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Certificate of Need Application
Kidney Disease Treatment Facilities

CN21-10

Certificate of Need applications must be submitted with a fee in accordance with Washington Administrative Code [\(WAC\) 246-310-990](#).

Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington [\(RCW\) 70.38](#) and [WAC 246-310](#), rules and regulations adopted by the Washington State Department of Health. I attest that the statements made in this application are correct to the best of my knowledge and belief.

Signature and Title of Responsible Officer Rudy Lai Director Special Projects Email Address Rudy.lai@davita.com	Date July 1, 2020 Telephone Number (510) 421-7568
Legal Name of Applicant Total Renal Care Inc., a wholly-owned subsidiary of DaVita Inc. Address of Applicant DaVita Inc. 2000 16 th Street Denver, CO 80202	Provide a brief project description (example: # of stations/location) New 12 station facility in King County planning area ten Estimated capital expenditure: \$2,215,865
This application is submitted under (check one box only): <input type="checkbox"/> Concurrent Review Cycle 1 – Special Circumstances: <input checked="" type="checkbox"/> Concurrent Review Cycle 1 – Nonspecial Circumstance ----- <input type="checkbox"/> Concurrent Review Cycle 2 – Special Circumstances: <input type="checkbox"/> Concurrent Review Cycle 2 – Nonspecial Circumstance	

Identify the Planning Area for this project as defined in WAC 246-310-800(15) . King County ESRD Planning Area Ten

DAVITA

COVINGTON DIALYSIS CENTER

CERTIFICATE OF NEED APPLICATION

EXECUTIVE SUMMARY

Total Renal Care, Inc., a subsidiary of DaVita Inc. (hereafter "DaVita"), proposes to establish a new dialysis facility with twelve (12) Certificate of Need-approved stations plus one (1) Certificate of Need-exempt isolation station in the King County ESRD Planning Four (hereafter, "King 10"). DaVita's proposal for a twelve station facility in King 10, Washington, will provide ESRD patients and their families with important new access. The Total Capital Expenditure as reflected in Table 10 will be \$2,215,865 and will be financed through operational funds on-hand allocated for the project.

The proposed DaVita Covington Dialysis Center will occupy 7,040 rentable square feet located at King County Parcel Number 3622059173, Covington, WA.

This planning area, as defined by the Department of Health, is currently served by two approved facilities with a total of 48 stations. The facility that DaVita proposes to establish will increase the total station count in the planning area by twelve (12) stations to meet patient need.

**DAVITA
COVINGTON DIALYSIS CENTER**

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CERTIFICATE OF NEED APPLICATION

I. APPLICANT DESCRIPTION

1. Provide the legal name(s) and address(es) of the applicant(s).

The legal name of the applicant is Total Renal Care, Inc., a subsidiary of DaVita Inc. (hereafter, DaVita) d.b.a. DaVita Covington Dialysis Center. DaVita's address is DaVita Inc., 2000 16th Street, Denver, CO 80202.

We also provide the following additional information regarding DaVita:

- DaVita is a leading provider of dialysis services in the United States for patients suffering from chronic kidney failure, also known as End Stage Renal Disease, or ESRD. We currently operate or provide administrative services to more than 2,500 outpatient dialysis centers located in the United States, serving approximately 220,000 patients.
- Consistent with DaVita's mission statement to "Be the Provider, Partner and Employer of Choice," serving patients by providing quality clinical outcomes is paramount. DaVita has instituted a nationally recognized Dialysis Quality Outcomes program and maintains an aggressive Continuous Quality Improvement (CQI) program. The DaVita philosophy is patient-focused in serving the chronically ill dialysis patient by addressing all dimensions of the dialysis patient's illness state and by providing quality services through a clinical outcomes measurement and management approach to treating ESRD.
- DaVita is committed to serving the chronic kidney disease patient in union with nephrologist partners. The DaVita Covington Dialysis Center will continue to carry out this commitment through:
 - Serving patients where they live and work.
 - Providing the highest quality patient care.
 - Providing proven infrastructure and continuity to grow rapidly and cost effectively in an underserved community.
 - Supporting new patients – All DaVita dialysis centers within Washington State provide regular, in-center education and training with the goal to empower patients through information about their disease and ability to self-manage their care.
 - DaVita offers Kidney Smart, a non-branded, community-based education program for Chronic Kidney Disease (CKD) patients and their families.
 - DaVita offers access to a national non-profit kidney disease advocacy program: Dialysis Patient Citizens.
 - DaVita dialysis centers partner with a specialty-focused pharmacy service, WellDyneRx, for dialysis patients.
 - DaVita's Guest Services Program provides assistance in locating other dialysis facilities for patients wishing to travel or relocate.

- DaVita will contribute to the community through increased taxes, thereby increasing the community's ability to provide support services for the ESRD patient population.

2. Identify the legal structure of the applicant (LLC, PLLC, etc) and provide the UBI number.

Total Renal Care, Inc. is a subsidiary of DaVita Inc., a publically held, for-profit Delaware corporation. Total Renal Care's UBI number is 601-134-681.

3. Contact person for this application

Rudy Lai – Director, Special Projects
DaVita Inc. – North Star Division Office
32275 32nd Ave S.
Federal Way, WA 98001
Phone Number: (510) 421-7568
Email: rudy.lai@DaVita.com

4. Provide the name, title, address, telephone number, and email address of the consultant authorized to speak on your behalf related to the screening of this application (if any).

Not Applicable

5. Provide an organizational chart that clearly identifies the business structure of the applicant(s).

DaVita is governed by its Board of Directors. Board of Director meetings are held quarterly. Organization charts are included as Appendix 1.

6. Identify all healthcare facilities owned, operated by, or managed by the applicant. This should include all facilities in Washington State as well as out-of-state facilities, and should identify the license/accreditation status of each facility.

All DaVita facilities nationally, and their CMS license and accreditation status, are listed in Appendix 2. All applicable state regulatory agencies are listed in Appendix 13.

State licensure and accreditation is not required for outpatient dialysis facilities in Washington State. However, to establish and maintain federal Medicare certification, each DaVita facility undergoes the process established by the state in which the facility operates. Medicare certification is established through surveys conducted by the Department of Health Facility and Licensing Division. All operating DaVita facilities listed in Appendix 2 are Medicare certified or awaiting survey as noted.

DaVita owns, operates or has been approved to operate forty-four (44) dialysis facilities in Washington State. Facilities in Washington State include:

Battle Ground Dialysis Center	Olympia Dialysis Center
720 West Main St. Battle Ground, WA 98604 (360) 687-4677 Medicare Certified	335 Cooper Point Rd NW, Ste 105 Olympia, WA 98502 (360) 357-6198 Medicare Certified
Belfair Dialysis Center	Olympic View Dialysis Center
23961 NE State Route 3, Suite B Belfair, WA 98528 (360) 275-0141 Medicare Certified	125 16th Ave E., 5th Floor Seattle, WA 98112 (206) 323-8900 Medicare Certified
Bellevue Dialysis Center	Parkland Dialysis Center
3535 Factoria Blvd SE, Ste 150 Bellevue, WA 98006 (425) 641-6514 Medicare Certified	331 140th Street South Tacoma, WA 98444 (253) 536-5961 Medicare Certified
Cascade Dialysis Center	Pilchuck Dialysis Center
145 Cascade Place, Ste 100 Burlington, WA 98223 (360) 707-5373 Medicare Certified	1250 State Avenue Marysville, WA 98270 (360) 651-0780 Medicare Certified
Cooks Hill Dialysis Center	Puyallup Community Dialysis Center
1821 Cooks Hill Road Centralia, WA 98531 (360)-736-1188 Medicare Certified	716 South Hill Park Drive, Suite C Puyallup, WA 98373 (253) 845-2127 Medicare Certified
Chinook Kidney Center	Rainier View Dialysis Center
1351 Aaron Drive Richland, WA 99352 (509) 943-4598 Medicare Certified	1822 - 112th Street East, STE A Tacoma, WA 98445 (253) 539-5659 Medicare Certified

Downtown Spokane Renal Center	Redondo Heights Dialysis Center
601 W. 5 th Avenue, Suite 101 Spokane, WA 99204 (509) 363-0700 Medicare Certified	27320 Pacific Highway South Kent, WA 98003 (253) 529-7825 Medicare Certified
East Wenatchee Dialysis Center	Renton Dialysis Center
300 N. Colorado Avenue East Wenatchee, WA 98802 (509) 886-4950 Medicare Certified	4110-E NE 4 th St Renton, WA 98059 (425) 226-2408 Medicare Certified
Echo Valley Dialysis Center	Seaview Dialysis Center
198 Ponderosa Rd. #A Colville, WA 99114 (509) 684-2285 Medicare Certified	101 18th Street SE Seaview, WA 98631 (360) 642-3442 Medicare Certified
Wapato Dialysis Center	Spokane Valley Renal Center
502 W. 1 st Street Wapato, WA 98951 Medicare Certified	12610 E. Maribeu Pkwy, Suite 100 Spokane, WA 99216 (509) 228-9933 Medicare Certified
Elensburg Dialysis Center	Tacoma Dialysis Center
2101 W Dolarway Rd, STE 1 Elensburg, WA 98926 (509) 925-2333 Medicare Certified	3401 South 19 th Street Tacoma, WA 98405 (253) 573-1600 Medicare Certified
Everett Dialysis Center	Tumwater Dialysis Center
8130 Evergreen Way Everett, WA 98203 (425) 353-6036 Medicare Certified	855 Trosper Rd SW, STE 110 Tumwater, WA 98512 (360) 352-7522 Medicare Certified

Kent Community Dialysis Center	Union Gap Dialysis Center
1015 S 348th St Kent, WA 98003 (253) 661-9055 Medicare Certified	1236 Ahtanum Ridge Dr. Union Gap, WA 98903-1813 (509) 469-6292 Medicare Certified
Graham Dialysis Center	Vancouver Dialysis Center
10219 196th Street Ct. E., Ste C Graham, WA 98338 (253) 875-5382 Medicare Certified	9120 NE Vancouver Mall Drive, Ste 160 Vancouver, WA 98662 (360) 891-5777 Medicare Certified
Kennewick Dialysis Center	Wenatchee Valley Dialysis Center
3208 W 19th Ave, Ste 101 Kennewick, WA 99336 (509) 585-5535 Medicare Certified	116 Olds Station Rd Wenatchee, WA 98801 (509) 664-3487 Medicare Certified
Kent Community Dialysis Center	Westwood Dialysis Center
21851 84th Ave S Kent, WA 98032 (253) 872-5474 Medicare Certified	2615 SW Trenton Street Seattle, WA 98126 (206) 938-6738 Medicare Certified
Lakewood Community Dialysis Center	Whidbey Island Dialysis Center
5919 Lakewood Towne Center Blvd SW Lakewood, WA 98499 (253) 512-2400 Medicare Certified	32650 State Route 20, Bldg. D, Ste 101 Oak Harbor, WA 98277 (360) 240-1596 Medicare Certified
Lynnwood Dialysis Center	Yakima Dialysis Center
13619 Mukilteo Speedway, #D-1 Lynnwood, WA 98087 Medicare Certified	1221 N. 16th Ave. Yakima WA 98902-1347 (509) 457-8333 Medicare Certified

Mid-Columbia Kidney Center	Zillah Dialysis Center
6825 Burden Boulevard, Suite A Pasco, WA 99301 (509) 545-0205 Medicare Certified	823 Zillah West Road, Ste 300 Zillah, WA 98953 (509) 829-0209 Medicare Certified
Mill Creek Dialysis Center	Mount Baker Kidney Center
18001 Bothell Everett Hwy, Ste 112 Bothell, WA 98012 (425) 481-5258 Medicare Certified	410 Birchwood Avenue, Ste 100 Bellingham, WA 98225 (360) 734-4243 Medicare Certified
Mt. Adams Kidney Center	North Spokane Renal Center
3220 Picard Place Sunnyside, WA 98944 (509) 837-2013 Medicare Certified	7407 N. Division St., Suite F Spokane, WA 99208 (509) 465-4779 Medicare Certified
Lacey Dialysis Center	Sumner Dialysis Center
Project in Process	Project in Process

II. Project Description

1. Provide the name and address of the existing facility.

Not applicable.

2. Provide the name and address of the proposed facility.

The new DaVita Covington Dialysis Center will provide kidney dialysis services for residents of the King 10 ESRD planning area. The location is:

DaVita Covington Dialysis Center
 King County Parcel# 3622059173
 Covington, WA

3. Provide a detailed project description of the proposed project.

This project will add twelve (12) new stations to the service area, helping to meet the need the 2020-2024 projected need and providing a convenient new location for King 10 ESRD patients.

DaVita Covington Dialysis Center will be located in King 10, which has experienced an annualized 5.35% ESRD population growth rate over the past 3 years, per the NWRN modality reports. The two existing centers in the area have a combined station utilization of 5.52 patients per station. The current ESRD population and ongoing capacity challenges support adding additional capacity and provider choice via DaVita Covington Dialysis Center.

Patients of DaVita Covington Dialysis will also gain access to DaVita national programs. The proposed dialysis center will offer access to a specialty-focused pharmacy partner, WellDyneRx. Patients and their families will also have access to the Guest Services Program that provides assistance in locating other dialysis facilities for patients wishing to travel or relocate. Additionally, the Kidney Smart Education Program, which is described in Appendix 19, offers robust education for those in the community whose disease may not have yet progressed to ESRD, generating greater awareness of how best to self-manage their care and what treatment options are available to discuss with their nephrologists.

4. Identify any affiliates for this project, as defined in WAC 246-310-800(1).

This question is not applicable, as DaVita Inc., through Total Renal Care, Inc., will be the sole owner of DaVita Covington Dialysis Center. It therefore has no affiliates for this project.

5. Provide an estimated timeline for project implementation.

The table below outlines the anticipated dates of approval, design completion, construction commencement and completion, and preparation for survey based on an approval date, assuming all variables operate according to historical trends. DaVita continues to refine and streamline the facility development process.

Table 1	
DaVita Covington Dialysis Center	
Anticipated Dates of Commencement & Completion of Project	
Event	Anticipated Date

<i>Project Approval</i>	<i>January 2021</i>
Design Complete	April 2021
Construction Commenced	January 2022
Construction Completed	February 2023
Facility Prepared for Survey/ "Operational"	August 2023

6. Identify the date the facility is expected to be operational as defined in WAC 246-310-800(12).

DaVita expects that Covington Dialysis Center will be operational and prepared for survey as defined in WAC 246-310-800(12) by **August 2023**, based on a January 2021 project approval date.

7. Provide a detailed description of the services represented by this project. For existing facilities, this should include a discussion of existing services and how these would or would not change as a result of the project.

DaVita Covington Dialysis Center will provide twelve (12) total chronic dialysis stations plus exempt isolation station, offering services to:

- Hemodialysis patients who dialyze in the chronic setting,
- Hemodialysis patients requiring isolation,
- Hemodialysis patients requiring dialysis in a permanent bed station,
- Hemodialysis patients requiring treatment shifts that begin after 5:00 PM,

Additional services provided will include:

- Treatment for visiting hemodialysis patients from other areas outside King 10, and
- Community education for patients recently diagnosed with Chronic Kidney Disease (CKD).

8. Provide a general description of the types of patients to be served by the facility at project completion.

DaVita Covington Dialysis Center will serve patients requiring in-center hemodialysis (both chronic and acute). In addition, it will serve patients requiring isolation and those requiring treatment shifts beginning after 5:00 PM, as well as those requiring dialysis in a permanent bed station. Finally, it will serve visiting hemodialysis patients and recently diagnosed CKD patients.

9. Provide a copy of the letter of intent that was already submitted according to WAC 246-310-080.

A copy of the letter of intent is included in Appendix 5.

10. Provide single-line drawings (approximately to scale) of the facility, both before and after project completion. Reference WAC 246-310-800(11) for the definition of maximum treatment area square footage. Ensure that stations are clearly labeled

with their square footage identified, and specifically identify future expansion stations (if applicable)

A single line drawing, showing DaVita Covington Dialysis Center both before and after project completion, is included as Appendix 17. Note that up to three hundred (300) square feet is allocated for future expansion stations per WAC 246-310-800(11)(c) on the proposed line drawing.

11. Provide the gross and net square feet of this facility. Treatment area and non-treatment area should be identified separately.

The DaVita Covington Dialysis Center will consist of 7,040 gross square feet, and 7,040 net square feet. The treatment area will consist of 2,916 square feet, and non-treatment area of 4,124 square feet. Covington Dialysis Center space allocations are included in Table 2 below.

SQUARE FOOTAGE ALLOCATION	
Category	Area (S.F.)
Treatment Floor Area	
Chronic Dialysis Stations	880
Isolation Station	150
Permanent Bed Station	100
Expansion Stations	180
Nurse Station / Med Prep Area	180
Patient Prep	100
Circulation	1161
Lab Prep	85
Storage	80
Treatment Floor Area Total	2916
Non-Treatment Floor Area	
Water Room / Lab Prep	423
Re-Use	0
Bio-Med	120
Staff Toilet / Lounge	320
Janitorial / Electrical	130
Business Office / Medical Records	240
Reception	450
Conference Room / Huddle	260
Home Training, PD & HHD Nurses	0
Patient Toilets	115
Storage / Med Waste / Wheelchair	290
Staff Offices	278
HVAC / Circulation	1,498
Clean Supplies / Kidney Care Training	0
Non-Treatment Floor Area Total	4124
Total Area	7,040

In Table 3, below, is calculated the maximum treatment area square footage of 4,112 square feet. Treatment floor area at project completion will be 2,916 square feet, below the maximum allowable square footage.

MAXIMUM TREATMENT FLOOR AREA SQUARE FOOTAGE			
Category	S.F.	No. of Stations	Total S.F.
(a) General use in-center station and each nonisolation station	150	11	1,650
(b) Each isolation station and each permanent bed station	200	1 BED / 1 ISO	400
(c) Future expansion of two in-center treatment stations; and	150	2	300
(d) Other treatment floor space is 75% of the sum of (a), (b), and (c)			1,762
Maximum Treatment Floor Area Square Footage			4,112

12. Confirm that the facility will be certified by Medicare and Medicaid. Provide the existing facility's Medicare and Medicaid numbers.

DaVita Covington Dialysis Center will be certified by Medicare and Medicaid upon completion. DaVita's track record of certification by Medicare and Medicaid for existing facilities should provide the Department of Health confidence both in DaVita's intent to achieve certification by Medicare and Medicaid and its track record of providing high quality care borne out via successful survey.

III. Certificate of Need Review Criteria

A. Need (WAC 246-310-210 and 246-310-800 to 246-310-833)

1. List all other dialysis facilities currently operating in the planning area, as defined in WAC 246-310-800(15).

WAC 246-310-800(15) defines the King 10 ESRD planning area zip codes. Table 4 provides a list of all currently approved dialysis facilities operating in the King 10 planning area.

Table 4		
Existing Dialysis Facilities in King 10	Provider	Approved Stations
NKC KENT 502553	NKC	27
DVA KENT 502526	DVA	21

2. Provide utilization data for the facilities listed above according to the most recent NWRN modality report.

WAC 246-310-812(3) requires that projected station need must be based on 4.8 resident in-center patients per station in urban areas, and 3.2 patients per station in designated rural counties. The applicable utilization standard for King 10 is 4.8 patients per station, therefore WAC 246-310-812(5) applies, and all certificate of need counted stations at each facility in the planning area must be operating at 4.5 in-center patients per station as of the letter of intent submission date, have been in operation for three or more years, or have not met the timeline presented in their Certificate of Need application. The relevant data for this analysis is the quarterly facility utilization report prepared by the Northwest Renal Network (hereafter "NWRN"). Table 5 provides current utilization levels for all existing King 10 dialysis facilities.

Table 5		Quarterly Utilization of Existing Stations			
Existing Dialysis Facilities in King 10	Provider	Approved Stations	NWRN 3/31/2020		Standard Met?
			Patients	Patients Per Station	4.5 Patients Per Station
NKC KENT 502553	NKC	27	155	5.74	Yes
DVA KENT 502526	DVA	21	110	5.23	Yes

As outlined in Table 5, all facilities in the planning area are at 4.5 patients per station, thus the utilization standard for 4.8 planning areas is met.

3. Complete the quantitative station need methodology outlined in WAC 246-310-812.

WAC 246-310-812 outlines the applicable standards and methodology to determine planning area need. WAC 246-310-800(15) defines a "planning area" as an individual geographic area designated by the department for which kidney dialysis station need projections are calculated. The 6 year in-center hemodialysis patient historical volume for the King 10 ESRD planning area zip codes is represented below in Table 6, per data from the year-end NWRN modality reports.

Table 6						
Planning Area In-Center Hemodialysis Patients Projected by Year						
Year	2014	2015	2016	2017	2018	2019
King 10	166	180	195	207	214	228
Total	166	180	195	207	214	228

Table 7 analyzes the historical growth rate for the number of resident in-center patients from King 10 to determine if the linear or nonlinear regression methodology will be used in determining need per WAC 246-310-812(4)(a)(i-ii). The linear regression methodology was selected as year-to-year increases are less than 6% in several of the past five annual increases, including 2014-2015.

Year	2014	2015	2016	2017	2018	2019
King 10	166	180	195	207	214	228
% Change		8.43%	8.33%	6.15%	3.38%	6.54%

Table 8 projects dialysis utilization for five years after the last calendar year when year-end in-center patient data by planning area from the NWRN modality reports is available prior to the letter of intent submission date, per WAC 246-310-812(4)(b). This fifth future year is deemed to be the projection year for identifying the maximum number of stations that may be approved within a planning area under the state methodology, per WAC 246-310-800(16). This methodology is based on the following:

- Performing a 5-year future regression of 5-year historical data, described in WAC 246-310-812(4), using either the linear or nonlinear regression methodology determined in the prior table to determine total projected patient volume. In this case, the linear methodology is used.
- Applying the patient to station conversion factor – either 4.8 patients per station for urban areas or 3.2 patients per station for designated rural counties – to determine total station need in the area. In this case, the 4.8 patients per station utilization factor is applied.
- Subtracting existing stations for dialysis facilities in the planning area from the total station need and rounding up to the next whole number of stations to determine net station need.

King 10	Year 1	Year 2	Year 3	Year 4	Year 5
	2020	2021	2022	2023	2024
Projected Hemodialysis Patients	239.3	250.8	262.3	273.8	285.3
Patient:Station Conversion Factor	4.8	4.8	4.8	4.8	4.8
Total Station Need	49.9	52.3	54.6	57.0	59.4
Rounded to next whole number	50	53	55	58	60
Existing Stations (excluding appealed)	48	48	48	48	48
Net Total Need	-2	-5	-7	-10	-12

King 10 shows need for twelve (12) stations in the fifth year of the projection, 2024.

4. For existing facilities, provide the facility's historical utilization for the last three full calendar years.

This question is not applicable as DaVita Covington Dialysis Center would be a new facility.

5. For existing facilities proposing to add one or two stations under WAC 246-310-818, provide the facility's historical utilization data for the most recent six months preceding the letter of intent period

This question is not applicable, as DaVita is not applying under WAC 246-310-818.

6. Provide projected utilization of the proposed facility for the first three full years of operation. For existing facilities, also provide the intervening years between historical and projected. Include all assumptions used to make these projections.

The table below provides a summary of projected utilization for the first three full years of operation through completion of the third full year of operation (2024 - 2026). In-center patient volume is based on a 5-year projection of King 10 patients using a regression of 5 years historical data per the Department's methodology and DaVita's own experience. In-center treatments are based on an assumption of 3 treatments per week per patient for 52 weeks with a 5% allowance for missed treatments.

King 10	Partial	Projection	Projection	Projection
	2023	2024	2025	2026
Total In-Center Stations (excluding CON exempt ISO)	12	12	12	12
Total In-Center Patients (average)	6	17	29	39
Total In-Center Treatments	374	2519	4224	5780
Total Home Patients (average)	0	0	0	0
Total Home Treatments	0	0	0	0

7. For existing facilities, provide patient origin zip code data for the most recent full calendar year of operation.

This question is not applicable as DaVita Covington Dialysis would be a new facility.

8. Identify any factors in the planning area that could restrict patient access to dialysis services.

DaVita is not aware of factors relating to its proposed offering of services at DaVita Covington Dialysis that could restrict patient access to dialysis services in the planning area. On the contrary, an addition of twelve (12) stations in the planning area, where the current facilities average 5.52 patients per station, will enhance patient access and choice. As detailed in its response to question 7 under the Project Description, no existing services provided to dialysis patients or community members diagnosed with chronic kidney disease (CKD) will be curtailed under this project.

9. Identify how this project will be available and accessible to low-income persons, racial and ethnic minorities, women, mentally handicapped persons, and other under-served groups.

DaVita's history of providing dialysis services at numerous locations throughout Washington State shows that all persons, including the underserved groups identified in WAC 246-310-210(2), have adequate access to DaVita's facilities, as required by the regulation. We have provided as Appendix 14 copies of the applicable admission, patient financial evaluation, and patient involuntary transfer policies. Additionally, the pro forma the funds that have been budgeted to provide charity care.

10. If this project is either a partial or full relocation of an existing facility, provide a detailed discussion of the limitations of the current site consistent with WAC 246-310-210(2).

This question is not applicable to this project.

11. If this project is either a partial or full relocation of an existing facility, provide a detailed discussion of benefits associated with the relocation consistent with WAC 246-310-210(2).

This question is not applicable to this project.

12. Provide a copy of the following policies:

- Admissions policy
- Charity care or financial assistance policy
- Patient Rights and Responsibilities policy
- Non-discrimination policy
- Any other policies directly associated with patient access (example, involuntary discharge)

Copies of these policies are provided in Appendix 14. Additionally, DaVita's history of providing dialysis services at numerous locations throughout Washington State shows that all persons, including the underserved groups identified in WAC 246-310-210(2), have adequate access to DaVita's facilities, as required by the regulation.

B. Financial Feasibility (WAC 246-310-220 and 246-310-815)

1. Provide the following agreements/contracts:

- Management agreement.
- Operating agreement
- Medical director agreement
- Development agreement
- Joint Venture agreement

A draft Medical Director Agreement, valid through at least the first three full years following completion of the project, is included in Appendix 3. The Medical Director is Dr. Sancar Eke, M.D. (MD # 1205094489).

Neither a management agreement nor an operating agreement are applicable to this project as DaVita Inc. will be the sole owner and operator of Covington Dialysis Center. No joint venture agreement applicable, as DaVita will be the sole owner of Covington Dialysis Center.

- 2. Provide documentation of site control. This could include either a deed to the site or a lease agreement for the site. If a lease agreement is provided, the terms must be for at least five years following project completion.**

The DaVita Covington Dialysis Center executed lease, with a term extending at least five years beyond project completion, is included in Appendix 15.

- 3. Provide county assessor information and zoning information for the site. If zoning information for the site is unclear, provide documentation or letter from the municipal authorities showing the proposed project is allowable at the identified site.**

Zoning & county assessor documentation for the proposed DaVita Covington Dialysis Center is provided in Appendix 16.

- 4. Complete the table below with the estimated capital expenditure associated with this project. Capital expenditure for the purposes of dialysis applications is defined under WAC 246-310-800(3). If you have other line items not listed below, include the definition of the line item. Include all assumptions used to create the capital expenditure estimate.**

Table 10: Estimated Capital Expenditure	
Item	Cost
a. Land Purchase	\$ -
b. Utilities to Lot Line	\$ 3,809
c. Land Improvements	\$ -
d. Building Purchase	\$ -
e. Residual Value of Replaced Facility	\$ -
f. Building Construction	\$ 1,321,579
g. Fixed Equipment (not already included in the construction contract)	\$ 221,918
h. Movable Equipment	\$ 502,883
i. Architect and Engineering Fees	\$ 99,025
j. Consulting Fees	\$ -
k. Site Preparation	\$ -
l. Supervision and Inspection of Site (including Permits)	\$ 66,651
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	
1. Land	\$ -
2. Building	\$ -
3. Equipment	\$ -
4. Other	\$ -
n. Washington Sales Tax (included in above where applicable)	
Total Estimated Capital Expenditure	\$2,215,865

Construction cost is estimated based on the non-binding contractor estimate presented in response to Question 6. Construction cost number includes sales tax. Sales tax is assumed at King County rate of 8.2% for all fixtures, furnishings, and equipment, and where else applicable. Sales tax is not attributed to dialysis machines.

- 5. Identify the entity responsible for the estimated capital costs identified above. If more than one entity is responsible, provide breakdown of percentages and amounts for all.**

DaVita Inc, via its subsidiary Total Renal Care, Inc., is solely responsible for the capital costs identified above.

- 6. Provide a non-binding contractor's estimate for the construction costs for the project.**

Please see the estimate provided in Appendix 21.

7. Provide a detailed narrative regarding how the project would or would not impact costs and charges for services. WAC 246-310-220.

The DaVita Covington Dialysis Center Detailed Projected Operating Statement (Pro Forma) covering the first three full years in operation is included in Appendix 9. As required per WAC 246-310-815(1)(b), that pro forma is based on the three nearest DaVita facilities' current payer mixes and current expenses. All major pro forma assumptions are also outlined in Appendix 9.

No existing facility is expected to lose volume or market share below Certificate of Need standards as a result of this project, as all existing dialysis facilities in the planning area are operating above the utilization threshold of 4.5 patients per station. The proposed facility will operate at utilization levels consistent with required utilization levels after three years. Finally, reimbursements for dialysis services are not subject to or affected by capital improvements and expenditures by providers; the proposed project will have no impact on increases in charges for services within the ESRD planning area, and will actually increase patient choice of treatment facility and time.

8. Provide documentation that the costs of the project, including any construction costs, will not result in an unreasonable impact on the costs and charges for health services in the planning area. WAC 246-310-220.

WAC 246-310-815(2) requires that applicants limit the costs of facility projects by creating a test of reasonableness in the construction of finished treatment floor area square footage. The treatment floor area must not exceed the maximum treatment floor area square footage defined in WAC 246-310-800(11). As outlined in response to Question Eleven under the Project Description, DaVita does not propose to construct treatment floor space in excess of the maximum treatment floor area square footage, and thus, under the WAC 246-310-815(2) test, this project does not have an unreasonable impact on costs and charges.

Additionally, as noted in response to question seven, reimbursements for dialysis services are not subject to or affected by capital improvements and expenditures by providers; the proposed project will have no impact on increases in charges for services within the ESRD planning area.

9. Provide the projected payer mix by revenue and by patients using the example table below. If "other" is a category, define what is included in "other."

Table 11		
Projected Payer Mix	Percentage by Revenue	Percentage by Patient
Medicare	50.7%	67.0%
Medicaid	8.1%	11.9%
Commercial, HMO, Other Government, and Other	41.2%	21.1%
Total	100.0%	100.0%

10. If this project proposes the addition of stations to an existing facility, provide the historical payer mix by revenue and patients for the existing facility.

This question is not applicable to this project.

11. Provide a listing of all new equipment proposed for this project. The list should include estimated costs for the equipment. If no new equipment is required, explain.

Table 12 provides a listing of all new equipment proposed for this project (including estimated sales tax where applicable).

Expenditure Category	Allocated Equipment Cost
Communication/Computer Equipment	\$ 119,137
Water Treatment/Biomedical/Reuse	\$ 198,322
Clinical Equipment	\$ 278,644
Dialysis Machines, IV Pumps, AED, EKG, etc.	
Permanent bed	
Patient Scale, Ice Machine, Patient Lift, etc.	
Dialysis Chairs, Chart Racks, Stools, etc.	
Storage, Fixtures, Artwork, Office Equipment, etc.	\$ 128,699
Sales Tax (included in above where applicable)	
Total Equipment Costs	\$ 724,801

12. Identify the source(s) of financing (loan, grant, gifts, etc.) and provide supporting documentation from the source.

The project will be funded from DaVita's capital expenditures budget. Capital budgeting reflects appropriate allocations of funds for projects in the Pacific Northwest. A letter from Mike Staffieri, Chief Operating Officer, committing to these funds is included as Appendix 6.

13. Provide the applicant's audited financial statements covering at least the most recent three years. WAC 246-310-220.

Audited financial statements for DaVita Inc., covering the time period from 2017-2019, are provided in Appendix 10.

C. Structure and Process (Quality) of Care (WAC 246-310-230)

1. Provide a table that shows FTEs [full time equivalents] by category for the proposed facility. If the facility is currently in operation, include at least the last three full years of operation, the current year, and the first three full years of operation following project completion. There should be no gaps in years.

Table 13 presents the staffing for the DaVita Covington Dialysis Center. The salary and wage and benefit costs for the facility are detailed below.

Table 13	Comp Clinics		FTEs			
	Avg Wage Rate	Staffing Ratio (pts per shift, station)	PY FY22	FY24	FY25	FY26
Administrator	\$ 47.15	80	0.25	0.25	0.40	0.49
Admin Assistant	\$ 21.36	110	0.25	0.25	0.40	0.35
Social Worker	\$ 32.47	120	0.05	0.14	0.24	0.33
Dietician	\$ 37.59	120	0.05	0.14	0.24	0.33
RN - In-Center	\$ 41.15	12	0.50	0.50	0.79	1.08
PCT	\$ 20.51	4	1.00	1.42	2.38	3.25
RN - PD	\$ -	18	-	-	-	-
Biomed	\$ 28.47	40	0.25	0.25	0.25	0.25
Other	\$ 28.26	80	0.08	0.21	0.36	0.49

2. Provide the assumptions used to project the number and types of FTEs identified for this project.

DaVita projects FTEs based on staffing ratios for patients per shift, combined with clinical expertise. Standard ratios are noted in Table 13. Overall census estimates are based on the assumptions describing the pro forma in Appendix 9. The "Other" category includes, among other miscellaneous categories, patient education and inventory management roles, as well as training hours.

3. Identify the salaries, wages, and employee benefits for each FTE category.

Aggregated wage rates for each FTE category are noted in Table 13, based on actual rates from 2019 for comparable facilities. Benefits are calculated at 33.75% of total compensation, and includes non-base pay such as shift-differential pay.

4. Provide the name and professional license number of the current or proposed medical director. If not already disclosed under 210(1) identify if the medical director is an employee or under contract.

The proposed Medical Director is Dr. Sancar Eke, M.D. (MD # 1205094489). He is under contract to provide medical director services to Covington Dialysis Center, and is not an employee of DaVita.

5. Identify key staff, if known. (nurse manager, clinical director, etc.)

DaVita Covington Dialysis Center will have a Facility Administrator (FA) and Clinical Coordinator (CC). These staff are not yet identified.

6. For existing facilities, provide names and professional license numbers for current credentialed staff.

This question is not applicable.

7. Describe your methods for staff recruitment and retention. If any barriers to staff recruitment exist in the planning area, provide a detailed description of your plan to staff this project.

DaVita anticipates no difficulty in recruiting the necessary personnel to staff DaVita Covington Dialysis Center. While new staff will be required, DaVita has been repeatedly recognized as a Top Employer and a Military Friendly Employer (DaVita.com/about/awards) and offers a competitive wage and benefit package to employees. DaVita posts openings nationally both internally and external to DaVita.

8. Provide a listing of proposed ancillary and support agreements for the facility. For existing facilities, provide a listing of the vendors.

Please see a listing of proposed ancillary and support agreements for DaVita Covington Dialysis Center in Appendix 11.

9. For existing facilities, provide a listing of ancillary and support service vendors already in place.

This question is not applicable.

10. For new facilities, provide a listing of ancillary and support services that will be established.

Please see a listing of proposed ancillary and support agreements, and services to be established, for DaVita Covington Dialysis Center in Appendix 11.

11. Provide a listing of ancillary and support services that would be provided on site and those provided through a parent corporation off site.

Ancillary services such as social services, nutrition services, financial counseling, pharmacy access, patient education, staff education, information services, material management, administration and biomedical technical services will be provided on site. Additional services are coordinated through DaVita's main office in Denver, Colorado, and support offices in Federal Way and Tacoma, Washington, and elsewhere. These ancillary and support services provided centrally include the Guest Services Program that provides assistance in locating other dialysis facilities for patients wishing to travel or relocate. In addition, DaVita offers centralized revenue cycle, management services, quality improvement services, biomedical equipment maintenance and a number of other high-value off-site programs.

12. Identify whether any of the existing ancillary or support agreements are expected to change as a result of this project.

No existing ancillary or support agreements are expected to change as a result of this project.

13. If the dialysis center is currently operating, provide a listing of healthcare facilities with which the dialysis center has working relationships.

This question is not applicable.

14. For a new facility, provide a listing of healthcare facilities with which the dialysis center would establish working relationships.

DaVita anticipates establishing working relationships with local hospitals, both for emergency patient transfer as well as coordinated discharge and acceptance of patients. DaVita also anticipates continuing its relationships with area physician practices to ensure the highest quality coordinated care for patients. Finally, DaVita anticipates establishing relationships with local nursing homes to provide care for their resident ESRD patients, many of which it already collaborates with in other area dialysis facilities.

15. Provide a copy of the existing or proposed transfer agreement with a local hospital

Please see the proposed Transfer Agreement in Appendix 12.

16. Clarify whether any of the existing working relationships would change as a result of this project.

No existing working relationships are expected to change as a result of this project, although area hospitals and nursing homes may expect enhanced access for their ESRD patients upon project completion.

17. Fully describe any history of the applicant concerning the actions noted in Certificate of Need rules and regulations WAC 246-310-230(5)(a). If there is such history, provide documentation that the proposed project will be operated in a manner that ensures safe and adequate care to the public to be served and in conformance with applicable federal and state requirements. This could include a corporate integrity agreement or plan of correction.

On October 22, 2014, DaVita and the United States Department of Health and Human Services, Office of Inspector General entered into a Corporate Integrity Agreement (“CIA”) to promote compliance with the statutes, regulations, and written directives of Medicare, Medicaid, and all other Federal health care programs and, in particular, included the appointment of an Independent Monitor to prospectively review DaVita’s arrangements with nephrologists and other health care providers for compliance with the Anti-Kickback Statute (collectively, “Federal Health Care Programs and Laws”). That Independent Monitor completed the prospective review process in the fall of 2017. Each arrangement is now reviewed by the Risk Rating team to ensure that it is compliant with these Federal Health Care Programs and Laws. The Corporate Integrity Agreement expired October 22, 2019. During the five-year term of the agreement, DaVita continued to thrive and though no longer required to pursuant to the agreement, DaVita plans to continue most of the policies and spirit of the agreement.

18. Provide documentation that the proposed project will promote continuity in the provision of health care services in the planning area, and not result in an unwarranted fragmentation of services. WAC 246-310-230

Appendix 18 provides a summary of quality and continuity of care indicators used in DaVita’s quality improvement program. The DaVita Continuous Quality Improvement (CQI) program incorporates all areas of the dialysis program. The program monitors and evaluates all activities related to clinical outcomes, operations management, and process flow. Dialysis-specific statistical tools (developed by DaVita) are used for measurement, analysis, communication, and feedback. Continuing employee and patient education are integral parts of this program. Appendix 18 includes an example of DaVita Quality Index (DQI) data. Appendix 19 includes an example of DaVita’s Physician, Community and Patient Services offered through DaVita’s Kidney Smart Education Program. Appendix 12 includes a copy of a draft transfer agreement between DaVita Covington Dialysis Center and an area care hospital partner. DaVita has been honored as one of the World’s Most Admired Companies® by FORTUNE® magazine since 2006, confirming its excellence in working effectively with the communities it serves (DaVita.com/about/awards).

From the perspective of a dialysis patient with multiple relevant healthcare providers, such as a primary care provider, nephrologist, home care caregivers or skilled nursing or assisted living caregivers, and perhaps (unfortunately) a recently-visited hospital. DaVita is committed to the wellbeing of its patients, and for patients with a diagnosis as complex as end-stage renal disease, that wellbeing by necessity requires communication and coordination with multiple caregivers, such as those above. DaVita uses an interdisciplinary team consisting of the facility social worker, dietician, clinical nurse manager, medical director, and the patient’s

nephrologist to facilitate communication and coordination through the healthcare system. If a comorbidity is identified that impacts the patient's health, the patient's nephrologist or medical director would reach out to the patient's primary care physician for consult. DaVita would also ensure any change in the care plan from the patient's nephrologist is executed in consultation with the facility medical director. DaVita collaborates with home or assisted living and skilled nursing caregivers on a daily basis, including in cases such as the patient's above, reviewing transportation, dialysis medication needs, access care, as well as taking in any dialysis-related concerns those patients may have and reviewing them in consultation with the interdisciplinary team. When a hospital is unfortunately required to intervene in a patient's care, DaVita facilitates rapid discharges back to chronic dialysis, coordination of medical records into the patient's chart, and coordination with the patient's nephrologist for any care plan changes. Additionally, all DaVita dialysis centers enter into hospital and nursing home transfer agreements, and participate in community emergency preparedness drills to ensure maximum coordination in the healthcare arena. Dialysis is one of the healthcare modalities that, due to its regular cadence and length, is one of patients' most consistent touchpoints with the healthcare system, and DaVita is committed to working with its patients to use these points to coordinate and communicate among the patient's healthcare providers across the healthcare system.

19. Provide documentation that the proposed project will have an appropriate relationship to the service area's existing health care system as required in WAC 246-310-230.

The proposed DaVita Covington Dialysis Center will have an appropriate relationship to the service area's existing health care system. DaVita Covington Dialysis will be a key component of the expanded health care system in the service area, and the project will enable enhanced patient access in King 10. Furthermore, DaVita has a long track record of working with area providers and collaborating with them to provide the highest quality care for patients.

20. Provide documentation to verify that the facility would be operated in compliance with applicable state and federal standards. The assessment of the conformance of a project to this criterion shall include, but not be limited to, consideration as to whether the applicant or licensee has no history, in this state or elsewhere, of a criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility, a denial or revocation of a license to operate a health care facility, a revocation of a license to practice a health profession, or a decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.

The applicant has no adverse history of license revocation or decertification in Washington State. DaVita has no criminal convictions related to DaVita's competency to exercise responsibility for the ownership or operation of its facilities. As previously reported, a DaVita facility in Tennessee was decertified and closed thirteen years ago (2007) and DaVita voluntarily temporarily shut down a facility in Texas twelve years ago (2008). DaVita has also supplied, in Appendix 13, a list of all state regulatory agencies with which it interacts.

D. Cost Containment (WAC 246-310-240)

1. Identify all alternatives considered prior to submitting this project.

Alternative 1: Do nothing. That is, do not apply for additional stations in the King 10 planning area.

King 10 is growing in ESRD population, with a three-year annualized in-center ESRD census growth rate of 5.35% and demonstrated need for twelve (12) stations. Other centers in the area are all above 75% utilization. With strong demand for access to DaVita's services but no application, patients will be forced to dialyze at less convenient times, locations, or even out of the planning area entirely. This alternative was rejected.

Alternative 2: Apply for twelve (12) stations in the King 10 planning area. As summarized above, King 10 shows substantial need for dialysis services. DaVita will rapidly offer high-quality dialysis services to patients in the King 10 planning area, additional provider choice, and additional, centrally located access. **This alternative was selected.**

2. Provide a comparison of the project with alternatives rejected by the applicant. Include the rationale for considering this project to be superior to the rejected alternatives. Factors to consider can include, but are not limited to: patient access to healthcare services, capital cost, legal restrictions, staffing impacts, quality of care, and cost or operation efficiency.

Please see the exploration and analysis of alternatives in response to Question One above.

3. For existing facilities, identify your closest two facilities as required in WAC 246-310-827(3)(a).

This question is not applicable.

4. For new facilities, identify your closest three facilities as required in WAC 246-310-827(3)(b).

DaVita's three closest, non-exception facilities to its proposed Covington Dialysis Center are:

- DaVita Renton Dialysis Center
- DaVita Kent Dialysis Center
- DaVita Redondo Heights Dialysis Center

5. Identify whether any aspects of the facility's design could lead to operational efficiency. This could include but is not limited to: LEED building, water filtration, or the methods for construction, etc. WAC 246-310-240(2) and (3).

DaVita Covington Dialysis Center will meet all current energy conservation standards required. Furthermore, DaVita design standards, reflected in the single-line drawing, are planned to promote energy efficiency, create efficient workflows, clean sightlines and a safe and welcoming environment for patients.

APPENDICES

- Appendix 01** Organizational Chart
- Appendix 02** Master Legal Entity List; National DaVita Facilities
- Appendix 03** Medical Director Agreement
- Appendix 04** Patients by Zip Code
- Appendix 05** Letter of Intent
- Appendix 06** Operational and Financial Commitment Letter
- Appendix 07** Credentialed Staff
- Appendix 08** Historical & Current Financials
- Appendix 09** Detailed Projected Operating Statement (Pro Forma)
- Appendix 10** Audited Financial Statements; SEC 10k – 2017, 2018, 2019
- Appendix 11** Ancillary and Support Agreements and Vendors
- Appendix 12** Patient Transfer Agreement
- Appendix 13** List of State Regulatory Agencies
- Appendix 14** Accepting Patients for Treatment; Indigent Care Policy; Involuntary Transfer Procedure; Patient Rights
- Appendix 15** Lease Agreement
- Appendix 16** Zoning Documentation & Tax Assessor Info
- Appendix 17** Single Line Drawing
- Appendix 18** DaVita Quality Index (DQI) Data; DaVita Continuous Quality Improvement (CQI) Data
- Appendix 19** DaVita's Physician, Community and Patient Services
- Appendix 20** DaVita Top Clinical Outcomes
- Appendix 21** Nonbinding Contractor's Estimate