis is simultaneously filing a Project Modification Request related, in part, to this relocation of two (2) approved but undeveloped new in-center hemodialysis stations from Magic City Dialysis to East Jefferson Dialysis.

As required, enclosed are the revised pages to the original CON Application reflecting the reduced expansion and the decrease in the total estimated cost for Project No. AL 2013-058, including Pages 1-5, 8, 10, and a new executed Signature Page. Also enclosed is a filing fee of \$2,550.00 which is 25% of the original CON Application fee for this Project (\$10,200.00). As there was no opposition to this Project, there are no parties of record in the underlying administrative proceeding that must be notified regarding this Project Modification Request.

As always, we appreciate your assistance and look forward to receiving a modified CON for Magic City Dialysis reflecting the reduced expansion and the decrease in estimated Project cost. If you have any questions, please give me a call immediately.

Very truly yours,



Lenora W. Pate  
FOR THE FIRM

LWP/lc  
Enclosures

c: Nicole Horn  
Gayle Ozbirn  
Amy Sanford, Esq.  
Sarah Tally  
Kelli F. Robinson, Esq.

**East Jefferson Dialysis Project Modification Request**



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July 29, 2014

**VIA E-MAIL & HAND DELIVERY**

Alva M. Lambert  
State Health Planning & Development Agency  
100 North Union Street, Suite 870  
Montgomery, AL 36130

**Re: Project Modification Request  
Renal Treatment Centers – Southeast, LP d/b/a East Jefferson Dialysis  
Project No. AL 2013-059; CON 2644-ESRD**

Dear Mr. Lambert:

This Project Modification Request is hereby filed on behalf of our client, Renal Treatment Centers – Southeast, LP d/b/a East Jefferson Dialysis (“East Jefferson Dialysis”), a subsidiary of DaVita Healthcare Partners Inc. (“DaVita”), to modify Project No. AL 2013-059 and CON 2644-ESRD related to the approved establishment and operation of a new state-of-the-art end stage renal disease (“ESRD”) facility consisting of two (2) existing in-center hemodialysis stations to be relocated from DaVita’s Birmingham East Dialysis, plus the addition of eight (8) new in-center hemodialysis stations, for a total of ten (10) in-center hemodialysis stations, in east Jefferson County, Alabama (“Project”).

Pursuant to Certificate of Need (“CON”) Rule § 410-1-10-.03, East Jefferson Dialysis respectfully requests the approval of this Project Modification Request to modify the Project as follows: i) change the current Doing Business As (“DBA”) name from East Jefferson Dialysis to Springs Dialysis, ii) relocate two (2) approved but undeveloped new in-center hemodialysis stations from Magic City Dialysis to East Jefferson Dialysis<sup>1</sup>, iii) add one (1) new home training station to be used alternately for home peritoneal dialysis training and home hemodialysis training, and iv) increase the total estimated cost for the Project from \$4,755,000 to \$5,715,000 which is an increase of \$960,000.

This Project Modification Request is necessary for the following reasons:

1. Our client has learned from the Alabama Department of Public Health (“ADPH”) Licensure Division that the current DBA name, East Jefferson Dialysis, is too similar to an existing licensed health care provider in Alabama and must be changed to comply with the ADPH licensure and certification process. Consequently, this Project Modification Request is being filed to modify the Project to change the current DBA from Renal

<sup>1</sup> Magic City Dialysis is simultaneously filing a Project Modification Request to relocate two (2) approved but undeveloped new in-center hemodialysis stations from Magic City Dialysis to East Jefferson Dialysis, a copy of which is enclosed.



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Treatment Centers – Southeast, LP d/b/a East Jefferson Dialysis to Renal Treatment Centers – Southeast, LP d/b/a Springs Dialysis. Hence, only the DBA name will change; the legal entity remains unchanged.

2. For the reasons set forth in the enclosed Magic City Dialysis Project Modification Request, Magic City Dialysis is only able to add two (2) of its four (4) approved but undeveloped new in-center hemodialysis stations to its existing treatment floor without construction. Therefore, this Project Modification Request is also filed to relocate the remaining two (2) approved but undeveloped new in-center hemodialysis stations from Magic City Dialysis to East Jefferson Dialysis. Relocation is expressly allowed under CON Rule § 410-1-10-.03(2) with approval by the CON Review Board and has been approved for previous CON projects.

3. Since the issuance of CON 2644-ESRD on October 3, 2013, East Jefferson Dialysis has determined that there will be a need for home training services (home peritoneal dialysis training and home hemodialysis training) at its new state-of-the-art ESRD facility in east Jefferson County. Home training stations and patients being treated by a facility in the home setting are **not counted by the State Health Plan when determining the need for additional in-center hemodialysis stations in a particular county. Instead, the State Health Plan anticipates that a certain percentage of new ESRD patients will opt for home dialysis. Hence, the State Health Plan does not limit the number of home training stations allowed in a given county.**

Thus, this Project Modification Request is also filed to add one (1) new home training station to be used alternately for home peritoneal dialysis training and home hemodialysis training. The provision of a new service is expressly allowed under CON Rule § 410-1-10-.03(2) with approval by the CON Review Board and has been approved for previous CON projects.

Consequently, we suggest that the “Services to be provided” section of CON 2644-ESRD be modified. It currently states that:

*The applicant is seeking to establish and operate, in East Jefferson County, AL, a new state-of-the-art end stage renal disease (“ESRD”) facility consisting of two (2) existing hemodialysis stations to be relocated from DaVita’s Birmingham East Dialysis, plus the addition of eight (8) new hemodialysis stations for a total of ten (10) hemodialysis stations.*

It is suggested that the “Services to be provided” section of CON 2644-ESRD is revised as follows:

**The applicant is seeking to establish and operate, in East Jefferson County, AL, a new state-of-the-art end stage renal disease (“ESRD”) facility consisting of two (2) existing in-center hemodialysis stations to be relocated from DaVita’s Birmingham East Dialysis, two (2) approved but undeveloped new in-center hemodialysis stations to be relocated from DaVita’s Magic City Dialysis, plus the addition of eight (8) new in-center hemodialysis stations and one (1) new home training station to be used alternately for home peritoneal dialysis training and home hemodialysis training for a total of thirteen (13) hemodialysis stations.**

4. The establishment and operation of a larger new state-of-the-art ESRD facility consisting of thirteen (13) hemodialysis stations will result in increased estimated Project costs. Specifically, East Jefferson Dialysis



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anticipates a \$110,000 increase in construction cost, a \$25,000 increase in equipment cost, and a \$225,000 increase in lease cost due to a longer term lease with a higher annual rent. Therefore, this Project Modification Request is also being filed to increase the total estimated cost for the Project from \$4,755,000 to \$5,715,000 which is a net increase of \$960,000. Such an increase in estimated Project cost falls below the financial thresholds for review and is expressly allowed under CON Rule § 410-1-10-.03.

As required, enclosed are the revised pages to the original CON Application reflecting the changes outlined above, including Pages 1-7, 9-11, 13-19, Exhibit C (Schematic), and a new executed Signature Page. Also enclosed is a filing fee of \$5,635.75 which is 25% of the original CON Application fee for this Project (\$22,543.00). As there was no opposition to this Project, there are no parties of record in the underlying administrative proceeding that must be notified regarding this Project Modification Request.

As always, we appreciate your assistance and look forward to receiving a modified CON for East Jefferson Dialysis reflecting the changes outlined above. If you have any questions, please give me a call immediately.

Very truly yours,

Lenora W. Pate  
FOR THE FIRM

LWP/lc  
Enclosures

c: Nicole Horn  
Gayle Ozbirn  
Amy Sanford, Esq.  
Sarah Tally  
Kelli F. Robinson, Esq.

I. APPLICANT IDENTIFICATION (continued)

E. Type Ownership and Governing Body

- |    |                        |                                     |  |
|----|------------------------|-------------------------------------|--|
| 1. | Individual             | <input type="checkbox"/>            |  |
| 2. | Partnership            | <input type="checkbox"/>            |  |
| 3. | Corporate (for profit) | <input checked="" type="checkbox"/> | <u>DaVita Healthcare Partners Inc.</u><br>Name of Parent Corporation |
| 4. | Corporate (non-profit) | <input type="checkbox"/>            | _____<br>Name of Parent Corporation                                  |
| 5. | Public                 | <input type="checkbox"/>            |  |
| 6. | Other (specify)        | <input type="checkbox"/>            | _____  |

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

OWNERS

Flor Dialysis, LLC d/b/a Magic City Dialysis is a subsidiary of DaVita Healthcare Partners Inc.

GOVERNING BOARD MEMBERS OF FLOR DIALYSIS, LLC:

Kim M. Rivera-Sanchez; Steven I Grieger; James K. Hilger; Dennis L. Kogod; Chetan P. Mehta; Javier J. Rodriguez; Thomas O. Usilton, Jr.; Arturo Sida; David Finn; and Soyon Ahn Hardy

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

Gaurav Jain, M.D.; Miles Williams; and Gayle Ozbirn

II. PROJECT DESCRIPTION

Project/Application Type (check all that apply)

- |  |   |
|--|---|
| <input type="checkbox"/> New Facility Type _____                               | <input type="checkbox"/> Major Medical Equipment Type _____       |
| <input type="checkbox"/> New Service Type _____                                | <input type="checkbox"/> Termination of Service or Facility _____ |
| <input checked="" type="checkbox"/> Construction/ <u>Expansion</u> /Renovation | <input type="checkbox"/> Other Capital Expenditure _____          |
| <input type="checkbox"/> Change in Service _____                               |   |

III. EXECUTIVE SUMMARY OF THE PROJECT (brief description)

The Applicant currently owns and operates Magic City Dialysis, located at 300 22nd Street in Birmingham, Alabama, in Jefferson County. Magic City Dialysis currently has fourteen (14) hemodialysis stations and two (2) isolation stations and operates two (2) shifts per day, six (6) days per week. It currently has 77 in-center hemodialysis patients and is, therefore, operating at 171% of its maximum optimal capacity according to the State Health Plan guidelines.<sup>1</sup>

<sup>1</sup> Magic City Dialysis currently exceeds the "Maximum Optimal Capacity" levels, as defined by the 2004-2007 State Health Plan. Present Capacity is defined in Section 410-2-3-.05(2)(a)(2) of the State Health Plan as two (2) shifts per day, six (6) days per week, based on the fact that most patients require three (3) dialysis treatments per week. Third shift ("evening dialysis") will not be considered in calculating capacity since patient demand for this shift is erratic and unpredictable. Optimal Capacity is defined in Section 410-2-3-.05(2)(a)(3) of the State Health Plan as 80% of present capacity, thus making provision for cost-effective use



Based on the State Health Plan methodology utilizing the present in-center hemodialysis stations in Jefferson County, there is currently a need for an additional 36 or 46 hemodialysis stations in Jefferson County. To help address the demonstrated, substantial unmet need for dialysis services in Jefferson County in accordance with the State Health Plan, Magic City Dialysis proposes to add two (2) new hemodialysis stations to its existing facility.<sup>2</sup>

If approved, this proposed Project will 1) help address the demonstrated substantial unmet need for dialysis services in Jefferson County; 2) help address the capacity issues at Magic City Dialysis; 3) help address the current patient waiting lists at Magic City Dialysis; and 4) provide dialysis patients in Jefferson County and surrounding counties with scheduling options, thus providing meaningful patient choice and quality of life.

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of services and orderly growth, as well as reserving some capacity for downtime, transients, and back up of home patients. Optimal capacity is, therefore, 9.6 dialysis treatments per station per week (.80 x 12 dialysis treatments/station/week = 9.6 dialysis treatments/station/week). Maximum Optimal Capacity is defined in Section 410-2-3-.05(2)9a(4) of the State Health Plan as the number of patients that can receive treatment under optimal capacity on a three dialysis treatment per week schedule.

Below is the Maximum Optimal Capacity for Magic City Dialysis:

Total Stations	14
Dialysis Treatments/Station/Week	x 12
Capacity	168 Available Dialysis Treatments/Week
Optimal Utilization	x .80
Optimal Capacity	134.4 Available Dialysis Treatments/Week
Patient Usage	÷ 3 Dialysis Treatments/Week
Maximum Optimal Census	44.8

Applying the methodology in Section 410-2-3-.05 of the State Health Plan, the Maximum Optimal Census for a 14-station facility is 45 patients. Magic City Dialysis currently has 77 patients and is, therefore, operating at approximately 171% of maximum optimal capacity as defined in the State Health Plan.

<sup>2</sup> This CON Application is filed pursuant to LOI 2013-024 which was received by the State Health Planning and Development Agency (SHPDA) on January 22, 2013, and LOI 2013-062 which was received by SHPDA on May 9, 2013.

IV. COST

A. Construction (includes modernization expansion)		
1.	Predevelopment	_____
2.	Site Acquisition	_____
3.	Site Development	_____
4.	Construction	_____
5.	Architect and Engineering Fees	_____
6.	Renovation	_____
7.	Interest during time period of construction	_____
8.	Attorney and consultant fees	_____
9.	Bond Issuance Costs	_____
10.	Other _____	_____
11.	Other _____	_____
<b>TOTAL COST OF CONSTRUCTION<sup>3</sup></b>		<b>N/A</b>
B. Purchase		
1.	Facility	_____
2.	Major Medical Equipment	\$0
3.	Other Equipment	\$0
<b>TOTAL COST OF PURCHASE</b>		<b>N/A</b>
C. Lease		
1.	Facility Cost Per Year \$__ x __ Years =	_____
2.	Equipment Cost per Month	_____
	_____ x _____ Months =	_____
3.	Land-only Lease Cost per Year	_____
	_____ x _____ Years	_____
<b>TOTAL COST OF LEASE(s)</b>		<b>N/A</b>
(compute according to generally accepted accounting principles)		
Cost if Purchased		N/A
D. Services		
1.	_____ New Service	
2.	X _____ Expansion	
3.	_____ Reduction or Termination	
4.	_____ Other	
<b>FIRST YEAR ANNUAL OPERATING COST<sup>4</sup></b>		<b>\$400,000</b>
E. <b>Total Cost of this Project (Total A through D)</b>		
(should equal V-C on page A-5)		<b>\$400,000</b>

<sup>3</sup> This proposed Project does not involve any construction cost since Magic City Dialysis was built-out for future hemodialysis stations previously.

<sup>4</sup> Magic City Dialysis estimates that its annual operating cost will increase by \$400,000 with the addition of two (2) hemodialysis stations. The total estimated operating cost for Magic City Dialysis after expansion would be \$2,765,727, which includes this increase of \$400,000.

IV. COST (continued)

F. Proposed Finance Charges

- |    |  |          |
|----|--|----------|
| 1. | Total Amount to Be Financed                            | \$ _____ |
| 2. | Anticipated Interest Rates                             | _____    |
| 3. | Term of Loan   | _____    |
| 4. | Method of Calculating Interest on<br>Principal Payment | _____    |

\_\_\_\_\_  
\_\_\_\_\_

V. ANTICIPATED SOURCE OF FUNDING

A. Federal	Amount	Source
1. Grants	\$ _____	_____
2. Loans	_____	_____
<b>B. Non-Federal</b>		
1. Commercial Loan	_____	_____
2. Tax-exempt Revenue Bonds	_____	_____
3. General Obligation Bonds	_____	_____
4. New Earning and Revenues	_____	_____
5. Charitable Fund Raising	_____	_____
6. Cash on Hand	\$400,000	Applicant and/or
7. Other	_____	DaVita, Inc.
<b>C. TOTAL (should equal IV-E on page A-3)</b>		<b>\$400,000</b>

VI. TIMETABLE

- |                                  |   |
|----------------------------------|---|
| A. Projected Start/Purchase Date | <u>Upon award of CON</u>                  |
| B. Projected Completion Date     | <u>Within 12 months of receipt of CON</u> |

## 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?

Magic City Dialysis currently exceeds the “Maximum Optimal Utilization” levels, as defined by the 2004-2007 State Health Plan. In order to accommodate the community’s need for dialysis treatment, it is necessary for a dialysis facility to operate at an optimal level. If a facility exceeds its optimal capacity as calculated in accordance with the current State Health Plan, there is a substantial unmet need for additional hemodialysis stations which supports expansion of an existing facility.

Applying the methodology in Section 410-2-3-.05 of the 2004-2007 State Health Plan, the maximum optimal census with two (2) shifts per day, six (6) days per week for a 14-station facility is 45 patients. Magic City Dialysis currently has 77 patients, and is, therefore, operating at 171% of its maximum optimal census.

Based on the State Health Plan methodology utilizing the present in-center hemodialysis stations in Jefferson County, there is currently a need for an additional 36 or 46 hemodialysis stations in Jefferson County. Thus, this Project is necessary to help address the demonstrated substantial unmet need for dialysis services in the Jefferson County health service area.

### B. How will the project correct the inadequacies?

The addition of two (2) hemodialysis stations at Magic City Dialysis will help correct the inadequacies in the existing system. Approval of the proposed Project will 1) help address the demonstrated substantial unmet need for dialysis services in Jefferson County; 2) help address the capacity issues at Magic City Dialysis; 3) help address the current patient waiting lists at Magic City Dialysis; and 4) provide dialysis patients in Jefferson County and surrounding counties with scheduling options, thus providing meaningful patient choice and quality of life.

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 to meet the demonstrated, substantial unmet need for dialysis services in the Jefferson County health service area.

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

DaVita Healthcare Partners, Inc. (DaVita), the parent corporation of Magic City Dialysis, is the largest independent provider of dialysis services in the United States. DaVita operates or provides administrative services for over 1,900 outpatient dialysis centers, serving approximately 150,000 patients.

Magic City Dialysis is the most appropriate applicant for this proposed Project based on the long history of operations in Jefferson County of DaVita’s ten (10) existing dialysis facilities. DaVita enjoys an established relationship with the Jefferson County community, nephrologists serving Jefferson County, and ESRD patients living in Jefferson County and other surrounding counties and states. DaVita has excellent professional, management, and manpower capabilities to meet the current health needs in Jefferson County. Additionally, DaVita works collaboratively with the Alabama Kidney Foundation to improve ESRD care and quality of life for ESRD patients in Jefferson County.

DaVita will continue to use utilization monitoring and quality improvement processes to address unmet and undermet health needs in Jefferson County, including the continued acceptance of Medicaid patients and other medically underserved patients for which dialysis services would be appropriate.

Required Stations	433 <u>or</u> 443
Existing Stations in Jefferson County <sup>8</sup>	397
<b>Additional Hemodialysis Stations Needed</b>	<b>36 <u>or</u> 46</b>

The addition of two (2) hemodialysis stations at Magic City Dialysis would help address this demonstrated, substantial unmet need, allowing for better and more efficient health service of dialysis patients in Jefferson County and the surrounding counties.

- 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 dialysis patients by providing quality, compassionate, cost-effective care. The expansion of Magic City Dialysis is directly in line with DaVita's mission of providing the dialysis patient community with efficient state-of-the-art service. Thus, the proposed Project is fully compatible with DaVita's long range plans.

### 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 are twenty-three (23) ESRD facilities currently in Jefferson County that are similar to the proposed Project, ten (10) of which are DaVita-owned facilities. The ratio of DaVita ESRD patients to DaVita-owned hemodialysis stations in Jefferson County currently exceeds maximum optimal capacity as defined in the State Health Plan by approximately 118%.

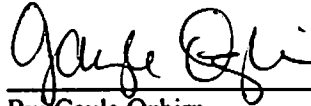
1. **Bessemer Dialysis** (1000 West Lake Mall, Suite 101, Bessemer, AL 35020) currently operating at 114% of maximum optimal capacity;
2. **Birmingham Central Dialysis** (728 Richard Arrington Blvd., South Birmingham, AL 35233-2106) currently operating at 76% of maximum optimal capacity;
3. **Birmingham East Dialysis** (1105 East Park Drive, Birmingham, AL 35235) currently operating at 128% of maximum optimal capacity;
4. **Birmingham North Dialysis** (1917 – 32<sup>nd</sup> Avenue, North Birmingham, AL 35207) currently operating at 138% of maximum optimal capacity;
5. **Center Point Dialysis** (2337 1<sup>st</sup> Street NE, Center Point, AL 35215-3619) currently operating at 88% of maximum optimal capacity;
6. **Crown Dialysis** (3007 27<sup>th</sup> Street North, Birmingham, AL 35234) currently operating at 141% of maximum optimal capacity;
7. **Dialysis Clinic, Inc./Birmingham** (8713 Parkway East, Birmingham, AL 35206);
8. **DSI South Dialysis** (3201 3<sup>rd</sup> Avenue South, Birmingham, AL 35222);

<sup>8</sup> Home Training Stations and Isolation Stations are not included in the State Health Plan need methodology. Ala. Admin. Code R. 410-2-3-.05(2)(a).

I. CERTIFICATION

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

**FLOR DIALYSIS, LLC D/B/A MAGIC  
CITY DIALYSIS ("APPLICANT")**

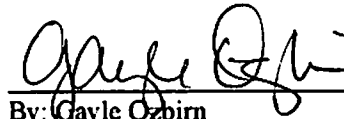


By: Gayle Ozbirn

Its: Regional Operations Director

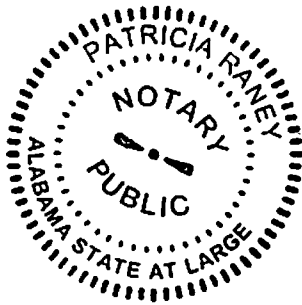
**DAVITA HEALTHCARE PARTNERS INC.**

**("PARENT COMPANY")**

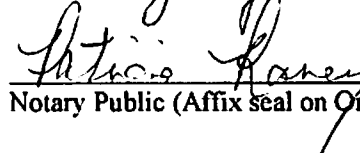


By: Gayle Ozbirn

Its: Regional Operations Director



24<sup>th</sup> day of July 2014



Notary Public (Affix seal on Original)

MY COMMISSION EXPIRES 5/25/16

Author: Alva M. Lambert

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

History: Amended: March 19, 1996; July 25, 2002; Filed: July 22, 2013; effective August 26, 2013.