

**STATE OF NEW YORK**  
**PUBLIC HEALTH AND HEALTH PLANNING COUNCIL**

**SPECIAL ESTABLISHMENT AND PROJECT REVIEW COMMITTEE**

**AGENDA**

*April 12, 2018*

*Immediately following the Committee on Codes, Regulations and Legislation meeting  
(Scheduled to begin at 10:00 a.m.)*

*Empire State Plaza, Concourse Level, Meeting Room 6, Albany*

**I. COMMITTEE ON ESTABLISHMENT AND PROJECT REVIEW**

Peter Robinson, Chair

**Applications for Establishment and Construction of Health Care Facilities/Agencies**

**Dialysis Services - Establish/Construct**

	<b><u>Number</u></b>	<b><u>Applicant/Facility</u></b>
1.	172364 E	True North IV DC, LLC (Queens County)
2.	172411 E	True North V DC, LLC (Kings County)



Project # 172364-E  
True North IV DC, LLC

**Program:** Diagnostic and Treatment Center     **County:** Queens  
**Purpose:** Establishment     **Acknowledged:** December 7, 2017

**Executive Summary**

**Description**

True North IV DC, LLC, an existing New York limited liability company, requests approval to acquire the following two proprietary Article 28 chronic renal dialysis centers currently operated by Knickerbocker Dialysis, Inc., which operates Bronx Dialysis Center: Atlas Park Dialysis (Atlas Park), a 25-station dialysis clinic located at 80-00 Cooper Avenue, Glendale (Queens County), and Jamaica Hillside Dialysis (Jamaica Hillside), a 25-station dialysis clinic located at 171-19 Hillside Avenue, Jamaica (Queens). The facilities were initially approved as extension clinics of Bronx Dialysis Center under CON 141139 (Atlas Park) and 142199 (Jamaica Hillside) and became operational effective July 31, 2017. Atlas Park is licensed to provide chronic renal dialysis services, while Jamaica Hillside is licensed to provide chronic renal dialysis, home peritoneal dialysis training and support, and home hemodialysis training and support services. Knickerbocker Dialysis, Inc. is a wholly-owned subsidiary of DaVita of New York, Inc., which operates a significant number of chronic renal dialysis extension clinics in New York State.

After the proposed change of ownership, Atlas Park will become the main site and principal place of business of True North IV DC, LLC, and the Jamaica Hillside site will become an extension clinic of Atlas Park Dialysis. True North IV DC, LLC will continue to operate both facilities under their current names after the changes of ownership.

Attachment E shows the organizational chart of True North IV DC, LLC.

Ownership of the operations after the requested change is as follows:

<b>True North IV DC, LLC</b>		<b>%</b>
<b>Members</b>		
<b>True North DC Holding, LLC</b>		<b>88%</b>
<i><b>Knickerbocker Dialysis, Inc.</b></i> <b>(51%)</b> DaVita of New York, Inc. (100%) DaVita Inc. (100%)		
<i><b>North Shore LIJ Renal Ventures, LLC</b></i> <b>(49%)</b> North Shore University Hosp (100%) Northwell Healthcare, Inc. (100%) Northwell Health, Inc. (100%)		
<b>Quinum One, LLC</b>		<b>12%</b>
<i><b>Quinum LLC</b></i> <b>(75%)</b> Alexander Bangiev, MD (38.88%) Dayanand Huded, MD (22.24%) Ljubisa Micic, MD (38.88%)		
<i><b>Narayan Holding Company, LLC</b></i> <b>(25%)</b> Narayan Das Agrawal, MD (100%)		
<b>TOTAL</b>		<b>100%</b>

True North IV DC, LLC will enter into a Consulting and Administrative Services Agreement with DaVita Inc. to provide accounting, billing, funds management and other consulting and administrative services.

OPCHSM Recommendation  
Contingent Approval

**Need Summary**  
The locations and primary service area in Queens County for both facilities will be unchanged and there will be no change in the operation of the facilities or expansion of services after the proposed changes of ownership.

Program Summary

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

Financial Summary

There are no project costs associated with this application. True North IV DC, LLC will assume the leases for the sites where Atlas Park Dialysis and Jamaica Hillside Dialysis are located.

The proposed budgets are as follows:

<u>Atlas Park Dialysis</u>	
	<u>Third Year</u>
Revenues	\$4,544,393
Expenses	<u>3,885,796</u>
Net Income	\$658,597

<u>Jamaica Hillside Dialysis</u>	
	<u>Third Year</u>
Revenues	\$5,396,716
Expenses	<u>4,739,221</u>
Net Income	\$657,495

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a photocopy of the amended Operating Agreement of True North IV DC, LLC, acceptable to the Department. [CSL]
2. Submission of a photocopy of the executed Certificate of Amendment of the Articles of Organization of Quinum One, LLC acceptable to the Department. [CSL]
3. Submission of a photocopy of the amended Operating Agreement of Quinum One, LLC, acceptable to the Department. [CSL]
4. Submission of a photocopy of the executed Certificate of Amendment of the Articles of Organization for Narayan Holding Company, LLC, acceptable to the Department. [CSL]
5. Submission of a photocopy of an amended Facility Medical Director Agreement by Knickerbocker Dialysis, Inc., Nephrology Medical Care, PLLC and Ljudisa Micic, M.D. that complies with the Department of Health guidelines for service contracts, acceptable to the Department. [CSL]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]

Council Action Date

**April 12, 2018**

## Need and Program Analysis

### Background

After the change of ownership proposed in this present CON, Atlas Park Dialysis will become the main site and principal place of business of True North IV DC, LLC. Jamaica Hillside Dialysis will become an extension clinic of Atlas Park Dialysis. True North IV DC, LLC will continue to operate both facilities under their current names after the changes of ownership.

### Program Description

Proposed Operator	True North IV DC, LLC	True North IV DC, LLC
Doing Business As	Atlas Park Dialysis	Jamaica Hillside Dialysis
Site Designation	Main Site	D&TC Extension Site
Site Address	80-00 Cooper Avenue Glendale (Queens)	171-19 Hillside Avenue Jamaica (Queens)
Approved Services	Chronic Renal Dialysis – (25 stations)	Chronic Renal Dialysis – (25 stations) Home Hemodialysis Training & Support Home Peritoneal Dialysis Training & Support
Shifts/Hours/ Schedule	6 days per week Available hours will increase, as required, based on demand	6 days per week Available hours will increase, as required, based on demand
Staffing (1 <sup>st</sup> Year / 3 <sup>rd</sup> Year)	6.25 FTEs / 14.83 FTEs	7.05 FTEs / 17.79 FTEs
Medical Director(s)	Ljubisa Micic, M.D.	Stafford D. John, M.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Will be provided by:  Long Island Jewish Forest Hills 2.7 miles / 16 minutes	Will be provided by:  Long Island Jewish Forest Hills 5.0 miles / 16 minutes

### Character and Competence

The proposed membership interest of True North IV DC, LLC is as follows:

Members	Interest
<b>True North DC Holding, LLC</b> <i>Knickerbocker Dialysis, Inc.</i> (51%) DaVita of New York, Inc. (100%) DaVita Inc. (100%) <b>North Shore LIJ Renal Ventures, LLC</b> (49%) North Shore University Hospital (100%) Northwell Healthcare, Inc. (100%) Northwell Health, Inc. (100%)	<b>88%</b>
<b>Quinum One, LLC</b> <b>Quinum LLC</b> (75%) Alexander Bangiev, MD (38.88%) Dayanand Huded, MD (22.24%) Ljubisa Micic, MD (38.88%) <b>Narayan Holding Company, LLC</b> (25%) Narayan Das Agrawal, MD (100%)	<b>12%</b>
<b>TOTAL</b>	<b>100%</b>

One of the members of True North DC Holding, LLC is Knickerbocker Dialysis, Inc. Knickerbocker is the licensed operator (or affiliated with) over 40 New York dialysis facilities. The sole member of Knickerbocker is DaVita of New York, Inc., which is owned by DaVita Inc. DaVita operates more than 2,300 dialysis facilities across the United States. The second member of True North DC Holding, LLC is North Shore LIJ Renal Ventures, LLC, whose sole member is North Shore University Hospital (NSUH). Northwell Healthcare, Inc., whose sole member is Northwell Health, Inc., is the parent of NSUH.

The Officers of True North IV DC, LLC are:

<b>Name</b>	<b>Position</b>
Luann D. Regensburg	President
Matt H. Henn	Vice President
Steven N. Fishbane, MD	Chief Medical Officer
Gregory Stewart	Treasurer
Laurence A. Kraemer	Secretary
Stefanie Telvi	Assistant Secretary

The True North IV DC, LLC managers and their affiliations are as follows:

<b>Manager</b>	<b>Representing/Affiliation</b>
Luann D. Regensburg	Knickerbocker/True North DC Holding, LLC/ DaVita, Inc.
Adam Boll	North Shore-LIJ Renal Ventures, LLC/True North DC Holding, LLC/Northwell Health, Inc.
Dayanand Huded, MD	Quinum One, LLC

Dr. Ljubisa S. Micic will serve as Medical Director for Atlas Park and Dr. Stafford D. John will serve as Medical Director for Jamaica Hillside. Both are experienced, practicing physicians who are board-certified in Internal Medicine and Nephrology.

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Mr. Ranieri disclosed a settlement reached on March 8, 2013 with the Securities and Exchange Commission (SEC) for failure to adequately oversee a consultant's (third party "finder") activities.

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

Ms. Karch and Mr. Nappi disclosed an affiliation with Northern Westchester Hospital.

- On November 21, 2016, the Department issued a Stipulation and Order (S&O) and \$10,000 fine to Northern Westchester Hospital when Immediate Jeopardy was identified on April 22, 2016 during a complaint investigation. The allegations involved untimely calling of a code team for a newborn in distress. Hospital staff were not trained in the code policy and as such did not initiate the code via the proper procedure. The baby expired.

Knickerbocker Dialysis Inc. is the operator of Garden City Dialysis Center in Garden City.

- On November 20, 2017, the Department issued an enforcement and assessed a \$2,000 fine based on a recertification survey concluded in October 2016. Immediate Jeopardy was called when a surveyor observed a patient in an isolation room who could not be seen or heard by the staff. The facility had a video observation hook-up (which is not permitted) and the patient had been given a bell to summon staff, however the bell could not be heard at the nurse's station.

The Department has taken the following actions against Northwell affiliates:

- On July 8, 2010, the Department issued a S&O and \$42,000 fine against Syosset Hospital for deficient practice related to the care of a child having an adenotonsillectomy. It was determined that the patient was improperly cleared for surgery and, despite multiple comorbidities, the child was not kept for observation post-operatively and subsequently expired after discharge.
- On November 21, 2016, the Department issued a S&O and \$4,000 fine to Long Island Jewish Medical Center for deficient practice related to Infection Control. The facility had 21 operating rooms (ORs) running and in 12 of the ORs, a total of 24 staff were observed not following acceptable standards of practice for Infection Control in Surgical Areas, specifically in regard to proper attire and exposure of hair during procedures.
- On March 6, 2017, the Department issued a S&O and \$4,000 fine to Plainview Hospital for deficient practice related to Infection Control. Observations revealed facility staff (i.e., physicians, podiatrists, radiologists, transporters, and physical therapists) failed to use standard infection control practices, specifically, wearing personal protective equipment, washing hands, cleaning equipment and following isolation precautions for patients with identified infectious diseases.

Northwell has made the following additional legal disclosures:

- In September 2008, Staten Island University Hospital (SIUH) entered into a settlement with the US Attorney's Office, the Office of the Inspector General (OIG) of the Department of Health and Human Services, and the Attorney General's Office of the State of New York and agreed to pay a monetary settlement of \$76.4M to the federal government and \$12.4M to the state and enter into a 5-year Corporate Integrity Agreement. The settlement covered payments related to stereotactic radiosurgery treatments; provision of detoxification services above licensed capacity; SIUH's graduate medical education program; and the provision of inpatient psychiatric services above licensed capacity.
- In September 2010, North Shore-Long Island Jewish Health System settled claims without a finding or admission of fraud, liability or other wrongdoing relative to a qui tam lawsuit filed under the civil False Claims Act by a private whistleblower and investigated by the US Attorney's Office. The \$2.95M settlement covered a 10-year period and primarily related to isolated errors in various cost reports rather than the allegations.
- In November 2010, Civil Investigative Demands (CIDs) for documents, interviews and other information relating to North Shore University Hospital's clinical documentation improvement program were issued by the US Attorney's Office for the Southern District. The Health System stated that they have complied, however, to date, there have been no specific demands for repayment or findings of liability in this matter.
- In December 2010, the Civil Division of the United States Department of Justice (DOJ) alleged that, since 2003, certain Health System hospitals may have submitted claims for payment of implantable cardioverter defibrillators (ICDs) and related services for which Medicare does not cover. In 2016, the investigation was resolved by agreement with the DOJ.
- In October 2011, the US Attorney's Office for the Western District of New York initiated a review of Southside Hospital's inpatient admissions for atherectomy procedures. In June 2012, the US Attorney's Office for the Eastern District of New York subpoenaed documentation relating to services rendered at Staten Island University Hospital's inpatient specialized burn unit. Northwell reported that, to date, the government has not indicated whether there is any potential liability in either matter.
- In June 2012, the OIG and US Attorney's Office for the Eastern District of New York subpoenaed Staten Island University Hospital (SIUH) for documentation relating to services rendered at SIUH's inpatient specialized burn unit dating back to 2005. Requested documentation was provided in 2012 and, in 2013, SIUH responded to follow-up questions. Northwell reported that, to date, the government has not indicated whether SIUH has any potential liability in this matter.

- In October 2012, a Program Integrity Contractor acting on behalf of the Centers for Medicare & Medicaid Services (CMS) reviewed 33 inpatient cardiac stent claims for 25 Medicare patients that had been submitted by Lenox Hill Hospital (LHH) between October 2007 and December 2010. The Contractor determined that the documentation did not support inpatient admission and/or the medical necessity of the of the cardiac stent procedure for the majority of the claims. The contractor requested that LHH undertake a self-audit and voluntary disclosure of its billing and claims history for elective cardiac stent admissions during this time. In 2016, LHH completed the self-audit and made a repayment to Medicare.

DaVita has made the following legal disclosures:

- In April 2013, a qui tam lawsuit was initiated in California alleging overpayments from government healthcare programs. There have been four subsequent amendments to add additional defendants and issues. The fourth amendment alleged a DaVita subsidiary performed one-way retrospective reviews to identify additional diagnoses that would drive higher risk scores and increase capitated payments made by the government. DaVita disputes the allegations and states an intention to defend accordingly.
- In October 2014, DaVita refunded \$712.66 to the State of Indiana Attorney General's Medicaid Fraud Control Unit as reimbursement for dialysis services provided by a DaVita RN to a Medicaid recipient while she was temporarily unlicensed.
- Also in October 2014, DaVita entered into a Settlement Agreement with the US Department of Justice (DOJ) and a Corporate Integrity Agreement with the Office of Inspector General (OIG) to resolve allegations from a qui tam suit alleging violations of the False Claims Act through payments of kickbacks to induce referral of patients to its dialysis clinics.
- In December 2014, DaVita refunded \$267,287.93 covering services provided at 19 DaVita dialysis facilities after an OIG investigation determined overpayment for claims that should not have been billed to Medicaid Fee-For-Service, but rather the Nursing Home Division Waiver Program.
- In March 2015, the OIG initiated an investigation into JSA HealthCare Corp., a subsidiary of DaVita Medical Group, concerning Medicare Advantage service providers' risk adjustment practices and data, including identification and verification of factors used for making diagnoses. More specifically, the investigation focused on two Florida physicians with whom JSA previously contracted. Subsequently, in June 2015, the Company received a subpoena from the OIG requesting a wide range of documents relating to the company and its subsidiaries' provision of services to Medicare Advantage plans and patient diagnosis coding practices for a number of conditions. The company reports that it is cooperating with the investigation.
- In June 2015, DaVita settled a qui tam in the amount of \$450,000,000 plus fees and costs. The suit alleged the company's drug administration practices for vitamin D and iron agents fraudulently created unnecessary waste which was billed to (and paid for by) the government.
- In February 2016, DaVita's pharmacy services wholly-owned subsidiary, DaVita Rx, received a Civil Investigative Demand (CID) from the US Attorney's Office for the Northern District of Texas regarding DaVita Rx's relationship with pharmaceutical manufacturers and alleging the presentation of false claims to the government for payment of prescription medications.
- In March 2016, DaVita, Inc. executed settlement agreements with the State of New York and the DOJ regarding an investigation initiated in October 2011 related to payments for infusion drugs covered by Medicaid composite payments for dialysis.
- In January 2017, DaVita executed a settlement agreement relating to a CID from the DOJ that was initiated in November 2015 through a qui tam complaint involving RMS Lifeline, Inc., a wholly-owned subsidiary of DaVita (d/b/a Lifeline Vascular Access). Allegations were both employment-related and that medically unnecessary angiograms and angiography procedures were performed on 10 patients at two vascular access centers in Florida.
- Also in January 2017, DaVita was subpoenaed by the US Attorney's Office, District of Massachusetts for records relating to charitable patient assistance organizations, particularly the American Kidney Fund, and documents providing information to patients concerning the availability of such assistance. DaVita reported that it is cooperating with the investigation.



- In February 2017, a federal securities class action complaint was filed in the US District Court for the District of Colorado alleging that the company violated securities laws concerning financial results and revenue derived from patients who received charitable premium assistance from an industry-funded non-profit organization and that the process by which patients obtained the insurance and premium assistance was improper and created a false impression of DaVita's business and growth prospects.
- Derivative shareholder lawsuits were filed in the US District Court for the District of Colorado (February 2017) and the District of Delaware (May and June 2017) alleging (among other assertions) a breach of fiduciary duty, unjust enrichment, and failure to disclose certain information in violation of federal securities laws in connection with an alleged practice to direct patients with government-subsidized health insurance into private health insurance plans to maximize profits. DaVita disputes these allegations, as well as those in the aforementioned class action suit, and states an intent to defend the actions accordingly.

#### Star Ratings - Dialysis Facility Compare (DFC)

The Centers for Medicare and Medicaid Services (CMS) and the University of Michigan Kidney Epidemiology and Cost Center have developed a methodology for rating each dialysis facility which may be found on the Dialysis Facility Compare website as a "Star Rating." The method produces a final score that is based on quality measures currently reported on the DFC website and ranges from 1 to 5 stars. A facility with a 5-star rating has quality of care that is considered 'much above average' compared to other dialysis facilities. A 1- or 2- star rating does not mean that a facility provides poor care. It only indicates that measured outcomes were below average compared to other facilities. Star ratings on DFC are updated annually to align with the annual updates of the standardized measures.

The DFC website currently reports on nine measures of quality of care for facilities. The measures used in the star rating are grouped into three domains by using a statistical method known as Factor Analysis. Each domain contains measures that are most correlated. This allows CMS to weight the domains rather than individual measures in the final score, limiting the possibility of overweighting quality measures that assess similar qualities of facility care.

To calculate the star rating for a facility, each domain score between 0 and 100 by averaging the normalized scores for measures within that domain. A final score between 0 and 100 is obtained by averaging the three domain scores (or two domain scores for peritoneal dialysis-only facilities). Finally, to recognize high and low performances, facilities receive stars in the following way:

- Facilities with the top 10% final scores were given a star rating of 5.
- Facilities with the next 20% highest final scores were given 4 stars.
- Facilities within the middle 40% of final scores were given 3 stars.
- Facilities with the next 20% lowest final scores were given 2 stars.
- Facilities with the bottom 10% final scores were given 1 star.

Knickerbocker Dialysis, Inc. is a 51% member of True North DC Holding, LLC which is an 88% member of True North IV DC, LLC. Knickerbocker is the licensed operator (or affiliated with) over 40 New York dialysis facilities. A comprehensive list of the Star Ratings for all Knickerbocker-affiliated facilities located in New York State is provided in **HSP Attachment A**.

#### Conclusion

The locations, service areas, and services will remain the same after approval, with no impact on the need or capacity for dialysis services. Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community

#### Recommendation

**From a need and programmatic perspective, approval is recommended.**

## Financial Analysis

### Contribution and Asset Purchase Agreements

The applicant has submitted executed contribution and asset purchase agreements (CAPAs) for the operating interests of Atlas Park and Jamaica Hillside. The agreements will become effectuated upon Public Health and Health Planning Council (PHHPC) approval of this CON application. The CAPAs include executed Forms of Assignment and Assumption and Bills of Sale. The terms of the agreement are summarized below:

#### **Atlas Park Dialysis**

Date:	July 28, 2017
Purchaser:	True North IV DC, LLC
Seller:	Knickerbocker Dialysis, Inc.
Acquired Assets:	All assets used in connection with the ownership and operation of Atlas Park Dialysis including inventory, supplies, prepaid expenses and fixed assets.
Assumed Liabilities:	All debts, obligations and liabilities incurred by Knickerbocker in connection with Atlas Park, regardless of when incurred.
Purchase Price:	\$4,406,819 (Start-up capital expenditures), \$1,192,594 (Start-up working capital – nine months of operating expenses), and \$181,587 (5% development fee) totaling \$5,781,000 as of 45 days prior to the execution of the CAPA. At least 5 days prior to the closing date these figures maybe adjusted.
Payment of Purchase Price:	Credit Facility from CoBiz Bank of \$4,013,800 and proposed members' contribution of \$1,767,200 of which \$971,081 has been deposited in escrow.

Member Contributions	Estimated Capital Requirements	Credit Facility	Capital Contribution
True North DC Holding, LLC	\$5,087,280	\$3,532,144	\$1,555,136
Quinum One, LLC	693,720	481,656	212,064
<b>Totals</b>	<b>\$5,781,000</b>	<b>\$4,013,800</b>	<b>\$1,767,200</b>

#### **Jamaica Hillside Dialysis**

Date:	July 28, 2017
Purchaser:	True North IV DC, LLC
Seller:	Knickerbocker Dialysis, Inc.
Acquired Assets:	All assets used in connection with the ownership and operation of Jamaica Hillside Dialysis including inventory, prepaid rent and numerous fixed assets but excluding the Excluded Assets.
Assumed Liabilities:	Salaries, wages, benefits and accrued paid time of all Jamaica Hillside employees; any and all existing debts, liens, claims, encumbrances, liabilities and obligations to which any of the Acquired Assets may be subject, including, without limitation, all capital lease obligations and all accounts payable incurred or accrued in connection with the operation of the Dialysis Business; and the obligations under those agreements and contracts.
Purchase Price:	\$3,058,214 (Start-up capital expenditures), \$1,779,986 (Start-up working capital – 11 months of operating expenses), and \$110,800 (5% development fee) totaling \$4,949,000 as of 45 days prior to the execution of the CAPA. At least 5 days prior to the closing date these figures maybe adjusted.
Payment of Purchase Price:	Credit Facility from CoBiz Bank of \$3,464,300 and proposed members' contribution of \$1,484,700 of which \$818,366.64 has been deposited in escrow.

<b>Member Contributions</b>	<b>Estimated Capital Requirements</b>	<b>Credit Facility</b>	<b>Capital Contribution</b>
True North DC Holding, LLC	\$4,355,120	\$3,048,584	\$1,306,536
Quinum One, LLC	\$593,880	\$415,716	\$178,164
<b>Totals</b>	<b>\$4,949,000</b>	<b>\$3,464,300</b>	<b>\$1,484,700</b>

The total estimated capital requirements of \$10,730,000 for both dialysis centers consist of the combined purchase price of \$7,622,596.81, expense adjustments of \$2,089,119.51 and working capital obligations of \$1,018,283.68. The purchase price reflects start-up capital expenditures and working capital requirements allocated to True North V DC, LLC and are not expected to vary significantly from the estimated amounts shown on the pro forma balance sheet under BFA Attachment D. Funding for this application will be provided through financing from CoBiz Bank, a Colorado Business Bank, and contributions from DaVita, Inc., Northwell Health, Inc., Dr. Alexander Bangiev, Dr. Dayanand V. Huded, Dr. Ljubisa S. Micic and Dr. Narayan Das Agrawal.

The credit facility totaling \$7,478,100 for both dialysis centers will consist of a series of advances from the effective date, July 28, 2017, to and including June 30, 2020. Provided no Event of Default has occurred and has not been cured by Borrower or waived by Bank, on June 30, 2020 the Revolving Loan will automatically be converted into a single term loan to be repaid in 60 equal monthly installments.

The capital contribution for both dialysis facilities as described in the purchase price of \$3,251,900 includes start-up capital costs, development fees and working capital.

The applicant has provided an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility.

#### Lease Agreements

The applicant will lease space under the terms of the executed lease agreements and executed assignment and assumption of lease agreements, summarized below:

#### Atlas Park Dialysis

<b>Lease Agreement</b>	
Date:	September 18, 2015 (Second Amendment)
Premises:	Space 6001, consisting of approximately 9,500 square feet of floor area, in a commercial project commonly referred to as The Shops at Atlas Park, located at 8000 Cooper Avenue in the City of Glendale, County of Queens, State of New York.
Landlord:	WMAP, L.L.C.
Tenant:	Knickerbocker Dialysis, Inc.
Rent:	\$226,000, fixed annually (\$22,166.67 fixed monthly)
Terms:	120 months based on the initial date of executed lease on September 5, 2014
Provisions:	Tenant's share of real estate taxes, other taxes, assessments and public charges, insurance, gas, water and electricity.

<b>Assignment and Assumption of Lease Agreement</b>	
Date:	July 28, 2017
Assignor:	Knickerbocker Dialysis, Inc.
Assignee:	True North IV DC, LLC
Premises:	9,500 sq. ft. located at 8000 Cooper Avenue in the City of Glendale, County of Queens, State of New York.

### **Jamaica Hillside Dialysis**

<b>Lease Agreement</b>	
Date:	September 20, 2015 (First Amendment)
Premises:	8,607 square feet of space located at 171-19 Hillside Avenue, Jamaica, New York
Landlord:	Lawnside Realty Corp.
Tenant:	Knickerbocker Dialysis, Inc.
Rent:	\$307,632 annually (\$25,636 monthly) with annual increases of 2.5%
Terms:	120 months based on the initial date of executed lease on March 23, 2015
Provisions:	Tenant's proportionate share of all taxes, net cost of all utilities, including but not limited to gas, fuel oil, electrical, telephone and other utility charges, operating expenses and insurance.

<b>Assignment and Assumption of Lease Agreement</b>	
Date:	July 28, 2017
Assignor:	Knickerbocker Dialysis, Inc.
Assignee:	True North IV DC, LLC
Premises:	8,607 sq. ft. located at 171-19 Hillside Avenue, Jamaica, New York

Luann D. Regensburg, President and a Manager of True North IV DC, LLC, Assistant Secretary of Knickerbocker Dialysis, Inc. and Acting Division Vice President of DaVita Inc., submitted an affidavit stating the proposed lease is an arm's length agreement as there is no relationship between landlord and tenant.

#### Consulting and Administrative Services Agreement

The applicant has submitted executed consulting and administrative services agreements (CASAs) and executed assignment, assumption and restatement of consulting and administrative services agreements.

### **Atlas Park Dialysis**

<b>Consulting and Administrative Services Agreement</b>	
Date:	July 28, 2017
Established Operator:	Knickerbocker Dialysis, Inc.
Consultant:	DaVita, Inc.
Services Rendered:	Establish and develop the center; acquire all assets, equipment and maintenance required for operation of the center; provide computer hardware and software; provide supplies and prescription drugs; perform all patient billing and collecting functions; employ bookkeeping and accounting procedures; manage and account for the center's funds; prepare and deliver to established operator operating and capital budgets for the following fiscal year; assist in securing insurance; recommend policies and procedures; advise in quality assurance; assist in applying for licenses, permits and provider numbers; develop a compliance program; advocate for established operator in legal actions or proceedings; and comply with all provisions of federal, state and local Laws, rules, regulations and ordinances that are applicable to the Consulting Services provided.
Term:	Yearly
Compensation:	\$120,537 annually

<b>Assignment, Assumption &amp; Restatement of Consulting &amp; Administrative Services Agreement</b>	
Date:	July 28, 2017
Established Operator:	True North IV DC, LLC
Assignor:	Knickerbocker Dialysis, Inc.
Consultant:	DaVita, Inc.
Services Rendered:	In addition to the responsibilities outlined in the original CASA, True North IV DC, LLC will also Lease Knickerbocker employees through an executed employee lease agreement to include all salaries and benefits.
Term:	10-year initial term with option to renew at 5 years intervals
Compensation:	\$120,537 annually

### **Jamaica Hillside Dialysis**

<b>Consulting and Administrative Services Agreement</b>	
Date:	July 28, 2017
Established Operator:	Knickerbocker Dialysis, Inc.
Consultant:	DaVita, Inc.
Services Rendered:	Establish and develop the center; acquire all assets, equipment and maintenance required for operation of the center; provide computer hardware and software; provide supplies and prescription drugs; perform all patient billing and collecting functions; employ bookkeeping and accounting procedures; manage and account for the center's funds; prepare and deliver to established operator operating and capital budgets for the following fiscal year; assist in securing insurance; recommend policies and procedures; advise in quality assurance; assist in applying for licenses, permits and provider numbers; develop a compliance program; advocate for established operator in legal actions or proceedings; and comply with all provisions of federal, state and local Laws, rules, regulations and ordinances that are applicable to the Consulting Services provided.
Term:	Yearly
Compensation:	\$159,984 annually

<b>Assignment, Assumption and Restatement of Consulting and Administrative Services Agreement</b>	
Date:	July 28, 2017
Established Operator:	True North IV DC, LLC
Assignor:	Knickerbocker Dialysis, Inc.
Consultant:	DaVita, Inc.
Services Rendered:	In addition to the responsibilities outlined in the original CASA, True North IV DC, LLC will also Lease Knickerbocker employees through an executed employee lease agreement to include all salaries and benefits.
Term:	10-year initial term with option to renew at 5 years intervals
Compensation:	\$159,984 annually

While DaVita, Inc. will be providing all the above services, True North IV DC, LLC retains ultimate control in all the final decisions associated with the services. The applicant has submitted an executed attestation stating that the applicant understands and acknowledges that there are powers that must not be delegated, the applicant will not willfully engage in any illegal delegation and understands that the Department will hold the applicant accountable.

Operating Budget

**Atlas Park Dialysis**

The applicant has submitted first and third year operating budgets, in 2018 dollars, summarized below:

	<u>First Year</u>		<u>Three Year</u>	
	<u>Per Treatment</u>	<u>Total</u>	<u>Per Treatment</u>	<u>Total</u>
<u>Revenues</u>				
Commercial FFS	\$1,112.92	\$444,055	\$1,114.08	\$1,548,573
Medicare FFS	\$314.23	463,184	\$296.38	1,564,000
Medicaid FFS	\$256.17	63,018	\$263.06	239,649
All Other	\$300.04	<u>369,046</u>	\$306.01	<u>1,393,880</u>
Total Patient Revenues		\$1,339,303		\$4,746,102
Less: Bad Debt		<u>\$56,920</u>		<u>\$201,709</u>
Total Net Patient Revenue		\$1,282,383		\$4,544,393
<u>Expense</u>				
Operating	\$307.76	\$1,030,709	\$246.00	\$2,985,032
Interest	\$ 33.06	110,711	\$ 21.23	257,545
Depreciation and Rent	\$183.58	<u>614,818</u>	\$ 53.01	<u>643,219</u>
Total Expenses		\$1,756,238		\$3,885,796
Net Income (Loss)		<u>(\$473,855)</u>		<u>\$658,597</u>
Utilization (Treatments)		3,349		12,133
Cost per Treatment		\$524.41		\$320.27

Utilization by payor source for the first and third years is as follows:

<u>Payor</u>	<u>Year One</u>		<u>Year Three</u>	
	<u>Treatments</u>	<u>%</u>	<u>Treatments</u>	<u>%</u>
Medicare FFS	1,474	44.0%	5,277	43.5%
Medicaid FFS	246	7.4%	911	7.5%
Commercial FFS	399	11.9%	1,390	11.5%
All Other	1,230	36.7%	4,555	37.5%

**Jamaica Hillside Dialysis**

The applicant has submitted first and third year operating budgets, in 2018 dollars, summarized below:

	<u>First Year</u>		<u>Three Year</u>	
	<u>Per Treatment</u>	<u>Total</u>	<u>Per Treatment</u>	<u>Total</u>
<u>Revenues</u>				
Commercial FFS	\$1,106.26	\$604,019	\$1,106.61	\$2,158,987
Medicare FFS	\$303.08	614,941	\$297.47	1,763,716
Medicaid FFS	\$256.35	81,264	\$262.28	250,218
All Other*	\$300.99	<u>477,375</u>	\$306.93	<u>1,464,050</u>
Total Patient Revenues		\$1,777,599		\$5,636,971
Less: Bad Debt		<u>\$75,681</u>		<u>\$240,255</u>
Total Net Patient Revenue		\$1,701,918		\$5,396,716
<u>Expense</u>				
Operating	\$321.08	\$1,438,101	\$279.76	\$3,805,579
Interest	\$ 24.71	110,711	\$ 18.93	257,545
Depreciation and Rent	\$142.32	<u>637,448</u>	\$ 49.70	<u>676,097</u>
Total Expenses		\$2,186,260		\$4,739,221
Net Income (Loss)		<u>(\$484,342)</u>		<u>\$657,495</u>
Utilization (Treatments)		4,479		13,603

Cost per Treatment

\$488.11

\$348.40

Utilization by payor source for the first and third years is as follows:

<u>Payor</u>	<u>Year One</u>		<u>Year Three</u>	
	<u>Treatments</u>	<u>%</u>	<u>Treatments</u>	<u>%</u>
Medicare FFS	2,029	45.3%	5,929	43.6%
Medicaid FFS	317	7.1%	954	7.0%
Commercial FFS	546	12.2%	1,950	14.3%
All Other*	1,587	35.4%	4,770	35.1%

\* All Other revenues and utilization is comprised of VA, Medicare Advantage, which is managed care, and Medicare Assigned.

The following is noted regarding the first and third year budgets:

- Revenue projections are based on current rates received by similar facilities operated by the members of the applicant.
- Expense and utilization assumptions are based on the historical experience of the existing dialysis centers.
- The 2017 Medicaid APG rate for renal dialysis is reflected in the first and third year budgets. The APG rate is the base rate for Knickerbocker Dialysis, Inc. plus additional patient factors

#### Capability and Feasibility

There are no project costs associated with this application.

The working capital requirements for Atlas Park Dialysis and Jamaica Hillside Dialysis is estimated at \$647,632 and \$789,870, respectively, based on two months of third year expenses. Working capital will be provided through proposed members' equity and financing from CoBiz Bank as explained in the APA above. BFA Attachments B and C, Financial Summary of DaVita, grandparent of Knickerbocker Dialysis, Inc., and Northwell Health, Inc., respectively, indicate sufficient funds available for estimated working capital. BFA Attachments A1 and A2, net worth statements for the members of Quinum, LLC (Dr. Alexander Bangiev, Dr. Dayanand V. Huded and Dr. Ljubisa S. Micic) and Narayan Holding Company, LLC. (Dr. Narayan Das Agrawal), respectively, indicate sufficient funds available for estimated working capital.

BFA Attachment D is the pro forma balance sheet of True North IV DC, LLC.

The submitted budgets for Atlas Park Dialysis and Jamaica Hillside Dialysis projects a net loss of \$473,855 and \$484,342 for Year One, respectively, and net income of \$658,597 and \$657,495 during Year Three, respectively. The Division Vice President of DaVita, Inc and the Vice President for Joint Ventures Operations for Quinum One has submitted a deficit funding letter, attesting that the projected first year loss will be absorbed by the ongoing operations of DaVita, Inc., Northwell Health, Inc., and the individual members of Quinum, LLC and Narayan Holding Company, LLC. Revenues are based on prevailing reimbursement methodologies and contracted rates for dialysis services. The budget appears reasonable.

As shown on BFA Attachment B, DaVita, Inc. has experienced positive working capital and stockholder's asset position as of September 30, 2017. The entity experienced net income from operations of \$1,074,029 for the nine months ended September 30, 2017. DaVita, Inc., a publicly traded company, is the ultimate parent of Knickerbocker Dialysis, Inc.

As shown on BFA Attachment C, Northwell Health, Inc. has maintained a positive working capital position, experienced a positive stockholder's position and generated \$34,390,000 in operating income as of September 30, 2017, showing sufficient resources for needed capital. Northwell Health, Inc., a not-for-profit corporation, is the ultimate parent of North Shore – LIJ Renal Ventures, LLC.

Based on the preceding, the applicant has demonstrated the capability to proceed in a financially feasible manner.

Recommendation

**From a financial perspective, approval is recommended.**



## Attachments

BFA Attachment A1	Net Worth Statement for Quinum, LLC
BFA Attachment A2	Net Worth Statement for Narayan Holding Company, LLC
BFA Attachment B	Certified 2016 and Internal Financial Statements as of September 30, 2017 financial statements – DaVita, Inc.
BFA Attachment C	Consolidated Financial Statements and For the Nine Months Ended September 30, 2017 and 2016 - Northwell Health, Inc.
BFA Attachment D	Pro Forma Balance Sheets – True North IV DC, LLC
BFA Attachment E	Organizational Chart - True North IV DC, LLC
HSP Attachment A	Star Rating Profile for all Knickerbocker-affiliated facilities in New York State

–

**DAVITA INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**  
**(dollars in thousands, except per share data)**

	September 30, 2017	December 31, 2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 846,110	\$ 913,187
Short-term investments	137,358	310,198
Accounts receivable, less allowance of \$221,329 and \$252,056	2,091,074	1,917,302
Inventories	154,422	164,858
Other receivables	599,374	453,483
Prepaid and other current assets	205,211	210,604
Income taxes receivable	—	10,596
Total current assets	4,033,549	3,980,228
Property and equipment, net of accumulated depreciation of \$3,151,402 and \$2,832,160	3,386,056	3,175,367
Intangible assets, net of accumulated amortization of \$1,084,682 and \$940,731	1,451,033	1,527,767
Equity method and other investments	545,053	502,389
Long-term investments	120,129	103,679
Other long-term assets	61,642	44,510
Goodwill	9,415,877	9,407,317
	\$ 19,013,339	\$ 18,741,257
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 566,918	\$ 522,415
Other liabilities	928,123	856,847
Accrued compensation and benefits	775,280	815,761
Medical payables	400,259	336,381
Current portion of long-term debt	189,822	165,041
Income tax payable	14,391	—
Total current liabilities	2,874,793	2,696,445
Long-term debt	8,908,703	8,947,327
Other long-term liabilities	548,226	465,358
Deferred income taxes	685,598	809,128
Total liabilities	13,017,320	12,918,258
Commitments and contingencies		
Noncontrolling interests subject to put provisions	1,026,890	973,258
Equity:		
Preferred stock (\$0.001 par value, 5,000,000 shares authorized; none issued)		
Common stock (\$0.001 par value, 450,000,000 shares authorized; 194,788,516 and 194,554,491 shares issued and 189,231,693 and 194,554,491 shares outstanding, respectively)	195	195
Additional paid-in capital	1,059,176	1,027,182
Retained earnings	4,070,535	3,710,313
Treasury stock (5,556,823 shares at September 30, 2017)	(348,801)	—
Accumulated other comprehensive income (loss)	3,476	(89,643)
Total DaVita Inc. shareholders' equity	4,784,581	4,648,047
Noncontrolling interests not subject to put provisions	184,548	201,694
Total equity	4,969,129	4,849,741
	\$ 19,013,339	\$ 18,741,257

**DAVITA INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**  
**(dollars in thousands, except per share data)**

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Patient service revenues	\$ 2,746,257	\$ 2,643,194	\$ 8,030,102	\$ 7,708,641
Less: Provision for uncollectible accounts	(123,760)	(115,555)	(352,228)	(336,188)
<b>Net patient service revenues</b>	<b>2,622,497</b>	<b>2,527,639</b>	<b>7,677,874</b>	<b>7,372,453</b>
Capitated revenues	1,016,365	872,538	2,956,479	2,660,532
Other revenues	283,969	330,399	863,238	996,378
<b>Total net revenues</b>	<b>3,922,831</b>	<b>3,730,576</b>	<b>11,497,591</b>	<b>11,029,363</b>
<b>Operating expenses and charges:</b>				
Patient care costs and other costs	2,925,975	2,697,629	8,508,706	7,950,987
General and administrative	400,018	406,890	1,174,113	1,180,214
Depreciation and amortization	203,283	181,739	593,527	531,475
Provision for uncollectible accounts	(2,685)	3,773	(1,381)	9,856
Equity investment loss (income)	4,852	(4,237)	(2,697)	(5,119)
Goodwill and asset impairment charges	601,040	—	701,523	253,000
Gain on changes in ownership interests, net	(17,129)	(374,374)	(23,402)	(404,165)
Gain on settlement, net	—	—	(526,827)	—
<b>Total operating expenses and charges</b>	<b>4,115,354</b>	<b>2,911,420</b>	<b>10,423,562</b>	<b>9,516,248</b>
<b>Operating (loss) income</b>	<b>(192,523)</b>	<b>819,156</b>	<b>1,074,029</b>	<b>1,513,115</b>
Debt expense	(109,623)	(104,581)	(322,014)	(310,359)
Other income, net	4,370	1,876	13,866	8,067
(Loss) income before income taxes	(297,776)	716,451	765,881	1,210,823
Income tax (benefit) expense	(125,742)	104,301	276,005	366,011
Net (loss) income	(172,034)	612,150	489,876	844,812
Less: Net income attributable to noncontrolling interests	(42,442)	(40,818)	(129,654)	(122,664)
Net (loss) income attributable to DaVita Inc.	<u>\$ (214,476)</u>	<u>\$ 571,332</u>	<u>\$ 360,222</u>	<u>\$ 722,148</u>
<b>Earnings per share:</b>				
Basic net (loss) income per share attributable to DaVita Inc.	<u>\$ (1.14)</u>	<u>\$ 2.80</u>	<u>\$ 1.89</u>	<u>\$ 3.54</u>
Diluted net (loss) income per share attributable to DaVita Inc.	<u>\$ (1.14)</u>	<u>\$ 2.76</u>	<u>\$ 1.86</u>	<u>\$ 3.48</u>
<b>Weighted average shares for earnings per share:</b>				
Basic	<u>188,883,922</u>	<u>203,761,433</u>	<u>190,770,165</u>	<u>204,206,979</u>
Diluted	<u>188,883,922</u>	<u>206,961,450</u>	<u>193,546,245</u>	<u>207,643,794</u>

Northwell Health, Inc.

Consolidated Statements of Financial Position  
September 30, 2017 and December 31, 2016 (In Thousands)

	(Unaudited) September 30, 2017	(Audited) December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 447,663	\$ 383,295
Short-term investments	2,480,401	2,464,366
Accounts receivable for services to patients, net of allowance for doubtful accounts	1,027,167	975,423
Accounts receivable for physician activities, net	143,913	127,718
Pledges receivable, current portion	70,293	46,197
Insurance claims receivable, current portion	71,010	71,014
Other current assets	302,127	269,472
Total current assets	<u>4,542,574</u>	<u>4,337,485</u>
Long-term investments	2,437,787	1,875,198
Pledges receivable, net of current portion	128,496	96,371
Property, plant and equipment, net	4,803,596	4,610,223
Insurance claims receivable, net of current portion	217,934	245,967
Other assets	249,189	199,020
Total assets	<u>\$ 12,379,576</u>	<u>\$ 11,364,264</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Short-term borrowings	\$ 110,218	\$ 110,218
Accounts payable and accrued expenses	935,582	857,584
Accrued salaries and related benefits	690,216	671,594
Current portion of capital lease obligations	3,369	3,470
Current portion of long-term debt	49,642	59,829
Current portion of insurance claims liability	71,010	71,014
Current portion of malpractice and other insurance liabilities	123,762	123,740
Current portion of estimated payables to third-party payers	313,575	320,126
Total current liabilities	<u>2,297,374</u>	<u>2,217,575</u>
Accrued retirement benefits, net of current portion	878,298	927,378
Capital lease obligations, net of current portion	171,099	173,108
Long-term debt, net of current portion	3,250,929	2,680,021
Insurance claims liability, net of current portion	217,934	245,967
Malpractice and other insurance liabilities, net of current portion	1,046,783	944,225
Other long-term liabilities	578,440	573,464
Total liabilities	<u>8,440,857</u>	<u>7,761,738</u>
Commitments and contingencies		
Net assets:		
Unrestricted	3,326,311	3,027,943
Temporarily restricted	421,929	393,610
Permanently restricted	190,479	180,973
Total net assets	<u>3,938,719</u>	<u>3,602,526</u>
Total liabilities and net assets	<u>\$ 12,379,576</u>	<u>\$ 11,364,264</u>

Northwell Health, Inc.

**Consolidated Statements of Operations**  
**For the Nine Months Ended September 30, 2017 and 2016 (In Thousands)**

	(Unaudited) 2017	(Unaudited) 2016
Operating revenue:		
Net patient service revenue	\$ 5,992,757	\$ 5,711,957
Physician practice revenue	1,123,306	957,564
Provision for bad debts	(94,586)	(92,784)
Total patient revenue, net of provision for bad debts	<u>7,021,477</u>	<u>6,576,737</u>
Other operating revenue	451,845	381,549
Net assets released from restrictions used for operations	48,593	42,297
Total operating revenue	<u>7,521,915</u>	<u>7,000,583</u>
Operating expenses:		
Salaries	3,832,855	3,462,223
Employee benefits	915,986	867,689
Supplies and expenses	2,228,355	2,071,738
Depreciation and amortization	334,783	307,449
Interest	92,530	82,216
Total operating expenses	<u>7,404,509</u>	<u>6,791,315</u>
Excess of operating revenue over operating expenses, excluding Health Insurance Companies	117,406	209,268
Health Insurance Companies excess of operating expenses over operating revenue	(83,016)	(96,706)
Total excess of operating revenue over operating expenses	<u>34,390</u>	<u>112,562</u>
Non-operating gains and losses:		
Investment income	77,287	41,536
Change in net unrealized gains and losses and change in value of equity method investments	220,972	134,041
Change in fair value of interest rate swap agreements designated as derivative instruments	-	190
Non-operating net periodic benefit cost	(21,094)	(28,478)
Loss on refunding of long-term debt	(42,619)	-
Contribution received in the acquisition of Peconic Bay Medical Center	-	36,343
Other non-operating gains and losses	(2,769)	(9,198)
Total non-operating gains and losses	<u>231,777</u>	<u>174,434</u>
Excess of revenue and gains and losses over expenses	266,167	286,996
Net assets released from restrictions for capital asset acquisitions	34,814	28,221
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,658	13
Recovery of fair value of endowment corpus	-	609
Other changes in net assets	(4,271)	(4,803)
Increase in unrestricted net assets	<u>\$ 298,368</u>	<u>\$ 311,036</u>

**BALANCE SHEET**

**ASSETS**

**True North IV DC,  
LLC (Atlas Park)**

Capital Improvements	3,623,670
Working Capital Cash	1,036,151
Equipment and Telecommunications	1,089,487
Inventory	9,081
Prepaid Expenses	22,610
<b>TOTAL ASSETS</b>	<b><u><u>\$5,781,000</u></u></b>

**LIABILITIES AND MEMBER'S EQUITY**

<b>LIABILITIES</b>	4,232,800
<b>CAPITAL CONTRIBUTIONS</b>	1,548,200
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u><u>5,781,000</u></u></b>

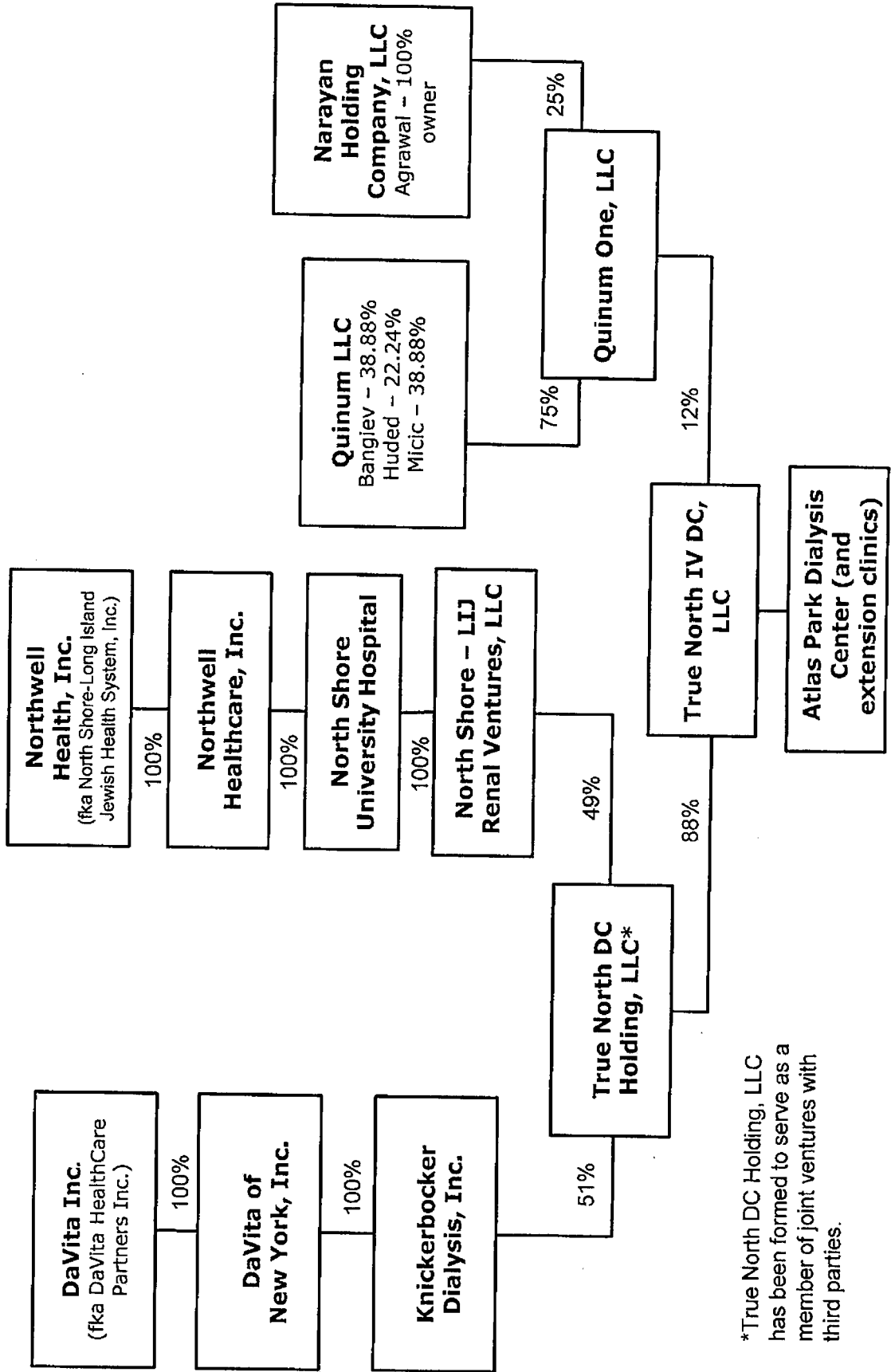
**BALANCE SHEET**

<b><u>ASSETS</u></b>	<b>True North IV DC, LLC (Jamaica Hillside)</b>
Capital Improvements	2,272,103
Working Capital Cash	1,663,463
Equipment and Telecommunications	960,550
Inventory	15,328
Prepaid Expenses	37,557
<b><u>TOTAL ASSETS</u></b>	<b><u>\$4,949,000</u></b>

**LIABILITIES AND MEMBER'S EQUITY**

<b>LIABILITIES</b>	3,623,372
<b><u>CAPITAL CONTRIBUTIONS</u></b>	<b><u>1,325,628</u></b>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<b><u>\$4,949,000</u></b>

# True North IV DC, LLC



\* True North DC Holding, LLC has been formed to serve as a member of joint ventures with third parties.



**172364 HSP Attachment A**  
**Knickerbocker-Affiliated Dialysis Centers in New York State**

<b>Facility Name</b>	<b>Address</b>	<b>Star Rating</b>
South Bronx Dialysis Center	1940 Webster Avenue Bronx, New York 10457	☆☆☆●●
Richmond Kidney Center	1366 Victory Boulevard Staten Island, New York 10301	☆☆☆☆☆
Catskill Dialysis Center	139 Forestburgh Road Monticello, New York 12701	☆☆☆●●
Sheepshead Bay Renal Care Center	26 Brighton 11th Street Brooklyn, New York 11235	☆☆☆☆☆
Garden City Dialysis Center	1100 Stewart Ave Garden City, New York 11530	☆☆☆●●
Orchard Park Dialysis Center	3801 Taylor Rd Orchard Park, New York 14127	☆☆●●●
Central New York Dialysis Center	910 Erie Blvd East Syracuse, New York 13210	☆☆☆●●
Millennium Dialysis	1408 Ocean Avenue Brooklyn, New York 11230	☆☆●●●
Bronx Dialysis Center	1615-1617 Eastchester Road Bronx, New York 10461	☆☆☆☆●
Riverdale Dialysis Center	170 West 233rd Street Bronx, New York 10463	☆☆☆☆●
Peekskill Cortland Dialysis Center	Pike Plaza, Suite 15 Cortlandt Manor, New York 10566	☆☆☆☆☆
Queens Dialysis Center	118-01,05,07A Guy Brewer Boulevard Jamaica, New York 11434	☆☆☆●●
Boston Post Road Dialysis Center	4000-4026 Boston Post Road Bronx, New York 10475	☆☆☆●●
Soundview Dialysis Center	1622-24 Bruckner Blvd Bronx, New York 10473	☆☆☆●●
Lynbrook Dialysis Center	147 Scranton Road Lynbrook, New York 11563	☆☆☆●●
Northtowns Dialysis Center	4041 Delaware Avenue Tonawanda, New York 14150	☆☆☆●●
Midwood Dialysis	1915 Ocean Avenue Brooklyn, New York 11230	☆☆☆●●
Yonkers Dialysis Center	575 Yonkers Avenue Yonkers, New York 10704	☆☆☆☆☆
Suburban Dialysis Center	1542 Maple Rd Williamsville, New York 14221	☆☆☆●●
Queens Village Dialysis Center	222-02 Hempstead Avenue Queens Village, New York 11429	☆☆☆●●
Long Island Renal Care	3460 Great Neck Road Amityville, New York 11701	☆☆☆●●

**172364 HSP Attachment A**  
**Knickerbocker-Affiliated Dialysis Centers in New York State**

Facility Name	Address	Star Rating
Borough Park Dialysis	4102 13th Avenue Brooklyn, New York 11219	★ ★ ● ● ●
Jamestown Dialysis Center	207 Foote Avenue Jamestown, New York 14701	★ ★ ★ ★ ★
Orange Dialysis Center	100 Crystal Run Road Middletown, New York 10941	★ ★ ★ ● ●
Waters Place Dialysis Center	1733 Eastchester Road Bronx, New York 10461	★ ★ ★ ★ ●
Staten Island Dialysis Center	1139 Hylan Boulevard Staten Island, New York 10305	★ ★ ★ ● ●
Ivy Dialysis	602 Ivy Street Elmira, New York 14905	Not enough quality measure data to calculate a star rating
Corning Dialysis	8 W. Pulteney St. Suite 101 Corning, New York 14830	★ ★ ★ ★ ●
Schuyler Dialysis	220 Steuben Street Montour Falls, New York 14865	Not enough quality measure data to calculate a star rating
Williamsbridge Dialysis Center	3525 White Plains Road, Suite B Bronx, New York 10467	Not enough quality measure data to calculate a star rating
East Rochester Dialysis	445 West Commercial Street East Rochester, New York 14445	Not enough quality measure data to calculate a star rating
Williamsbridge Home Dialysis Center	3525 White Plains Road, Suite A Bronx, New York 10467	N/A
Clinton Hill Dialysis	1275 Bedford Avenue Brooklyn, New York 11216	Not enough quality measure data to calculate a star rating
Jamaica Hillside Dialysis (Open Date 2/10/17)	171-19 Hillside Avenue Jamaica, New York 11432	Not yet on CMS site/Not open long enough to supply sufficient data
Atlas Park Dialysis (Open Date 2/4/17)	80-00 Cooper Avenue Glendale, New York 11385	Not yet on CMS site/Not open long enough to supply sufficient data
Melrose Dialysis	459 East 149th Street Bronx, New York 10455	Not open long enough to supply sufficient data
Seaway Dialysis	999 East Ridge Road Irondequoit, New York 14621	Not open long enough to supply sufficient data
Buffalo Dialysis	520 Ellicott Street Buffalo, New York 14203	Not yet on CMS site/Not open long enough to supply sufficient data
Brooklyn Chinatown Dialysis	730 64th Street Brooklyn, New York 11220	Not yet on CMS site/Not open long enough to supply sufficient data
Woodbury Dialysis	113 Crossways Park Drive, Suite 100 Woodbury, New York 11797	Not yet on CMS site/Not open long enough to supply sufficient data






**Data obtained from Dialysis Facility  
Compare on March 2, 2018**

<https://www.medicare.gov/dialysisfacilitycompare/#>

**172364 HSP Attachment A**  
**Knickerbocker-Affiliated Dialysis Centers in New York State**

## The star rating

To calculate the star rating for a facility, each domain is given a domain score between 0 and 100 by averaging the normalized scores for measures within that domain. A final score between 0 and 100 is obtained by averaging the three domain scores (or two domain scores for peritoneal dialysis-only facilities). Finally, to recognize high and low performances, facilities receive stars in the following way:

- Facilities with the top 10% final scores were given a star rating of 5. 
- Facilities with the next 20% highest final scores were given a star rating of 4. 
- Facilities within the middle 40% of final scores were given a star rating of 3. 
- Facilities with the next 20% lowest final scores were given a star rating of 2. 
- Facilities with the bottom 10% final scores were given a star rating of 1. 

### Quality of patient care star rating

[Data source: Medicare claims and the CMS/ESRD Networks integrated information system](#)

^

**Date updated on this website:** Annually (October)

**Data collection period:** From: 1/1/2012 - Through: 12/31/2015



Project # 172411-E  
True North V DC, LLC

**Program:** Diagnostic and Treatment Center      **County:** Kings  
**Purpose:** Establishment      **Acknowledged:** January 4, 2018

**Executive Summary**

**Description**

True North V DC, LLC, an existing New York limited liability company, requests approval to acquire Brooklyn Chinatown Dialysis (BCD), a 24-station, proprietary Article 28 chronic renal dialysis center located at 730 64<sup>th</sup> Street, Brooklyn (Kings County). Knickerbocker Dialysis, Inc., which operates Bronx Dialysis Center, is the current operator of the facility. BCD was certified as an extension clinic of Bronx Dialysis Center under CON 152292 and became operational effective October 12, 2017. BCD is licensed to provide chronic renal dialysis, home peritoneal dialysis training and support, and home hemodialysis training and support services. Knickerbocker Dialysis, Inc. is a wholly-owned subsidiary of DaVita of New York, Inc., which operates a significant number of chronic renal dialysis extension clinics in New York State. After the proposed change of ownership, True North V DC, LLC. True North V DC, LLC will continue to operate the facility under the name Brooklyn Chinatown Dialysis.

**OPCHSM Recommendation**  
Contingent Approval

**Need Summary**

The location and primary service area for Brooklyn Chinatown Dialysis will be unchanged. True North V DC, LLC does not foresee any change in the operation of the facility or expansion of services after the change of ownership.

**Program Summary**

Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community.

**Financial Summary**

There are no project costs associated with this application. True North V DC, LLC will assume the lease for the site where BCD is located. The proposed budget is as follows:

Ownership of the operations after the requested change is as follows:

	<u>Third Year</u>
Revenues	\$4,037,794
Expenses	<u>3,894,173</u>
Gain	\$143,621

True North V DC, LLC		
<u>Members</u>		
<b>True North DC Holding, LLC</b>		<b>80%</b>
Knickerbocker Dialysis, Inc.	51%	
North Shore-LIJ Renal Ventures, LLC	49%	
<b>Sun, Liang, Yang &amp; Yap, LLC</b>		<b>20%</b>
Wei Y. Sun, M.D.	25%	
Elizabeth Q. Liang, M.D.	25%	
Li E. Yang, M.D., Ph.D.	25%	
Laurel W. Yap, M.D.	25%	

## Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

**Approval contingent upon:**

1. Submission of a photocopy of the applicant's amended Lease Agreement, acceptable to the Department. [CSL]
2. Submission of a photocopy of the amended Operating Agreement of True North V DC, LLC, acceptable to the Department. [CSL]
3. Submission of a photocopy of the executed copy of the Certificate of Amendment of the Articles of Organization of Sun, Liang, Yang & Yap, LLC, acceptable to the Department. [CSL]
4. Submission of a photocopy of the amended Operating Agreement of Sun, Liang, Yang & YIP, acceptable to the Department. [CSL]

**Approval conditional upon:**

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The staff of the facility must be separate and distinct from the staff of other entities; the signage must clearly denote the facility is separate and distinct from other entities; the clinical space must be used exclusively for the approved purpose; and the entrance must not disrupt any other entity's clinical program space. [HSP]

Council Action Date

**April 12, 2018**

## Need and Program Analysis

### Background

True North V DC, LLC will continue to operate the facility under the current name after the change in ownership. There will be no changes to the location, service area or services as a result of this application and therefore no change to the need or capacity of dialysis services in the county.

### Program Description

Proposed Operator	True North V DC, LLC
Doing Business As	Brooklyn Chinatown Dialysis
Site Designation	Diagnostic & Treatment Center (Main Site)
Site Address	730 64th Street Brooklyn, NY 11220 (Kings County)
Approved Services	Chronic Renal Dialysis – (24 stations) Home Hemodialysis Training & Support Home Peritoneal Dialysis Training & Support
Shifts/Hours/ Schedule	6 days per week Available hours will increase, as required, based on demand
Staffing (1 <sup>st</sup> Year / 3 <sup>rd</sup> Year)	5.4 FTEs / 12.3 FTEs
Medical Director(s)	Li E. Yang, M.D., Ph.D.
Emergency, In-Patient and Backup Support Services Agreement and Distance	Will be provided by: Maimonides Medical Center 1.3 miles / 8 minutes

### Character and Competence

The proposed membership interest of True North V DC, LLC is as follows:

Members	Interest
<b>True North DC Holding, LLC</b> <i>Knickerbocker Dialysis, Inc.</i> (51%) DaVita of New York, Inc. (100%) DaVita Inc. (100%) <i>North Shore LIJ Renal Ventures, LLC</i> (49%) North Shore University Hospital (100%) Northwell Healthcare, Inc. (100%) Northwell Health, Inc. (100%)	<b>80%</b>
<b>Sun, Liang, Yang &amp; Yap, LLC</b> Wei Yue Sun, M.D. (25%) Elizabeth Q. Liang, M. D. (25%) Li E. Yang, M.D., Ph.D. (25%) Laurel Win Yap, M.D. (25%)	<b>20%</b>
<b>TOTAL</b>	<b>100%</b>

One of the members of True North DC Holding, LLC is Knickerbocker Dialysis, Inc. Knickerbocker is the licensed operator (or affiliated with) over 40 New York dialysis facilities. The sole member of Knickerbocker is DaVita of New York, Inc., which is owned by DaVita Inc. DaVita operates more than 2,300 dialysis facilities across the United States. The second member of True North DC Holding, LLC is North Shore LIJ Renal Ventures, LLC, whose sole member is North Shore University Hospital (NSUH). Northwell Healthcare, Inc., whose sole member is Northwell Health, Inc., is the parent of NSUH. Sun, Liang, Yang & Yap LLC is an existing New York State limited liability company. Each of the members is a practicing physician, board-certified in Internal Medicine/Nephrology.

The Officers of True North V DC, LLC are:

<b>Name</b>	<b>Position</b>
Luann D. Regensburg	President & Assistant Secretary
Matt H. Henn	Vice President
Steven N. Fishbane, MD	Chief Medical Officer
Gregory Stewart	Treasurer
Laurence A. Kraemer	Secretary

The True North V DC, LLC managers and their affiliations are as follows:

<b>Manager</b>	<b>Representing/Affiliation</b>
Luann D. Regensburg	Knickerbocker/True North DC Holding, LLC/ DaVita, Inc.
Matt H. Henn	Knickerbocker/True North DC, Holding, LLC/DaVita, Inc.
John McGovern	North Shore-LIJ Renal Ventures, LLC/True North DC Holding, LLC/Northwell Health, Inc.
Adam Boll	North Shore-LIJ Renal Ventures, LLC/True North DC Holding, LLC/Northwell Health, Inc.
Wei Yue Sun, M.D.	Sun, Liang, Yang & Yap, LLC

Staff from the Division of Certification & Surveillance reviewed the disclosure information submitted regarding licenses held, formal education, training in pertinent health and/or related areas, employment history, a record of legal actions, and a disclosure of the applicant's ownership interest in other health care facilities. Licensed individuals were checked against the Office of Medicaid Management, the Office of Professional Medical Conduct, and the Education Department databases as well as the US Department of Health and Human Services Office of the Inspector General Medicare exclusion database.

Mr. Ranieri disclosed a settlement reached on March 8, 2013 with the Securities and Exchange Commission (SEC) for failure to adequately oversee a consultant's (third party "finder") activities.

Additionally, the staff from the Division of Certification & Surveillance reviewed the ten-year surveillance history of all associated facilities. Sources of information included the files, records, and reports found in the Department of Health. Included in the review were the results of any incident and/or complaint investigations, independent professional reviews, and/or comprehensive/focused inspections. The review found that any citations were properly corrected with appropriate remedial action.

Ms. Karch and Mr. Nappi disclosed an affiliation with Northern Westchester Hospital.

- On November 21, 2016, the Department issued a Stipulation and Order (S&O) and \$10,000 fine to Northern Westchester Hospital when Immediate Jeopardy was identified on April 22, 2016 during a complaint investigation. The allegations involved untimely calling of a code team for a newborn in distress. Hospital staff were not trained in the code policy and as such did not initiate the code via the proper procedure. The baby expired.

Knickerbocker Dialysis Inc. is the operator of Garden City Dialysis Center in Garden City.

- On November 20, 2017, the Department issued an enforcement and assessed a \$2,000 fine based on a recertification survey concluded in October 2016. Immediate Jeopardy was called when a surveyor observed a patient in an isolation room who could not be seen or heard by the staff. The facility had a video observation hook-up (which is not permitted) and the patient had been given a bell to summon staff, however the bell could not be heard at the nurse's station.

The Department has taken the following actions against Northwell affiliates:

- On July 8, 2010, the Department issued a S&O and \$42,000 fine against Syosset Hospital for deficient practice related to the care of a child having an adenotonsillectomy. It was determined that the patient was improperly cleared for surgery and, despite multiple comorbidities, the child was not kept for observation post-operatively and subsequently expired after discharge.
- On November 21, 2016, the Department issued a S&O and \$4,000 fine to Long Island Jewish Medical Center for deficient practice related to Infection Control. The facility had 21 operating

rooms (ORs) running and in 12 of the ORs, a total of 24 staff were observed not following acceptable standards of practice for Infection Control in Surgical Areas, specifically in regard to proper attire and exposure of hair during procedures.

- On March 6, 2017, the Department issued a S&O and \$4,000 fine to Plainview Hospital for deficient practice related to Infection Control. Observations revealed facility staff (i.e., physicians, podiatrists, radiologists, transporters, and physical therapists) failed to use standard infection control practices, specifically, wearing personal protective equipment, washing hands, cleaning equipment and following isolation precautions for patients with identified infectious diseases.

Northwell has made the following additional legal disclosures:

- In September 2008, Staten Island University Hospital (SIUH) entered into a settlement with the US Attorney's Office, the Office of the Inspector General (OIG) of the Department of Health and Human Services, and the Attorney General's Office of the State of New York and agreed to pay a monetary settlement of \$76.4M to the federal government and \$12.4M to the state and enter into a 5-year Corporate Integrity Agreement. The settlement covered payments related to stereotactic radiosurgery treatments; provision of detoxification services above licensed capacity; SIUH's graduate medical education program; and the provision of inpatient psychiatric services above licensed capacity.
- In September 2010, North Shore-Long Island Jewish Health System settled claims without a finding or admission of fraud, liability or other wrongdoing relative to a qui tam lawsuit filed under the civil False Claims Act by a private whistleblower and investigated by the US Attorney's Office. The \$2.95M settlement covered a 10-year period and primarily related to isolated errors in various cost reports rather than the allegations.
- In November 2010, Civil Investigative Demands (CIDs) for documents, interviews and other information relating to North Shore University Hospital's clinical documentation improvement program were issued by the US Attorney's Office for the Southern District. The Health System stated that they have complied, however, to date, there have been no specific demands for repayment or findings of liability in this matter.
- In December 2010, the Civil Division of the United States Department of Justice (DOJ) alleged that, since 2003, certain Health System hospitals may have submitted claims for payment of implantable cardioverter defibrillators (ICDs) and related services for which Medicare does not cover. In 2016, the investigation was resolved by agreement with the DOJ.
- In October 2011, the US Attorney's Office for the Western District of New York initiated a review of Southside Hospital's inpatient admissions for atherectomy procedures. In June 2012, the US Attorney's Office for the Eastern District of New York subpoenaed documentation relating to services rendered at Staten Island University Hospital's inpatient specialized burn unit. Northwell reported that, to date, the government has not indicated whether there is any potential liability in either matter.
- In June 2012, the OIG and US Attorney's Office for the Eastern District of New York subpoenaed Staten Island University Hospital (SIUH) for documentation relating to services rendered at SIUH's inpatient specialized burn unit dating back to 2005. Requested documentation was provided in 2012 and, in 2013, SIUH responded to follow-up questions. Northwell reported that, to date, the government has not indicated whether SIUH has any potential liability in this matter.
- In October 2012, a Program Integrity Contractor acting on behalf of the Centers for Medicare & Medicaid Services (CMS) reviewed 33 inpatient cardiac stent claims for 25 Medicare patients that had been submitted by Lenox Hill Hospital (LHH) between October 2007 and December 2010. The Contractor determined that the documentation did not support inpatient admission and/or the medical necessity of the of the cardiac stent procedure for the majority of the claims. The contractor requested that LHH undertake a self-audit and voluntary disclosure of its billing and claims history for elective cardiac stent admissions during this time. In 2016, LHH completed the self-audit and made a repayment to Medicare.

DaVita has made the following legal disclosures:

- In April 2013, a qui tam lawsuit was initiated in California alleging overpayments from government healthcare programs. There have been four subsequent amendments to add additional defendants and issues. The fourth amendment alleged a DaVita subsidiary performed one-way retrospective reviews to identify additional diagnoses that would drive higher risk scores and



increase capitated payments made by the government. DaVita disputes the allegations and states an intention to defend accordingly.

- In October 2014, DaVita refunded \$712.66 to the State of Indiana Attorney General's Medicaid Fraud Control Unit as reimbursement for dialysis services provided by a DaVita RN to a Medicaid recipient while she was temporarily unlicensed.
- Also in October 2014, DaVita entered into a Settlement Agreement with the US Department of Justice (DOJ) and a Corporate Integrity Agreement with the Office of Inspector General (OIG) to resolve allegations from a qui tam suit alleging violations of the False Claims Act through payments of kickbacks to induce referral of patients to its dialysis clinics.
- In December 2014, DaVita refunded \$267,287.93 covering services provided at 19 DaVita dialysis facilities after an OIG investigation determined overpayment for claims that should not have been billed to Medicaid Fee-For-Service, but rather the Nursing Home Division Waiver Program.
- In March 2015, the OIG initiated an investigation into JSA HealthCare Corp., a subsidiary of DaVita Medical Group, concerning Medicare Advantage service providers' risk adjustment practices and data, including identification and verification of factors used for making diagnoses. More specifically, the investigation focused on two Florida physicians with whom JSA previously contracted. Subsequently, in June 2015, the Company received a subpoena from the OIG requesting a wide range of documents relating to the company and its subsidiaries' provision of services to Medicare Advantage plans and patient diagnosis coding practices for a number of conditions. The company reports that it is cooperating with the investigation.
- In June 2015, DaVita settled a qui tam in the amount of \$450,000,000 plus fees and costs. The suit alleged the company's drug administration practices for vitamin D and iron agents fraudulently created unnecessary waste which was billed to (and paid for by) the government.
- In February 2016, DaVita's pharmacy services wholly-owned subsidiary, DaVita Rx, received a Civil Investigative Demand (CID) from the US Attorney's Office for the Northern District of Texas regarding DaVita Rx's relationship with pharmaceutical manufacturers and alleging the presentation of false claims to the government for payment of prescription medications.
- In March 2016, DaVita, Inc. executed settlement agreements with the State of New York and the DOJ regarding an investigation initiated in October 2011 related to payments for infusion drugs covered by Medicaid composite payments for dialysis.
- In January 2017, DaVita executed a settlement agreement relating to a CID from the DOJ that was initiated in November 2015 through a qui tam complaint involving RMS Lifeline, Inc., a wholly-owned subsidiary of DaVita (d/b/a Lifeline Vascular Access). Allegations were both employment-related and that medically unnecessary angiograms and angiography procedures were performed on 10 patients at two vascular access centers in Florida.
- Also in January 2017, DaVita was subpoenaed by the US Attorney's Office, District of Massachusetts for records relating to charitable patient assistance organizations, particularly the American Kidney Fund, and documents providing information to patients concerning the availability of such assistance. DaVita reported that it is cooperating with the investigation.
- In February 2017, a federal securities class action complaint was filed in the US District Court for the District of Colorado alleging that the company violated securities laws concerning financial results and revenue derived from patients who received charitable premium assistance from an industry-funded non-profit organization and that the process by which patients obtained the insurance and premium assistance was improper and created a false impression of DaVita's business and growth prospects.
- Derivative shareholder lawsuits were filed in the US District Court for the District of Colorado (February 2017) and the District of Delaware (May and June 2017) alleging (among other assertions) a breach of fiduciary duty, unjust enrichment, and failure to disclose certain information in violation of federal securities laws in connection with an alleged practice to direct patients with government-subsidized health insurance into private health insurance plans to maximize profits. DaVita disputes these allegations, as well as those in the aforementioned class action suit, and states an intent to defend the actions accordingly.

## Star Ratings - Dialysis Facility Compare (DFC)

The Centers for Medicare and Medicaid Services (CMS) and the University of Michigan Kidney Epidemiology and Cost Center have developed a methodology for rating each dialysis facility which may be found on the Dialysis Facility Compare website as a "Star Rating." The method produces a final score that is based on quality measures currently reported on the DFC website and ranges from 1 to 5 stars. A facility with a 5-star rating has quality of care that is considered 'much above average' compared to other dialysis facilities. A 1- or 2- star rating does not mean that a facility provides poor care. It only indicates that measured outcomes were below average compared to other facilities. Star ratings on DFC are updated annually to align with the annual updates of the standardized measures.

The DFC website currently reports on nine measures of quality of care for facilities. The measures used in the star rating are grouped into three domains by using a statistical method known as Factor Analysis. Each domain contains measures that are most correlated. This allows CMS to weight the domains rather than individual measures in the final score, limiting the possibility of overweighting quality measures that assess similar qualities of facility care.

To calculate the star rating for a facility, each domain score between 0 and 100 by averaging the normalized scores for measures within that domain. A final score between 0 and 100 is obtained by averaging the three domain scores (or two domain scores for peritoneal dialysis-only facilities). Finally, to recognize high and low performances, facilities receive stars in the following way:

- Facilities with the top 10% final scores were given a star rating of 5.
- Facilities with the next 20% highest final scores were given 4 stars.
- Facilities within the middle 40% of final scores were given 3 stars.
- Facilities with the next 20% lowest final scores were given 2 stars.
- Facilities with the bottom 10% final scores were given 1 star.

Knickerbocker Dialysis, Inc. is a 51% member of True North DC Holding, LLC which is an 80% member of True North V DC, LLC. Knickerbocker is the licensed operator (or affiliated with) over 40 New York dialysis facilities. A comprehensive list of the Star Ratings for all Knickerbocker-affiliated facilities located in New York State is provided in HSP Attachment A.

## Conclusion

There will be no change to services provided or the number of dialysis stations operated and therefore has no effect on need. Based on the information reviewed, staff found nothing that would reflect adversely upon the applicant's character and competence or standing in the community

## Recommendation

**From a need and programmatic perspective, approval is recommended.**

## Financial Analysis

### Contribution and Asset Purchase Agreement

The applicant has submitted an executed contribution and asset purchase agreement (CAPA) for the operating interests of BCD. The agreement will become effectuated upon PHHPC approval of this CON application. The CAPA includes executed Forms of Assignment and Assumption and Bill of Sale. The terms of the agreement are summarized below:

Date:	August 23, 2017
Purchaser:	True North V DC, LLC
Seller:	Knickerbocker Dialysis, Inc.
Acquired Assets:	All assets used in connection with the ownership and operation of BCD including inventory, supplies, prepaid expenses and fixed assets.
Assumed Liabilities:	All debts, obligations and liabilities incurred by Knickerbocker in connection with the Dialysis business, regardless of when incurred.
Purchase Price:	\$3,884,935 (Start-up capital expenditures), \$1,776,205 (Start-up working capital – 13 months of operating expenses), and \$151,860 (5% development fee) totaling \$5,813,000. These figures are estimates and are subject to change. Sun, Liang, Yang & Yap, LLC and True North Holding each acknowledges and agrees that it may be required to contribute additional capital to Company if the actual amounts differ from the estimated amounts.
Payment of Purchase Price:	Credit Facility from CoBiz Bank of \$4,070,000 and proposed members' contribution of \$1,743,000 of which \$1,031,856 has been deposited in escrow.

Member Contributions	Estimated Capital Requirements	Credit Facility	Capital Contribution
True North DC Holding, LLC	\$4,650,400	\$3,256,000	\$1,394,400
Sun, Liang, Yang, & Yap, LLC	1,162,600	814,000	348,600
<b>Totals</b>	<b>\$5,813,000</b>	<b>\$4,070,000</b>	<b>\$1,743,000</b>

The total estimated capital requirement of \$5,813,000 consist of the purchase price of \$2,573,135.48, expense adjustments of \$678,069.84 and members' contribution obligations of \$2,561,794.68. Start-up capital expenditures and working capital requirements allocated to True North V DC, LLC are not expected to vary significantly from the estimated amounts shown on the pro forma balance sheet under BFA Attachment D. Funding for this project will be provided through a mix of financing from CoBiz Bank, a Colorado Business Bank, and contributions from DaVita, Inc., Northwell Health, Inc., Wei Y. Sun, M.D., Elizabeth Q. Liang, M.D., Li E. Yang, M.D., Ph.D. and Laurel W. Yap, M.D.

The credit facility totaling \$4,070,000 will consist of a series of advances from the Effective Date to the Conversion Date. Provided no Event of Default has occurred and has not been cured by Borrower or waived by Bank, on August 1, 2019, the Revolving Loan will automatically be converted into a single term loan to be repaid by either the earlier of: October 1, 2024 or the date which is 62 months following the Conversion Date.

The capital contribution of \$1,743,000 includes start-up capital costs, development fees and working capital.

The applicant has provided an original affidavit, which is acceptable to the Department, in which the applicant agrees, notwithstanding any agreement, arrangement or understanding between the applicant and the transferor to the contrary, to be liable and responsible for any Medicaid overpayments made to the facility and/or surcharges, assessments or fees due from the transferor pursuant to Article 28 of the Public Health Law with respect to the period of time prior to the applicant acquiring its interest, without releasing the transferor of its liability and responsibility.

### Lease Agreement

The applicant will lease space on the first floor under the terms of the executed lease agreement summarized below:

Date:	December 4, 2015
Premises:	Space consisting of approximately 10,626 rentable square feet of floor area in a building located at 730 64th Street in the Borough of Brooklyn, County of Kings, City and State of New York
Landlord:	730 64th Street Company LLC
Tenant:	Knickerbocker Dialysis, Inc.
Rent:	\$393,162, annually (months 1-60) and \$432,478.20, monthly (months 61-120) with three renewal terms of 60 months each at \$39,643.84, \$43,608.22 and \$47,969.04 per year, respectively
Terms:	120 months
Provisions:	Tenant's share of real estate taxes, other taxes, assessments and public charges, insurance, gas, water and electricity.

### Assignment and Assumption of Lease Agreement

The applicant has submitted an executed Assignment and Assumption of Lease agreement for the site, summarized below:

Date:	August 23, 2017
Assignor:	Knickerbocker Dialysis, Inc.
Assignee:	True North V DC, LLC
Premises:	10,626 sq. ft. located at 730 64 <sup>th</sup> Street, Brooklyn, New York

Luann D. Regensburg, President and a Manager of True North V DC, LLC, Assistant Secretary of Knickerbocker Dialysis, Inc. and Acting Division Vice President of DaVita Inc., submitted an affidavit stating the proposed lease is an arm's length agreement as there is no relationship between landlord and tenant.

### Consulting and Administrative Services Agreement

The applicant has submitted an executed consulting and administrative services agreement (CASA). The terms of the agreement are summarized below:

Date:	August 23, 2017
Established Operator:	Knickerbocker Dialysis, Inc.
Consultant:	DaVita, Inc.
Services Rendered:	Establish and develop the center; acquire all assets, equipment and maintenance required for operation of the center; provide computer hardware and software; provide supplies and prescription drugs; perform all patient billing and collecting functions; employ bookkeeping and accounting procedures; manage and account for center's funds; prepare and deliver to established operator operating and capital budgets for the following fiscal year; assist in securing insurance; recommend policies and procedures; advise in quality assurance; assist in applying for licenses, permits and provider numbers; develop a compliance program; advocate for established operator in legal actions or proceedings; and comply with all provisions of federal, state and local Laws, rules, regulations and ordinances that are applicable to the Consulting Services provided.
Term:	Yearly
Consultant Fee:	\$113,239 annually

Assignment, Assumption and Restatement of CASA

The applicant has submitted an executed assignment, assumption and restatement of consulting and administrative services agreement. The terms of the agreement are summarized below:

Date:	August 23, 2017 (Second Amendment)
Company:	True North DC Holding, LLC
Administrator:	DaVita, Inc.
Responsibilities of Administrator:	Perform all bookkeeping and accounting procedures; maintain financial records; prepare and file all necessary local, state and federal income tax returns and all necessary business tax returns; institute, defend, appeal, mediate or arbitrate any and all legal actions or proceedings; comply with all provisions of federal, state and local laws, rules, regulations and ordinances; and assist Company in arranging for and secure on behalf of Company insurance coverage.
Term:	10-year initial term with option to renew at 5 years intervals
Compensation:	\$113,239 annually

While DaVita, Inc. will be providing all of the above services, the Company retains ultimate control in all of the final decisions associated with the services. The applicant has submitted an executed attestation stating that the applicant understands and acknowledges that there are powers that must not be delegated, the applicant will not willfully engage in any illegal delegation and understands that the Department will hold the applicant accountable.

Operating Budget

The applicant has submitted first and third year operating budgets, in 2018 dollars, summarized below:

	<u>First Year</u>		<u>Three Year</u>	
	<u>Per Treatment</u>	<u>Total</u>	<u>Per Treatment</u>	<u>Total</u>
<u>Revenues</u>				
Commercial FFS	\$871.10	\$398,091	\$902.35	\$1,341,795
Medicare MC	\$286.51	881,694	\$292.05	2,714,875
Medicaid MC	\$247.08	48,428	\$252.69	161,977
Total Revenues		<u>\$1,258,213</u>		<u>\$4,218,647</u>
Less: Bad Debt		<u>\$54,002</u>		<u>\$180,853</u>
Total Patient Revenue		<u>\$1,204,211</u>		<u>\$4,037,794</u>
<u>Expenses</u>				
Operating	\$344.86	\$1,202,172	\$254.81	\$2,910,917
Interest (P&I)	\$22.55	78,617	\$17.34	198,085
Depreciation and Rent	\$218.76	762,610	\$68.73	785,171
Total Expenses		<u>\$2,043,399</u>		<u>\$3,894,173</u>
Net Income/(Loss)		<u>(\$839,188)</u>		<u>\$143,621</u>
Utilization (Treatments)		3,486		11,424
Cost per Treatment		\$586.17		\$340.88

Utilization by payor source for the first and third years is as follows:

<u>Payor</u>	<u>Year One</u>	<u>Year Three</u>
Commercial FFS	13.1%	13.0%
Medicare FFS	81.3%	81.4%
Medicaid FFS	5.6%	5.6%

The following is noted regarding the first and third year budgets:

- Expense and utilization assumptions are based on the budgets that were included with CON 152292-C (Brooklyn Chinatown Dialysis), under which the existing facility was approved as an extension clinic of Knickerbocker Dialysis, Inc. The site commenced operations in 2017 and is still in the first year of operations at the time of this present CON submission. As shown in the projected operating budgets, the site is projected to have positive revenue over expenses by the third year of operation.
- The 2017 Medicaid APG rate for renal dialysis is reflected in the first and third year budgets. The APG rate is the base rate for Knickerbocker Dialysis, Inc. plus additional patient factors.

#### Capability and Feasibility

There are no project costs associated with this application. The working capital requirements for Brooklyn Chinatown Dialysis is estimated at \$649,029, based on two months of third year expenses. Working capital will be provided through a mix of proposed members' equity and financing from CoBiz Bank. BFA Attachments C and D, Financial Summary of DaVita, grandparent of Knickerbocker Dialysis, Inc. and Northwell Health, Inc., respectively, indicate sufficient funds available for estimated working capital. BFA Attachment A, net worth statements for the members of Sun, Liang, Yang & Yap, LLC (Wei Y. Sun, M.D., Elizabeth Q. Liang, M.D., Li E. Yang, M.D., Ph.D. and Laurel W. Yap, M.D.), indicates sufficient funds available for estimated working capital.

BFA Attachment D is the pro forma balance sheet of True North V DC, LLC.

The submitted budget projects a net loss of \$839,188 for Year One and a net income of \$143,621 during Year Three. The Acting Division Vice President of DaVita, Inc. and the Vice President for Joint Ventures Operations of North Shore-LIJ Renal Ventures, LLC and Managing Member of Sun, Liang, Yang & Yap, LLC has submitted a deficit funding letter, attesting that the projected first year loss will be absorbed by the ongoing operations of DaVita, Inc., Northwell Health, Inc. and the individual members of Sun, Liang, Yang & Yap, LLC. Revenues are based on prevailing reimbursement methodologies and contracted rates for dialysis services. The budget appears reasonable.

As shown on BFA Attachment B, DaVita, Inc. has experienced positive working capital and stockholder's asset position as of as of September 30, 2017. The entity experienced net income from operations of \$1,074,029 for the nine months ended September 30, 2017. DaVita, Inc., a publicly traded company, is the ultimate parent of Knickerbocker Dialysis, Inc.

As shown on BFA Attachment C, Northwell Health, Inc. has maintained a positive working capital position, experienced a positive stockholder's position and generated \$34,390,000 in operating income as of September 30, 2017, showing sufficient resources for needed capital. Northwell Health, Inc., a voluntary not for profit corporation, is the ultimate parent of North Shore – LIJ Renal Ventures, LLC.

Based on the preceding, the applicant has demonstrated the capability to proceed in a financially feasible manner.

#### Recommendation

**From a financial perspective, approval is recommended.**

## Attachments

BFA Attachment A	Net Worth Statement for Sun, Liang, Yang & Yap, LLC
BFA Attachment B	Certified 2016 and Internal Financial Statements as of September 30, 2017 financial statements – DaVita, Inc.
BFA Attachment C	Consolidated Financial Statements and For the Nine Months Ended September 30, 2017 and 2016 - Northwell Health, Inc.
BFA Attachment D	Pro Forma Balance Sheet – True North V DC, LLC
BFA Attachment E	Organizational Chart - True North V DC, LLC
HSP Attachment A	Star Rating Profile for all Knickerbocker-affiliated facilities in New York State

**DAVITA INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**  
**(dollars in thousands, except per share data)**

	September 30, 2017	December 31, 2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 846,110	\$ 913,187
Short-term investments	137,358	310,198
Accounts receivable, less allowance of \$221,329 and \$252,056	2,091,074	1,917,302
Inventories	154,422	164,858
Other receivables	599,374	453,483
Prepaid and other current assets	205,211	210,604
Income taxes receivable	—	10,596
<b>Total current assets</b>	<b>4,033,549</b>	<b>3,980,228</b>
Property and equipment, net of accumulated depreciation of \$3,151,402 and \$2,832,160	3,386,056	3,175,367
Intangible assets, net of accumulated amortization of \$1,084,682 and \$940,731	1,451,033	1,527,767
Equity method and other investments	545,053	502,389
Long-term investments	120,129	103,679
Other long-term assets	61,642	44,510
Goodwill	9,415,877	9,407,317
	<b>\$ 19,013,339</b>	<b>\$ 18,741,257</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable	\$ 566,918	\$ 522,415
Other liabilities	928,123	856,847
Accrued compensation and benefits	775,280	815,761
Medical payables	400,259	336,381
Current portion of long-term debt	189,822	165,041
Income tax payable	14,391	—
<b>Total current liabilities</b>	<b>2,874,793</b>	<b>2,696,445</b>
Long-term debt	8,908,703	8,947,327
Other long-term liabilities	548,226	465,358
Deferred income taxes	685,598	809,128
<b>Total liabilities</b>	<b>13,017,320</b>	<b>12,918,258</b>
Commitments and contingencies		
Noncontrolling interests subject to put provisions	1,026,890	973,258
Equity:		
Preferred stock (\$0.001 par value, 5,000,000 shares authorized; none issued)		
Common stock (\$0.001 par value, 450,000,000 shares authorized; 194,788,516 and 194,554,491 shares issued and 189,231,693 and 194,554,491 shares outstanding, respectively)	195	195
Additional paid-in capital	1,059,176	1,027,182
Retained earnings	4,070,535	3,710,313
Treasury stock (5,556,823 shares at September 30, 2017)	(348,801)	—
Accumulated other comprehensive income (loss)	3,476	(89,643)
Total DaVita Inc. shareholders' equity	<b>4,784,581</b>	<b>4,648,047</b>
Noncontrolling interests not subject to put provisions	184,548	201,694
<b>Total equity</b>	<b>4,969,129</b>	<b>4,849,741</b>
	<b>\$ 19,013,339</b>	<b>\$ 18,741,257</b>



**DAVITA INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(unaudited)**  
**(dollars in thousands, except per share data)**

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Patient service revenues	\$ 2,746,257	\$ 2,643,194	\$ 8,030,102	\$ 7,708,641
Less: Provision for uncollectible accounts	(123,760)	(115,555)	(352,228)	(336,188)
Net patient service revenues	2,622,497	2,527,639	7,677,874	7,372,453
Capitated revenues	1,016,365	872,538	2,956,479	2,660,532
Other revenues	283,969	330,399	863,238	996,378
Total net revenues	3,922,831	3,730,576	11,497,591	11,029,363
Operating expenses and charges:				
Patient care costs and other costs	2,925,975	2,697,629	8,508,706	7,950,987
General and administrative	400,018	406,890	1,174,113	1,180,214
Depreciation and amortization	203,283	181,739	593,527	531,475
Provision for uncollectible accounts	(2,685)	3,773	(1,381)	9,856
Equity investment loss (income)	4,852	(4,237)	(2,697)	(5,119)
Goodwill and asset impairment charges	601,040	—	701,523	253,000
Gain on changes in ownership interests, net	(17,129)	(374,374)	(23,402)	(404,165)
Gain on settlement, net	—	—	(526,827)	—
Total operating expenses and charges	4,115,354	2,911,420	10,423,562	9,516,248
Operating (loss) income	(192,523)	819,156	1,074,029	1,513,115
Debt expense	(109,623)	(104,581)	(322,014)	(310,359)
Other income, net	4,370	1,876	13,866	8,067
(Loss) income before income taxes	(297,776)	716,451	765,881	1,210,823
Income tax (benefit) expense	(125,742)	104,301	276,005	366,011
Net (loss) income	(172,034)	612,150	489,876	844,812
Less: Net income attributable to noncontrolling interests	(42,442)	(40,818)	(129,654)	(122,664)
Net (loss) income attributable to DaVita Inc.	\$ (214,476)	\$ 571,332	\$ 360,222	\$ 722,148
<b>Earnings per share:</b>				
Basic net (loss) income per share attributable to DaVita Inc.	\$ (1.14)	\$ 2.80	\$ 1.89	\$ 3.54
Diluted net (loss) income per share attributable to DaVita Inc.	\$ (1.14)	\$ 2.76	\$ 1.86	\$ 3.48
<b>Weighted average shares for earnings per share:</b>				
Basic	188,883,922	203,761,433	190,770,165	204,206,979
Diluted	188,883,922	206,961,450	193,546,245	207,643,794

Northwell Health, Inc.

Consolidated Statements of Financial Position  
September 30, 2017 and December 31, 2016 (In Thousands)

	(Unaudited) September 30, 2017	(Audited) December 31, 2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 447,663	\$ 383,295
Short-term investments	2,480,401	2,464,366
Accounts receivable for services to patients, net of allowance for doubtful accounts	1,027,167	975,423
Accounts receivable for physician activities, net	143,913	127,718
Pledges receivable, current portion	70,293	46,197
Insurance claims receivable, current portion	71,010	71,014
Other current assets	302,127	269,472
Total current assets	<u>4,542,574</u>	<u>4,337,485</u>
Long-term investments	2,437,787	1,875,198
Pledges receivable, net of current portion	128,496	96,371
Property, plant and equipment, net	4,803,596	4,610,223
Insurance claims receivable, net of current portion	217,934	245,967
Other assets	249,189	199,020
Total assets	<u>\$ 12,379,576</u>	<u>\$ 11,364,264</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Short-term borrowings	\$ 110,218	\$ 110,218
Accounts payable and accrued expenses	935,582	857,584
Accrued salaries and related benefits	690,216	671,594
Current portion of capital lease obligations	3,369	3,470
Current portion of long-term debt	49,642	59,829
Current portion of insurance claims liability	71,010	71,014
Current portion of malpractice and other insurance liabilities	123,762	123,740
Current portion of estimated payables to third-party payers	313,575	320,126
Total current liabilities	<u>2,297,374</u>	<u>2,217,575</u>
Accrued retirement benefits, net of current portion	878,298	927,378
Capital lease obligations, net of current portion	171,099	173,108
Long-term debt, net of current portion	3,250,929	2,680,021
Insurance claims liability, net of current portion	217,934	245,967
Malpractice and other insurance liabilities, net of current portion	1,046,783	944,225
Other long-term liabilities	578,440	573,464
Total liabilities	<u>8,440,857</u>	<u>7,761,738</u>
Commitments and contingencies		
Net assets:		
Unrestricted	3,326,311	3,027,943
Temporarily restricted	421,929	393,610
Permanently restricted	190,479	180,973
Total net assets	<u>3,938,719</u>	<u>3,602,526</u>
Total liabilities and net assets	<u>\$ 12,379,576</u>	<u>\$ 11,364,264</u>

Northwell Health, Inc.

**Consolidated Statements of Operations**  
**For the Nine Months Ended September 30, 2017 and 2016 (In Thousands)**

	(Unaudited) 2017	(Unaudited) 2016
Operating revenue:		
Net patient service revenue	\$ 5,992,757	\$ 5,711,957
Physician practice revenue	1,123,306	957,564
Provision for bad debts	(94,586)	(92,784)
Total patient revenue, net of provision for bad debts	<u>7,021,477</u>	<u>6,576,737</u>
Other operating revenue	451,845	381,549
Net assets released from restrictions used for operations	48,593	42,297
Total operating revenue	<u>7,521,915</u>	<u>7,000,583</u>
Operating expenses:		
Salaries	3,832,855	3,462,223
Employee benefits	915,986	867,689
Supplies and expenses	2,228,355	2,071,738
Depreciation and amortization	334,783	307,449
Interest	92,530	82,216
Total operating expenses	<u>7,404,509</u>	<u>6,791,315</u>
Excess of operating revenue over operating expenses, excluding Health Insurance Companies	117,406	209,268
Health Insurance Companies excess of operating expenses over operating revenue	(83,016)	(96,706)
Total excess of operating revenue over operating expenses	<u>34,390</u>	<u>112,562</u>
Non-operating gains and losses:		
Investment income	77,287	41,536
Change in net unrealized gains and losses and change in value of equity method investments	220,972	134,041
Change in fair value of interest rate swap agreements designated as derivative instruments	-	190
Non-operating net periodic benefit cost	(21,094)	(28,478)
Loss on refunding of long-term debt	(42,619)	-
Contribution received in the acquisition of Peconic Bay Medical Center	-	36,343
Other non-operating gains and losses	(2,769)	(9,198)
Total non-operating gains and losses	<u>231,777</u>	<u>174,434</u>
Excess of revenue and gains and losses over expenses	266,167	286,996
Net assets released from restrictions for capital asset acquisitions	34,814	28,221
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,658	13
Recovery of fair value of endowment corpus	-	609
Other changes in net assets	(4,271)	(4,803)
Increase in unrestricted net assets	<u>\$ 298,368</u>	<u>\$ 311,036</u>

**Privileged and Confidential: Exempt from disclosure under N.Y. Pub. Off. Law § 87(2)(d)**

**BALANCE SHEET**

**ASSETS**

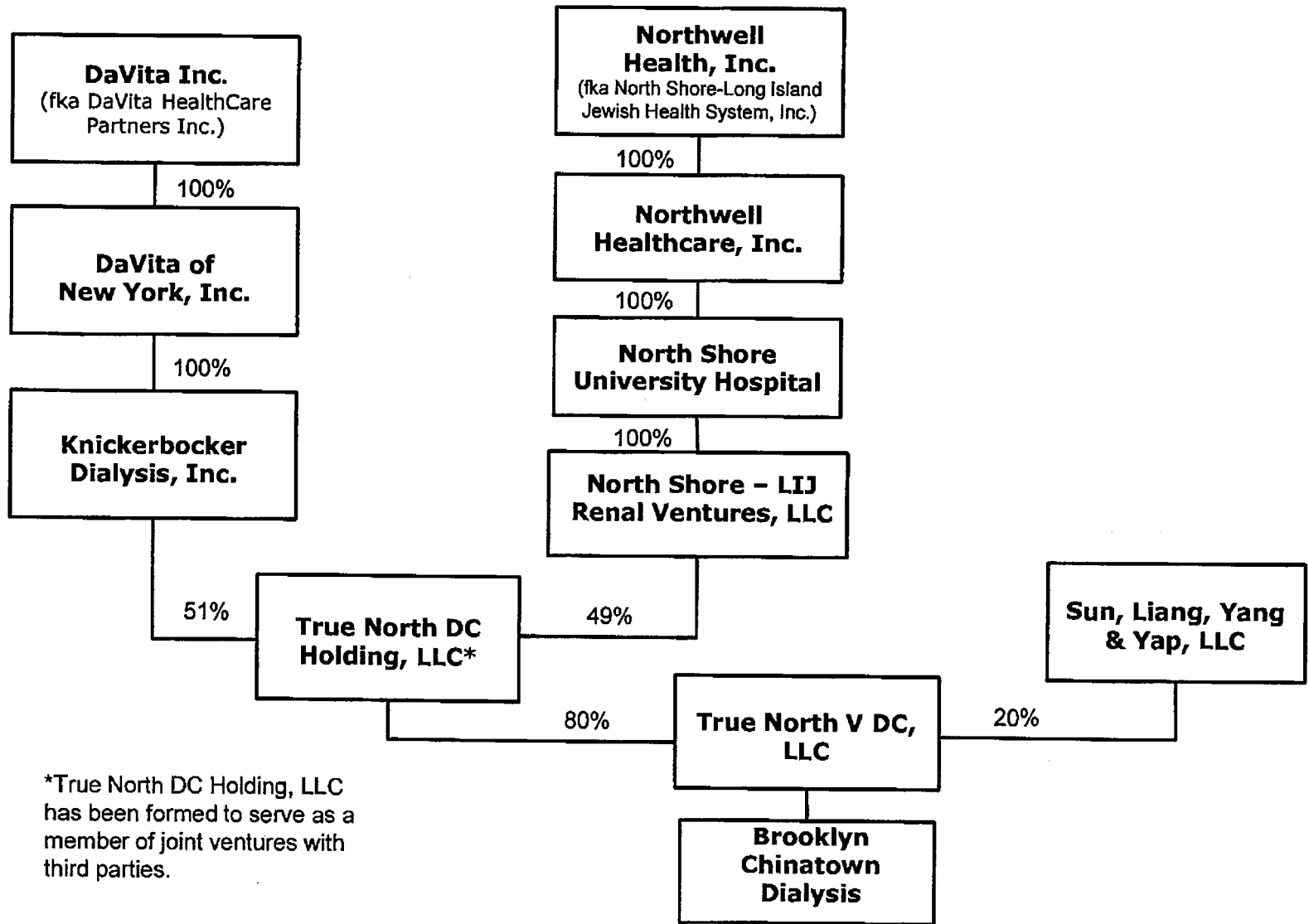
	<b>Brooklyn Chinatown</b>
Capital Improvements	\$ 1,951,923
Goodwill	\$ 1,306,489
Working Capital Cash	\$ 1,776,205
Equipment and Telecommunications	\$ 734,692
Inventory	\$ 10,927
Prepaid Expenses	\$ 32,764
<b>TOTAL ASSETS</b>	<b>\$ 5,813,000</b>

**LIABILITIES AND MEMBERS' EQUITY**

<b>LIABILITIES</b>	4,070,000
<b>CAPITAL CONTRIBUTIONS</b>	1,743,000
<b>EXPENSES INCURRED</b>	-
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>5,813,000</b>



# True North V DC, LLC



\*True North DC Holding, LLC has been formed to serve as a member of joint ventures with third parties.

**172411 HSP Attachment A**  
**Knickerbocker-Affiliated Dialysis Centers in New York State**

<b>Facility Name</b>	<b>Address</b>	<b>Star Rating</b>
South Bronx Dialysis Center	1940 Webster Avenue Bronx, New York 10457	☆☆☆●●
Richmond Kidney Center	1366 Victory Boulevard Staten Island, New York 10301	☆☆☆☆☆
Catskill Dialysis Center	139 Forestburgh Road Monticello, New York 12701	☆☆☆●●
Sheepshead Bay Renal Care Center	26 Brighton 11th Street Brooklyn, New York 11235	☆☆☆☆☆
Garden City Dialysis Center	1100 Stewart Ave Garden City, New York 11530	☆☆☆●●
Orchard Park Dialysis Center	3801 Taylor Rd Orchard Park, New York 14127	☆☆●●●
Central New York Dialysis Center	910 Erie Blvd East Syracuse, New York 13210	☆☆☆●●
Millennium Dialysis	1408 Ocean Avenue Brooklyn, New York 11230	☆☆●●●
Bronx Dialysis Center	1615-1617 Eastchester Road Bronx, New York 10461	☆☆☆☆●
Riverdale Dialysis Center	170 West 233rd Street Bronx, New York 10463	☆☆☆☆●
Peekskill Cortland Dialysis Center	Pike Plaza, Suite 15 Cortlandt Manor, New York 10566	☆☆☆☆☆
Queens Dialysis Center	118-01,05,07A Guy Brewer Boulevard Jamaica, New York 11434	☆☆☆●●
Boston Post Road Dialysis Center	4000-4026 Boston Post Road Bronx, New York 10475	☆☆☆●●
Soundview Dialysis Center	1622-24 Bruckner Blvd Bronx, New York 10473	☆☆☆●●
Lynbrook Dialysis Center	147 Scranton Road Lynbrook, New York 11563	☆☆☆●●
Northtowns Dialysis Center	4041 Delaware Avenue Tonawanda, New York 14150	☆☆☆●●
Midwood Dialysis	1915 Ocean Avenue Brooklyn, New York 11230	☆☆☆●●
Yonkers Dialysis Center	575 Yonkers Avenue Yonkers, New York 10704	☆☆☆☆☆
Suburban Dialysis Center	1542 Maple Rd Williamsville, New York 14221	☆☆☆●●
Queens Village Dialysis Center	222-02 Hempstead Avenue Queens Village, New York 11429	☆☆☆●●
Long Island Renal Care	3460 Great Neck Road Amityville, New York 11701	☆☆☆●●

**172411 HSP Attachment A**  
**Knickerbocker-Affiliated Dialysis Centers in New York State**

Facility Name	Address	Star Rating
Borough Park Dialysis	4102 13th Avenue Brooklyn, New York 11219	★ ★ ● ● ●
Jamestown Dialysis Center	207 Foote Avenue Jamestown, New York 14701	★ ★ ★ ★ ★
Orange Dialysis Center	100 Crystal Run Road Middletown, New York 10941	★ ★ ★ ● ●
Waters Place Dialysis Center	1733 Eastchester Road Bronx, New York 10461	★ ★ ★ ★ ●
Staten Island Dialysis Center	1139 Hylan Boulevard Staten Island, New York 10305	★ ★ ★ ● ●
Ivy Dialysis	602 Ivy Street Elmira, New York 14905	Not enough quality measure data to calculate a star rating
Corning Dialysis	8 W. Pulteney St. Suite 101 Corning, New York 14830	★ ★ ★ ★ ●
Schuyler Dialysis	220 Steuben Street Montour Falls, New York 14865	Not enough quality measure data to calculate a star rating
Williamsbridge Dialysis Center	3525 White Plains Road, Suite B Bronx, New York 10467	Not enough quality measure data to calculate a star rating
East Rochester Dialysis	445 West Commercial Street East Rochester, New York 14445	Not enough quality measure data to calculate a star rating
Williamsbridge Home Dialysis Center	3525 White Plains Road, Suite A Bronx, New York 10467	N/A
Clinton Hill Dialysis	1275 Bedford Avenue Brooklyn, New York 11216	Not enough quality measure data to calculate a star rating
Jamaica Hillside Dialysis (Open Date 2/10/17)	171-19 Hillside Avenue Jamaica, New York 11432	Not yet on CMS site/Not open long enough to supply sufficient data
Atlas Park Dialysis (Open Date 2/4/17)	80-00 Cooper Avenue Glendale, New York 11385	Not yet on CMS site/Not open long enough to supply sufficient data
Melrose Dialysis	459 East 149th Street Bronx, New York 10455	Not open long enough to supply sufficient data
Seaway Dialysis	999 East Ridge Road Irondequoit, New York 14621	Not open long enough to supply sufficient data
Buffalo Dialysis	520 Ellicott Street Buffalo, New York 14203	Not yet on CMS site/Not open long enough to supply sufficient data
Brooklyn Chinatown Dialysis	730 64th Street Brooklyn, New York 11220	Not yet on CMS site/Not open long enough to supply sufficient data
Woodbury Dialysis	113 Crossways Park Drive, Suite 100 Woodbury, New York 11797	Not yet on CMS site/Not open long enough to supply sufficient data






**Data obtained from Dialysis Facility  
Compare on March 2, 2018**

<https://www.medicare.gov/dialysisfacilitycompare/#>

**172411 HSP Attachment A**  
**Knickerbocker-Affiliated Dialysis Centers in New York State**

## The star rating

To calculate the star rating for a facility, each domain is given a domain score between 0 and 100 by averaging the normalized scores for measures within that domain. A final score between 0 and 100 is obtained by averaging the three domain scores (or two domain scores for peritoneal dialysis-only facilities). Finally, to recognize high and low performances, facilities receive stars in the following way:

- Facilities with the top 10% final scores were given a star rating of 5. 
- Facilities with the next 20% highest final scores were given a star rating of 4. 
- Facilities within the middle 40% of final scores were given a star rating of 3. 
- Facilities with the next 20% lowest final scores were given a star rating of 2. 
- Facilities with the bottom 10% final scores were given a star rating of 1. 

### Quality of patient care star rating

[Data source: Medicare claims and the CMS/ESRD Networks integrated information system](#)

^

**Date updated on this website:** Annually (October)

**Data collection period:** From: 1/1/2012 - Through: 12/31/2015