STATE OF WASHINGTON
DEPARTMENT OF HEALTH

August 9, 2011

CERTIFIED MAIL # 7009 2250 0001 8669 3178

Jason Bosh, Regional Operations Director
DaVita, Inc—North Star Division, Region 1
1301 A Street, #400
Tacoma, Washington 98402

RE: CN11-10

Dear Mr. Bosh:

We have completed review of the DaVita, Inc. application proposing to add three stations to its Tacoma dialysis facility. For the reasons stated in this evaluation, the application submitted by DaVita, Inc. is consistent with applicable criteria of the Certificate of Need Program, provided DaVita, Inc. agrees to the following in its entirety.

Project Description:
DaVita Tacoma Dialysis Center is approved to certify and operate thirteen dialysis stations. Services provided at DaVita Tacoma Dialysis Center include home dialysis, hemodialysis, peritoneal dialysis, shifts after 5:00 p.m., and training/support for dialysis patients. The 13-station DaVita Tacoma Dialysis Center would include a permanent bed station and an isolation station. The thirteen dialysis stations breakdown at the facility are listed below:

Private Isolation Room	1
Permanent Bed Station	1
Home Training Station	1
Other In-Center Stations	10
Total	13

Condition:
1. Approved project description as described above.

Approved Capital Costs:
The approved capital expenditure associated with this project is $45,575.

You have two options, either accept or reject the above in its entirety. If you accept the above in its entirety, your application will be approved and a Certificate of Need sent to you. If you reject any provision of the above, you must identify that provision, and your application will be denied because approval would not be consistent with applicable Certificate of Need review criteria. Please notify the Department of Health within 20 days of the date of this letter whether you accept the above in its entirety.

Your written response should be sent to the Certificate of Need Program, at one of the following addresses.

Mailing Address:	Other Than By Mail:
Department of Health	Department of Health
Certificate of Need Program	Certificate of Need Program
Mail Stop 47852	310 Israel Road SE
Olympia, WA 98504-7852	Tumwater, WA 98501

If you have any questions, or would like to arrange for a meeting to discuss our decision, please contact Janis Sigman with the Certificate of Need Program at (360) 236-2955.

Sincerely,

for Steven M. Saxe, FACHE
Director, Health Professions and Facilities

Enclosure

EVALUATION OF THE CERTIFICATE OF NEED APPLICATION SUBMITTED BY DAVITA, INC. PROPOSING TO ADD THREE KIDNEY DIALYSIS STATIONS TO THE EXISTING TACOMA DIALYSIS CENTER IN PIERCE COUNTY PLANNING AREA #4

APPLICANT DESCRIPTION

DaVita Inc. (DaVita) is a for-profit corporation that provides kidney dialysis services in over 1,530 outpatient centers located in 43 states and the District of Columbia. DaVita also provides acute inpatient kidney dialysis services in over 720 hospitals throughout the country. [Source: DaVita Application, Page 5] In Washington State, DaVita owns or operates twenty-four kidney dialysis facilities in twelve separate counties. Below is a listing of the twenty-four facilities. [Source: CN historical files & Application, Page 2]

Benton
Chinook Kidney Dialysis Center
Kennewick Dialysis Center

Clark
Vancouver Dialysis Center

Douglas
East Wenatchee Dialysis Center[1]

Franklin
Mid-Columbia Kidney Center

Island
Whidbey Island Dialysis Center

King
Bellevue Dialysis Center
Federal Way Community Dialysis Center
Kent Community Dialysis Center (Management only)
Olympic View Dialysis Center
Westwood Dialysis Center

Kittitas
Ellensburg Dialysis Center

Pacific
Seaview Dialysis Center

Pierce
Lakewood Community Dialysis Center
Puyallup Community Dialysis Centre
Parkland Dialysis Centre
Tacoma Dialysis Center
Graham Dialysis Center

Snohomish
Mill Creek Dialysis Center
Everett Dialysis Center

Thurston
Olympia Dialysis Center

Yakima
Mt. Adams Dialysis Center
Union Gap Dialysis Center
Yakima Dialysis Center

PROJECT DESCRIPTION

DaVita proposes to add three stations to its existing ten-station Tacoma Dialysis Center located at 3401 South 19th Street within the city of Tacoma in Pierce County Planning Area #4. [Source: DaVita Application, Page 8] Services provided at the Tacoma Dialysis Center include home dialysis, hemodialysis, peritoneal dialysis, and training/support for dialysis patients. The 13-dialysis stations that would be operational at the facility would include a permanent bed station and an isolation station.

[1] This facility is not yet operational

The capital expenditure to add three stations is $45,575. Approximately 90% of this cost is related to both fixed and moveable equipment; and the remaining 10% is related to communication and computer equipments. [Source: Application, Page 11]

If this project is approved, DaVita anticipates the three new stations would become operational by the end of October 2011. Under this timeline, calendar year 2012 would be the thirteen stations dialysis center first full year of operation and 2013 and 2014 would be years two and three. [Source: DaVita Application, Page 12]

APPLICABILITY OF CERTIFICATE OF NEED LAW

This project is subject to Certificate of Need (CN) review because it increases the number of dialysis stations at an existing kidney disease treatment facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(h) and Washington Administrative Code (WAC) 246-310-020(1)(e).

CRITERIA EVALUATION

WAC 246-310-200(1)(a)-(d) identifies the four determinations that the department must make for each application. WAC 246-310-200(2) provides additional direction on how the department is to make its determinations. It states:

"Criteria contained in this section and in WAC 246-310-210, 246-310-220, 246-310-230, and 246-310-240 shall be used by the department in making the required determinations.

(a) In the use of criteria for making the required determinations, the department shall consider:

- *(i) The consistency of the proposed project with service or facility standards contained in this chapter;*
- *(ii) In the event the standards contained in this chapter do not address in sufficient detail for a required determination the services or facilities for health services proposed, the department may consider standards not in conflict with those standards in accordance with subsection (2)(b) of this section; and*
- *(iii) The relationship of the proposed project to the long-range plan (if any) of the person proposing the project."*

In the event WAC 246-310 does not contain service or facility standards in sufficient detail to make the required determinations, WAC 246-310-200(2)(b) identifies the types of standards the department may consider in making its required determinations. Specifically WAC 246-310-200(2)(b) states:

"The department may consider any of the following in its use of criteria for making the required determinations:

- *(i) Nationally recognized standards from professional organizations;*
- *(ii) Standards developed by professional organizations in Washington State;*
- *(iii) Federal Medicare and Medicaid certification requirements;*
- *(iv) State licensing requirements;*
- *(v) Applicable standards developed by other individuals, groups, or organizations with recognized expertise related to a proposed undertaking; and*
- *(vi) The written findings and recommendations of individuals, groups, or organizations with recognized expertise related to a proposed undertaking, with whom the department consults during the review of an application."*

WAC 246-310-280 through 289 contains service or facility specific criteria for dialysis projects and must be used to make the required determinations. To obtain Certificate of Need approval, DaVita must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); and 246-310-240 (cost containment)[2]. Additionally, DaVita must demonstrate compliance with the applicable kidney disease treatment center criteria outlined in WAC 246-310-280 through 284.

APPLICATION CHRONOLOGY

As directed under WAC 246-310-282(1) the department accepted this application under the Kidney Disease Treatment Centers Review Cycle #4. No other kidney disease treatment center applications were received for Pierce County planning area #4 during Cycle #4, therefore; the review was converted to a regular review. A chronological summary of the review activities is shown below.

Action	Dates
Letter of Intent Submitted	October 29, 2010
Application Submitted	November 30, 2010
Department's pre-review Activities including screening and responses	December 2, 2010 through April 26, 2011
Beginning of Review	April 27, 2011
End of Public Comment	May 31, 2011
Rebuttal Comments	June 15, 2011
Department's Anticipated Decision Date	August 1, 2011
Department's Actual Decision Date	August 9, 2011

AFFECTED AND INTERESTED PERSONS

Washington Administrative Code 246-310-010(2) defines "affected person as:

"...an "interested person" who:

(a) Is located or resides in the applicant's health service area;

(b) Testified at a public hearing or submitted written evidence; and

(c) Requested in writing to be informed of the department's decision."

Franciscan Health System (FHS) a healthcare provider who owns and operate St. Joseph Medical Center (SJMC) an acute care hospital and a dialysis facility located within the planning area sought and received affected person status under WAC 246-310-010(2).

SOURCE INFORMATION REVIEWED

- DaVita, Inc. Certificate of Need application submitted November 30, 2010
- DaVita, Inc. 1st supplemental information received February 14, 2011
- DaVita, Inc. 2nd supplemental information received April 15, 2011
- DaVita, Inc. public comments received on August 14, 2009
- Franciscan Health System public comments received May 31, 2011

[2] Each criterion contains certain sub-criteria. The following sub-criteria are not discussed in this evaluation because they are not relevant to this project: WAC 246-310-210(3), (4), (5), (6); and WAC 246-310-240(2), (3); WAC 246-310-286; WAC 246-310-287; and WAC 246-310-288.

- DaVita, Inc. rebuttal comments received June 15, 2011
- Years 2005 through 2009 historical kidney dialysis data obtained from the Northwest Renal Network
- Year 2009 Northwest Renal Network 2th Quarter Data
- Licensing and/or survey data provided by the Department of Health's Office of Investigation and Inspections
- Licensing and/or survey data provided by out of state health care survey programs
- Certificate of Need historical files
- Medical Quality Assurance compliance data

CONCLUSION

For the reasons stated in this evaluation, the application submitted by DaVita, Inc. proposing to add three stations to its Tacoma Dialysis Center located in Peirce County planning area #4 is consistent with applicable criteria of the Certificate of Need Program provided DaVita agrees to the following in its entirety.

Project Description:

DaVita Tacoma Dialysis Center is approved to certify and operate thirteen dialysis stations. Services provided at DaVita Tacoma Dialysis Center include home dialysis, hemodialysis, peritoneal dialysis, shifts after 5:00 p.m., and training/support for dialysis patients. The 13-station DaVita Tacoma Dialysis Center would include a permanent bed station and an isolation station. The thirteen dialysis station breakdown at the facility are listed below:

Private Isolation Room	1
Permanent Bed Station	1
Home Training Station	1
Other In-Center Stations	10
Total	13

Condition:

1. Approved project description as described above.

Approved Capital Costs:

The approved capital expenditure associated with this project is $45,575.

A. Need (WAC 246-310-210) and Need Forecasting Methodology (WAC 246-310-284)

Based on the source information reviewed the department determines that the applicant has met the need criteria in WAC 246-310-210(1) and (2) and the kidney disease treatment facility methodology and standards in WAC 246-310-284.

(1) The population served or to be served has need for the project and other services and facilities of the type proposed are not or will not be sufficiently available or accessible to meet that need.

WAC 246-310-284 requires the department to evaluate kidney disease treatment center applications based on the populations need for the service and determine whether other services and facilities of the type proposed are not, or will not, be sufficiently available or accessible to meet that need as required in WAC 246-310-210. The kidney disease treatment center specific numeric methodology applied is detailed in WAC 246-310-284(4). WAC 246-310-210(1) criteria is also identified in WAC 246-310-284(5) and (6).

Kidney Disease Treatment Center Methodology WAC 246-310-284

WAC 246-310-284 contains the methodology for projecting numeric need for dialysis stations within a planning area. This methodology projects the need for kidney dialysis treatment stations regression analysis of the historical number of dialysis patients residing in the planning area using verified utilization information obtained from the Northwest Renal Network.[3]

The first step in the methodology calls for the determination of the type of regression analysis to be used to project resident in-center station need. [WAC 246-310-284(4)(a)] This is derived by calculating the annual growth rate in the planning area using the year-end number of resident in-center patients for each of the previous six consecutive years, concluding with the base year.[4] In planning areas experiencing high rates of growth in the dialysis population (6% or greater growth in each of the last five annual change periods), the method uses exponential regression to project future need. In planning areas experiencing less than 6% growth in any of the last five annual change periods, linear regression is used to project need.

Once the type of regression is determined as described above, the next step in the methodology is to determine the projected number of resident in-center stations needed in the planning area based on the planning area's previous five consecutive years NWRN data, again concluding with the base year. [WAC 246-310-284(4)(b) and (c)]

WAC 246-310-284(5) identifies that for all planning areas except Adams, Columbia, Douglas, Ferry, Garfield, Jefferson, Kittitas, Klickitat, Lincoln, Okanogan, Pacific, Pend Oreille, San Juan, Skamania, Stevens, and Wahkiakum counties, the number of projected patients is divided by 4.8 to determine the number of stations needed in the planning area. For the specific counties listed above, the number of projected patients is divided by 3.2 to determine needed stations.

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[3] Northwest Renal Network was established in 1978 and is a private, not-for-profit corporation independent of any dialysis company, dialysis unit, or transplant center. It is funded by Centers for Medicare and Medicaid Services, Department of Health and Human Services. Northwest Renal Network collects and analyzes data on patients enrolled in the Medicare ESRD programs, serves as an information resource, and monitors the quality of care given to dialysis and transplant patients in the Pacific Northwest. [source: Northwest Renal Network website]

[4] WAC 246-310-280 defines base year as "the most recent calendar year for which December 31 data is available as of the first day of the application submission period from the *Northwest Renal Network's Modality Report* or successor report." For this project, the base year is 2008.

Additionally, the number of stations projected as needed in the target year is rounded up to the nearest whole number.

Finally, once station need has been calculated for the project years, the number of CN approved in-center stations are then subtracted from the total need, resulting in a net need for the planning area. [WAC 246-310-284(4)(d)]

DaVita's Application of the Numeric Methodology

DaVita proposes to add three stations to the existing 10-station Tacoma Dialysis Center in Pierce County planning area #4. The following is a summary of DaVita's application of the ESRD methodology contained in WAC 246-310-284. To determine the type of regression analysis to be used to project station need, DaVita used 2004 through 2009 data for the planning area. Based on that data DaVita used linear regression. Table 1 below shows DaVita's application of the numeric methodology for Pierce County Planning area #4. [Source: Application, Pages 18-19]

Table 1
Summary of DaVita's Pierce County ESRD
Planning Area #4 Numeric Methodology

	Year 2010	Year 2011	Year 2012	Year 2013
In-center Patients	275.5	283.3	290.9	298.6
Patient: Station Conversion Factor	4.8	4.8	4.8	4.8
Total Station Need	57.40	59.00	60.60	62.21
Total Station Need Rounded Up	58	60	61	63
Minus # CN Approved Stations	60	60	60	60
Net Station Need / (Surplus)	(2)	0	1	3

As shown in Table 1 above, DaVita projected need for three stations in year 2013, and submitted an application requesting to add three stations to its existing capacity in the planning area.

Department's Application of the Numeric Methodology

The numeric methodology projects the number of stations needed within a given planning area for the residents of that planning area. For this reason, non-residents are excluded from the numeric methodology. Based on the calculation of the annual growth rate of the planning area the department used linear regression to project need. The number of projected patients (un-rounded) was then divided by 4.8 to determine the number of new stations needed in the planning area. The net station need for Pierce County ESRD planning area #4 is three stations. Table 2 on the following page shows the department's results of the numeric methodology for the planning area.

Table 2
Summary of Department's Numeric Methodology—Pierce County Planning area #4

	Year 2010	Year 2011	Year 2012	Year 2013
In-center Patients	275.0	283.20	290.90	298.60
Patient: Station Conversion Factor	4.8	4.8	4.8	4.8
Total Station Need	57.3958	59.0000	60.6042	62.2083
Total Station Need Rounded Up	58	60	61	63
Minus # CN Approved Stations	60	60	60	60
Net Station Need / (Surplus)	2	0	-1	-3

The department's complete numeric methodology for Pierce County ESRD planning area #4 is attached to this evaluation as Appendix A.

WAC 246-310-284(5)

WAC 246-310-284(5) requires all CN approved stations in the planning area be operating at 4.8 in-center patients per station before new stations can be added. DaVita Tacoma Dialysis Center and St. Joseph Hospital Dialysis Center are the only two facilities operating in Pierce County planning area #4. The most recent quarterly modality report, or successor report, from the Northwest Renal Network (NWRN) as of the first day of the application submission period is to be used to calculate this standard. The first day of the application submission period for this project is November 1, 2010. [WAC 246-310-282] The quarterly modality report from NWRN available at that time was June 30, 2010, which became available on July 22, 2010. Table 3 below shows DaVita Tacoma Dialysis Center and SJMC—Tacoma utilization as of June 30, 2010.

Table 3
Second Quarter NWRN Facility Utilization

Facility Name	#of Stations	# of Pts	Pts/Station Standard	Pts/Station
Tacoma Dialysis Center	10	54	4.8	5.4
SJMC—Tacoma	50	254	4.8	5.1

As shown in Table 3 above, this standard is met.

In its comments to the department related to DaVita's application, FHS states, *"The department has previously indicated in writing, that no new stations can be added to a planning area when an existing provider has CN approval to relocate a portion of its existing stations—even if the relocation does not result in any new stations in the planning area. This is because the facility to which the existing stations are to be relocated is considered a new facility under WAC 246-310-284(5). ...CN #1421 was issued to FHS On April 27, 2010, granting approval to relocate 12 stations from SJMC's existing Tacoma Facility to a new facility...the new facility is not yet operational, and therefore, by definition, it has not achieved 80% capacity".* [Source: Public comment received May 31, 2011]

Additional comments provided by FHS states, the combine total census at both SJMC and DaVita Tacoma is about 10% higher than the planning area patient's census. This would suggest that there

is in-migration to these two facilities from other planning areas. Currently DaVita has CN approval to establish a twenty-one station facility in Parkland located in an adjacent planning area. The additional capacity requested in planning area #4 may affect the yet to be constructed facility in Parkland. [Source: Public comment received May 31, 2011]

DaVita's Rebuttal Comments

DaVita's comments are summarized below:

- All existing dialysis facilities in the Pierce 4 planning area are operating at near maximum capacity, with little scheduling flexibility at the two planning area facilities. FHS obtained approval to relocate 12 of its 50 approved stations but it has not begun the relocation. All 50 stations are currently operating in excess of 4.8 patients per station. The plain meaning of the rule is satisfied because before the department approves DaVita's new stations, all CN approved stations in the planning area are operating at 4.8 in-center patients per stations. There is no reason to believe that relocating 12 stations from the FHS facility to a new one within the same planning area will cause station use to drop below 4.8 patients per station.

- FHS mistakenly assumes that high use stations approved for relocation would bar new stations from being approved until a time when those stations are confirmed to be still operating at 4.8. The email provided by FHS does not support it position. The email restates WAC 246-310-284(5) which states no new stations can be approved unless all CN approved stations in the planning area are above the appropriate standard. This includes new stations as well as relocated stations.

- We agree with the proposition that both new stations and existing stations relocated and operating at less 4.8 patients per station would block an application for new stations, but this is not the case. All existing stations in the planning area are operating in excess of 4.8. FHS objections to new stations will give it power to exclude new stations in the planning area for more than three years despite projected need for new stations.

- In approving FHS's application, the department finds it does not have an evening shift beginning at 5: p.m. because it will operate on a two-shift basis. Therefore, the new SJMC facility will never attain 4.8 patients per station and additional capacity would never be allowed.

- FHS argues the possible impact of a DaVita facility located in a different planning area reducing patient population in Pierce County planning area #4. DaVita Parkland is located in a different planning area with different need projections. DaVita's analysis of all adjacent planning areas facilities shows that those facilities are operating at high census levels that would still justify expansion in planning area #4. [Source: Rebuttal comments received June 16, 2011]

Department Response

The department's rules are clear that the focus of its review is on the planning area and facilities within that planning area. The previously approved DaVita Parkland project is to be located in Pierce County planning area #5 which is not the same planning area as the project currently under

review (Pierce County planning area #4). Therefore, FHS's concern about the current project's potential impact on the Pierce County planning area #5 facility is not germane to this review.

FHS also argues that DaVita's application should be denied because WAC 246-310-284(5) requires all CN approved stations, both new and relocated, to be at 4.8 patients/station before new stations are added to the planning area. FHS states it was issued CN #1421 to relocate 12 of the 50 St. Joseph stations to a new facility within this same planning area and that new facility is not yet operational. Therefore, this standard cannot be met. In support of its position, FHS includes an email between FHS's consultant and the Certificate of Need program manager.

The department took a multi-step approach to evaluate this issue. The department first reviewed the WAC language. WAC 246-310-284(5) states:

> *"Before the department approves new in-center kidney dialysis stations,* ***all Certificate of Need approved stations*** *in the planning area must be operating at 4.8 in-center patients per station for all planning areas except...Both resident and nonresident patients using the dialysis facility are included in this calculation."* [Emphasis added]

The Pierce County planning area #4 has 60 CN approved dialysis stations. Ten are at DaVita's Tacoma facility. The remaining 50 stations are located at St. Joseph Hospital's dialysis center. The June 30, 2010, NWRN quarterl y modality report shows DaVita's Tacoma facility to be operating at 5.4 patients/station and St. Joseph's facility to be operating at 5.1 patients/station. Consistent with WAC 246-310-284(5) both resident and non-resident patients using these two facilities are used in this calculation. Based on this calculation, the criteria are met.

At issue is whether the facility approved by CN #1421 must be operational and at 4.8 patients/station before new stations can be approved to meet the planning area's projected station need. To help answer this question, the department first looked at FHS's application (CN09-33) and its evaluation. In its application, FHS argued:

> *"No new stations are proposed as part of this project. In previous CN decisions wherein a "new" facility is being established via relocation of existing stations, the Department has concluded that the need methodology in WAC 246-310-284 is not applicable to these types of projects."*[Source: CN09-33, pg16]

FHS also cited a portion of the department's 2007 evaluation of Northwest Kidney Center's application that also proposed to establish a new facility by relocating existing operational stations from one facility to a new facility. In its evaluation of FHS's CN09-33 application, the department concluded, as it had with the Northwest Kidney Center's application before it, that no new stations were being added to the planning area. Therefore, the department did not apply any of the new station standards and approved FHS's CN09-33 application even though DaVita's Tacoma facility was not at 4.8 patients/station.

The language of WAC 246-310-284(5), focuses on CN approved stations not CN approved facilities. In most cases this distinction does not make a difference because the stations at the new facility are also new stations to the planning area. Until the new facility is operational and the new stations are at 4.8 patients/station, the department would not approve additional new stations to the planning area. The project approved by CN #1421 is not the same. CN #1421 approved the establishment of a new 12-station facility using existing operational stations from St. Joseph's 50-

station facility. Once th e new 12-station facility becomes oper ational, St. Joseph's 50-station facility becomes a 38-station facility. At that time all CN approved stations including the relocated stations in the planning area will need to be operating at 4.8 patients/stations before any new stations are approved. The department can envision one scenario where it would agree with FHS's argument. That scenario, if approved as part of the project, is where immediately after receiving CN approval to relocate the 12 operational stations, St. Joseph reduced the number of stations it operated from 50 to 38 stations. The 12-stations would then be CN approved but not operational and therefore not operating at 4.8 patients/station standard. In that scenario, the department again would not approve any new stations until the 12-station facility was open and operating at 4.8 patients/station. However, that is not the case here. St. Joseph continues to operate a 50-station facility and treating 254 patients (5.1 patients/station) which is above the 4.8 patients/station. Any other scenario would be treating the CN relocated stations as new to the planning area which the department has already concluded they are not. The department believes this conclusion is consistent with the email between FHS's consultant and the CN program manager. Based on the above analysis the department concludes for the current DaVita project WAC 246-310-284(5) is met. **This sub-criterion is met.**

WAC 246-310-284(6)

WAC 246-310-284(6) requires new in-center dialysis stations be operating at a required number of in-center patients per approved station by the end of the third full year of operation. DaVita Tacoma Dialysis Center is located in Pierce County planning area #4; therefore, the standard for this criterion is 4.8 in-center patients per approved station. DaVita states that year 2014 would be the third year of operation with 13 stations. DaVita's projected utilization for year 2014 is shown in Table 4 below.

Table 4
DaVita Tacoma Dialysis Center
Third Full Year Projected (2014) Facility Utilization

Facility Name	#of Stations	# of Pts	Pts/Station
DaVita Tacoma Dialysis Center	13	77	5.92

As shown in Table 4 above, DaVita Tacoma Dialysis Center would be operating at 5.92 patients per station by year 3 using their information. [Source: Application, Page 17 and Appendix 9] **This sub-criterion is met.**

(2) All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.

DaVita is currently a provider of health care services to residents of Washington State, including low-income, racial and ethnic minorities, handicapped and other underserved groups. To determine whether all residents of Pierce County planning area #4 would have access to an applicant's proposed services, the department requires applicants to provide a copy of its current or proposed admission policy. The admission policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility and any assurances regarding access to treatment.

To demonstrate compliance with this sub-criterion, DaVita provided a copy of its current Accepting Patients for Treatment Policy used at the dialysis center. The policy outlines the process and guidelines that DaVita uses to admit patients for treatment at the dialysis center. The policy also states that any patient needing treatment will be accepted to any facility without regard to race, creed, color, age, sex, or national origin. [Source: Application, Appendix 14]

To determine whether low-income residents would have access to the proposed services, the department uses the facility's Medicaid eligibility or contracting with Medicaid as the measure to make that determination. DaVita currently provides services to Medicaid eligible patients at the existing dialysis center. The applicant intends to continue to provide services to Medicaid patients at the Tacoma Dialysis Center. A review of the anticipated revenue sources indicates that the facility expects to continue to receive Medicaid reimbursements.

To determine whether the elderly would have access or continue to have access to the proposed services, the department uses Medicare certification as the measure to make that determination. DaVita currently provides services to Medicare patients at the existing dialysis center. DaVita intends to continue to provide services to Medicare patients at the existing facility. A review of the anticipated revenue sources indicates that it expects to continue to receive Medicare reimbursements.

A facility's charity care policy should confirm that all residents of the service area including low-income, racial and ethnic minorities, handicapped and other underserved groups have, or would have, access to healthcare services of the applicant. The policy should also include the process one must use to access charity care at the facility.

DaVita demonstrated its intent to continue to provide charity care to patients receiving treatment at the facility by submitting its current Indigent Care Policy that outlines the process one would use to access this service. DaVita also included a 'charity care' line item as a deduction from revenue within the pro forma income statements documents. [Source: Application, Appendix 9]

The Department concludes that all residents of the planning area would continue to have access to the health services at the facility. **This sub-criterion is met.**

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

Based on the source information reviewed, the department determines that the applicant has met the financial feasibility criteria in WAC 246-310-220

(1) The immediate and long-range capital and operating costs of the project can be met.

WAC 246-310 does not contain specific WAC 246-310-220(1) financial feasibility criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what the operating revenues and expenses should be for a project of this type and size. Therefore, using its experience and expertise the department evaluates if the applicant's pro forma income statements reasonably project the proposed project is meeting its immediate and long-range capital and operating costs by the end of the third complete year of operation.

As stated in the project description portion of this evaluation, if this project is approved, DaVita anticipates that the new stations would become operational by the end of October 2011. Under this timeline, year 2012 would be the facility's first full calendar year of operation with 13 stations. Year 2014 would be the third full year of operation. [Source: Application, Page 12] DaVita provided its projected 3-year revenue and expense statement for the Tacoma Dialysis Center as a 13-station facility. Table 5 below summarizes that information. [Source: Application, Appendix 9]

Table 5
Tacoma Dialysis Center
Projected Revenue and Expenses for Partial Year and Years 2012-2015

	Partial Year 2011	Full Year 2012	Full Year 2013	Full Year 2014	Full Year 2015
# of Stations	13	13	13	13	13
# of Treatments [1]	10,631	11,822	12,912	13,945	14,481
# of Patients [2]	61	68	73	77	77
Utilization Rate [2]	4.69	5.23	5.62	5.92	5.92
Net Patient Revenue[1]	$5,070,567	$5,192,387	$4,369,387	$4,828,762	$5,210,344
Total Operating Expenses [1, 3]	$2,921,358	$3,063,176	$3,384,667	$3,709,131	$3,985,701
Net Profit or (Loss)[1]	$2,149,209	$2,129,211	$984,660	$1,119,631	$1,224,643
Operating Revenue / Treatment [1]	$476.96	$439.21	$338.39	$346.27	$359.81
Operating Exp./ Treatment [1]	$274.80	$259.11	$262.13	$265.98	$275.24
Net Profit per Treatment [1]	$202.16	$180.11	$76.26	$80.29	$84.57

[1] Includes both in-center and home dialysis patients; **[2]** in-center patients only; **[3]** includes bad debt, charity care and allocated costs.

As shown in Table 5 above, Tacoma Dialysis Center would be operating at a profit in partial year 2011 though the fourth year of the facility operation or year 2015 with 13 stations. As an existing facility, DaVita provided an executed lease agreement between Taylor and Taylor Investment, LLC ("Landlord") and Renal Treatment Centers-West, Inc. ("Tenant"). [Source: Application, Appendix 15]

DaVita provided a copy of its current Medical Director's Services Agreement and the agreement identifies the annual compensation for the Medical Director position. Additionally, DaVita's pro-forma financial statement also identified the annual compensation for the Medical Director. [Source: Application, Appendix 3 and 9]

Comments received by the department from FHS related to DaVita's lease and the medical director agreement. FHS states that the terms of the lease and medical director's agreement are not consistent with, or cannot be "matched to" the pro-forma financial. FHS other comments states that in previous projects the department has stated it could not determine the financial feasibility of an applicant when the lease and/or medical director fees did not match. [Source: Public comments received from FHS on May 31, 2011]

DaVita's Rebuttal Comments

"[FHS] correctly calculates the rent expense on an annual and per square foot basis. But the rent expense includes not merely the rent but also the maximum rent adjustment (3percent) and estimated costs for "common area maintenance"(CAM) and insurance for which DaVita will be responsible." "We are able to estimate the CAM and insurance expenses because we have experience with the Tacoma facility lease, unlike a typical new facility lease. The rent expense in

our pro-forma is an exact match at a high level of precision because of actual experience with CAM and insurance costs." Further, DaVita's medical director agreement includes a provision that allows compensation review and adjustment after five years "if appropriate" that review is more than a year away. It is premature to tell if the agreement would change or remain the same. [Source: Rebuttal comments received on June 16, 2011]

Departments Response

FHS is correct in their comment that dividing the lease expense in DaVita's pro forma income/expense statement by the facility's square footage does not result in the lease costs in the application. Nor is it consistent if you adjust the base rent by the maximum allowable 3% per year from the date the lease was signed. DaVita in its rebuttal comments state that FHS correctly calculated the per square footage cost. DaVita then provides a further explanation of why its financial statements are correct even though the dollar figures for the lease in the pro forma cannot be easily calculated. DaVita identified two other cost categories that are included in the lease—not shown in rent but included in the income statement. These are CAM and insurance costs. The example that DaVita gave for year 2011 included $2.95 psf for CAM costs and $2.82 psf for insurance costs or a total of $5.77 psf. Typically dialysis applicants have not included estimates for these lease related expenses. This is particularly true for new dialysis facilities. However, the department considers DaVita's response as proper rebuttal. The department compared these additional lease related costs to other dialysis facility projects and concluded they were reasonable.

The department also reviewed the medical director's compensation terms in the Medical Director's agreement and compared them to figures included in the pro-forma financial statement. This review revealed no inconsistency. FHS is correct the Medical Director's agreement does state that the Medical Director's compensation level will be reviewed for possible adjustment. However, the terms of the Medical Director's agreement do not require an adjustment be made. Instead, the agreement language speaks to the fair market value of the compensation. This could mean a reduction as well as an increase. Therefore, the department concludes the Medical Director's agreement and the facility's pro forma statements are consistent. Based on the information, the department concludes **this sub-criterion is met**.

(2) *The costs of the project, including any construction costs, will probably not result in an unreasonable impact on the costs and charges for health services.*

WAC 246-310 does not contain specific source of financing criteria as identified in WAC 246-310-200(2) (a) (i). There are also no known recognized standards as identified in WAC 246-310-200(2) (a) (ii) and (b) that directs how a project of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed project's source of financing to those previously considered by the department.

DaVita identified the capital expenditure to add three new stations to the Tacoma Dialysis Center to be $45,575. A breakdown of those costs is summarized in Table 6 below.

Table 6
Tacoma Dialysis Center Capital Cost

Item	Cost	% of Total
Fixed & Moveable Equipment	$41,025	90%
Communication/Computer Equipment	$4,550	10%
Total Project Cost	$45,575	100%

To further demonstrate compliance with this sub-criterion, DaVita provided the sources of its patient revenue shown in Table 7 below. [Source: Application, Page 10]

Table 7
Tacoma Dialysis Center Source of Revenue By Payor Type

Source of Revenue	Percent of Patients	Percent of Revenue
Medicare	72%	37%
State (Medicaid)	17%	7%
Commercial/HMO	11	56%
Total	100%	100%

The existing Tacoma Dialysis Center is expected to have 44% of its revenue from Medicare and Medicaid entitlement programs. These programs are not cost based reimbursement and are not expected to have an unreasonable impact on the charges for services. Based on the department's review of the application materials, this same conclusion can be made for those with insurance or HMO patients that make up 56% of the project's revenue. Therefore, the department concludes that this project would probably not result in an unreasonable impact on the costs and charges for health services. **This sub-criterion is met.**

(3) The project can be appropriately financed.

WAC 246-310 does not contain specific source of financing criteria as identified in WAC 246-310-200(2) (a) (i). There are also no known recognized standards as identified in WAC 246-310-200(2) (a) (ii) and (b) that directs how a project of this type and size should be financed. Therefore, using its experience and expertise the department compared the proposed project's source of financing to those previously considered by the department.

The capital expenditure to add the three stations to Tacoma Dialysis Center is $45,575. DaVita states the project will be funded from its own reserves. A letter from the applicant's Chief Operating Officer (COO) was provided confirming the corporate funding. [Source: Application, Appendix 6] A review of DaVita's financial statements shows the funds necessary to finance the project are available. [Source: Application, Appendix 9]

Based on the information provided, the department concludes that DaVita's application, proposing to expand the existing Tacoma Dialysis Center can be appropriately financed. **This sub-criterion is met.**

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

Based on the source information reviewed the department determines that the applicant has met the structure and process (quality) of care criteria in WAC 246-310-230.

(1) A sufficient supply of qualified staff for the project, including both health personnel and management personnel, are available or can be recruited.

WAC 246-310 does not contain specific WAC 246-310-230(1) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what specific staffing patterns or numbers of FTEs that should be employed for projects of this type or size.

As an existing facility, Tacoma Dialysis Center currently has 12.9 FTE's and by the fourth full calendar of operation, the applicant proposes that it will have 15.9 F TE's. The applicant's existing and proposed staffing pattern is summarized in Table 8 below.

Table 8
Tacoma Dialysis Center Current and proposed FTE's 2011 – 2015

Category	Current Year 2011	Year 1 2012 Increase	Year 2 2013 Increase	Year 3 2014 Increase	Year 4 2015 Increase	Year 5 2016 Increase	Total FTE's
Medical Director		*Professional Services Contract*					
Administrator	1.0	0.0	0.0	0.0	0.0	0.0	1.00
Registered Nurses	2.0	0.0	0.0	0.3	0.2	0.0	2.50
Patient care Tech	5.5	0.3	0.2	0.2	0.3	0.0	6.50
Biomedical Tech	0.8	0.0	0.0	0.0	0.0	0.0	0.80
Re-Use Tech	1.2	00	0.1	0.1	0.1	0.1	1.60
Admin Assistant	1.0	0.0	0.1	0.2	0.2	0.1	1.60
Social Worker	0.7	0.0	0.0	0.1	0.1	0.0	0.90
Dietician	0.7	0.0	0.1	0.1	0.1	0.0	1.00
Number of FTE'S	12.90	0.30	0.50	1.00	1.00	0.20	15.90

As shown in Table 8 above, DaVita expect to increase FTE's for the Tacoma Dialysis Center through year 2016. DaVita states it anticipates only modest changes in current staffing for the expansion and does not expect difficulty recruiting staff because it offers competitive wage and benefit package to employees. Additionally, DaVita states that job openings are posted nationally and internally and it has extensive employee travelling program that guarantee it will maintain staffing at its facilities. [Source: Application, Page 25]

DaVita identified Catherine Richardson, MD as the medical director for the existing Tacoma Dialysis Center and provided an executed medical director's agreement between Pacific Nephrology Associates ("Group"), and Total Renal Care, Inc. ("Company"). According to the medical director agreement recitals, Dr. Richardson is a physician employee of Group. [Source: Application, Appendix 3] The medical director agreement outlines the roles and responsibilities of the Group and Company. Additionally, the agreement also identifies the annual compensation for the medical director. [Source: Application Page 7 and Appendix 3]

A review of the medical director's agreement between DaVita and Dr. Richardson shows that the agreement outlines the roles and responsibilities of both parties involved. **This sub-criterion is met.**

(2) *The proposed service(s) will have an appropriate relationship, including organizational relationship, to ancillary and support services, and ancillary and support services will be sufficient to support any health services included in the proposed project.*
WAC 246-310 does not contain specific WAC 246-310-230(2) as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs what relationships, ancillary and support services should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials contained in the application.

The Tacoma Dialysis Center and existing facility information provided by DaVita states that ancillary and support services such as social services, nutrition services, pharmacy, patient and staff education, financial counseling, human resources, material management, administration, and technical services would be provided on site upon the commencement of services at the proposed facility. The applicant states that services would be coordinated through DaVita's corporate office in El Segundo California and support offices in Washington. [Source: Application, page 25]

Based on the evaluation of supporting documents provided, the department concludes that there is reasonable assurance that Tacoma Dialysis Center will continue to have appropriate ancillary and support services with a healthcare provider in Pierce County planning area #4. **This sub-criterion is met.**

(3) *There is reasonable assurance that the project will be in conformance with applicable state licensing requirements and, if the applicant is or plans to be certified under the Medicaid or Medicare program, with the applicable conditions of participation related to those programs.*
WAC 246-310 does not contain specific WAC 246-310-230(3) criteria as identified in WAC 246-310-200(2) (a) (i). There are known recognized standards as identified in WAC 246-310-200(2) (a) (ii) and (b) that a facility must meet when it is to be Medicare certified and Medicaid eligible. Therefore, using its experience and expertise the department assessed the applicant's history in meeting these standards at other facilities owned or operated by the applicant.

To comply with this sub-criterion within the application, DaVita provided a contact list of the regulatory agencies responsible for surveying its facilities in Washington and the United States. [Source: Application, Appendix 13] As stated earlier, DaVita, Inc. is a provider of dialysis services in over 1,530 outpatient centers located in 43 states (including Washington State), the District of Columbia, and San Juan Puerto Rico. [Source: DaVita Webpage] Currently within Washington State,

DaVita owns or operates twenty-four kidney dialysis treatment centers in twelve separate counties. As part of its review, the department must conclude that the proposed services would be provided in a manner that ensures safe and adequate care to the public.[5] To accomplish this task, in February 2010 the department requested quality of care compliance history from the state licensing and/or surveying entities responsible for the states, District of Columbia, and San Juan Puerto Rico where DaVita, Inc. or any subsidiaries have health care facilities.

Of the 42 state and entities, the department received responses from 21states or 50% of the 42 states.[6] The compliance history of the remaining 19 states, and 2 non-state entities Puerto Rico and the District of Columbia is unknown.[7]

Five of the 21 states responding to the survey indicated that significant non-compliance deficiencies had been cited at DaVita facilities in the past three years. Of those states, with the exception of one facility in Iowa that decertified and later reopened, none of the deficiencies reported to have resulted in fines or enforcement action. All other facilities comply with applicable regulations. The Iowa facility chose voluntarily termination in August 2007 due to its inability to remain in compliance with Medicare Conditions for Coverage rather than undergo the termination process with Medicare. This facility is currently operating as a private ESRD facility. [Source: compliance history from state licensing and/or surveying entities]

The department concludes that considerin g the more than 1,530 facilities owned/managed by DaVita, one out-of-state facility listed above demonstrated substantial non-compliance issues; therefore, the department concludes the out-of-state compliance surveys are acceptable. For Washington State, since January 2008, the Department of Health's Investigations and Inspections Office has completed more than 30 compliance surveys for the operational facilities that DaVita either owns or manages.[8] Of the compliance surveys completed, there were some minor non-compliance issues related to the care and management at the DaVita facilities. These non-compliance issues are typical of a dialysis facility and DaVita submitted and implemented acceptable plans of correction. [Source: facility survey data provided by the Investigations and Inspections Office]

Catherine Richardson, MD is the medical director for the existing Tacoma Dialysis Center.
A review of Dr. Richardson's compliance history shows that on April 22, 2011, the physician was placed on probation and an ongoing Washington Physician Health Program (WPHP) assessment ordered. According to the condition of the agreed order, the physician is must appear before the Commission within six months of the order date to present proof of compliance. The physician must continue to make compliance appearance every twelve months or as frequently as the

[5] WAC 246-310-230(5).
[6] States that provided responses are: California, Colorado, Connecticut, Delaware, Florida, Idaho, Iowa, Kansas, Kentucky, Minnesota, Missouri, Nevada, New Mexico, North Dakota, Ohio, Oregon, South Carolina, Tennessee, South Dakota, Washington and West Virginia
[7] States that did not provide responses are Alabama, Arizona, Arkansas, Georgia, Illinois, Indiana, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Nebraska, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Texas, Utah, Virginia and Wisconsin. The department did not send survey to itself. The District of Columbia and Puerto Rico did not respond to the survey.
[8] As of the writing of this evaluation, Parkland Dialysis Center is not yet operational and Olympic View Dialysis Center is operational, but is owned by Group Health and managed by DaVita.

Commission otherwise requires, until the Commission terminates the order. [Source: Stipulated Findings of Fact Conclusion of Law and Agreed Order No. M2010-285 dated April 20, 2011]

Additional review of Richardson's compliance history did not show that the physician's medical license has any restrictions. As of the time of writing this evaluation staff is not aware of any other recorded sanctions against Dr. Richardson.

Given the compliance history of DaVita and that of the medical director, the department concludes that there is reasonable assurance that Tacoma Dialysis Center would be operated in conformance with state and federal regulations. **This sub-criterion is met.**

(4) The proposed project will promote continuity in the provision of health care, not result in an unwarranted fragmentation of services, and have an appropriate relationship to the service area's existing health care system.

WAC 246-310 does not contain specific WAC 246-310-230(4) criteria as identified in WAC 246-310-200(2)(a)(i). There are also no known recognized standards as identified in WAC 246-310-200(2)(a)(ii) and (b) that directs how to measure unwarranted fragmentation of services or what types of relationships with a services area's existing health care system should be for a project of this type and size. Therefore, using its experience and expertise the department assessed the materials in the application.

In response to this criterion, DaVita provided a summary of its quality and continuity of care indicators used in its quality improvement program. The quality of care program incorporates all areas of the dialysis program, and monitors and evaluates all activities related to clinical outcomes, operations management, and process flow. Further, DaVita also provided examples of its quality index data and its physician, community, and patient services program known as 'Empower'. In addition, DaVita also provided a copy of its executed patients transfer agreement with Multicare Health System. [Source: Application, Page 28, Appendices 12, 17 & 18] Based on this information, the department concludes the applicant has demonstrated it has, and will continue to have appropriate relationships with the planning area health care delivery systems. **This sub-criterion is met.**

(5) There is reasonable assurance that the services to be provided through the proposed project will be provided in a manner that ensures safe and adequate care to the public to be served and in accord with applicable federal and state laws, rules, and regulations.

For this project, this sub-criterion is addressed in sub-section (3) above and is considered met.

D. Cost Containment (WAC 246-310-240) and WAC 246-310-288 (Tie Breakers)

Based on the source information reviewed, the department determines that DaVita's application meet the cost containment criteria in WAC 246-310-240

(1) Superior alternatives, in terms of cost, efficiency, or effectiveness, are not available or practicable.

To determine if a proposed project is the best alternative, the department takes a multi-step approach. Step one determines if the application has met the other criteria of WAC 246-310-210 thru 230. If it has failed to meet one or more of these criteria then the project is determined not to be the best alternative, and would fail this sub-criterion.

If the project met WAC 246-310-210 thru 230 criteria, the department would move to step two in the process and assess the other options the applicant or applicants considered prior to submitting

the application under review. If the department determines the proposed project is better or equal to other options the applicant considered before submitting their application, the determination is either made that this criterion is met (regular or expedited reviews), or in the case of projects under concurrent review, move on to step three.

Step three of this assessment is to apply any service or facility specific criteria (tiebreaker) contained in WAC 246-310. The tiebreaker criteria are objective measures used to compare competing projects and make the determination between two or more approvable projects, which is the best alternative. If WAC 246-310 does not contain any service or facility criteria as directed by WAC 246-310-200(2) (a) (i), then the department would look to WAC 246-310-240(2) (a) (ii) and (b) for criteria to make the assessment of the competing proposals. If there are no known recognized standards as identified in WAC 246-310-200(2) (a) (ii) and (b), then using its experience and expertise, the department would assess the competing projects and determine which project should be approved.

Step One
For this project, DaVita's application proposing to expand the existing 10-station Tacoma Dialysis by three stations has met the review criteria under WAC 246-310-210, 220, and 230. Therefore, the department moves to step two below.

Step Two
Besides the project, DaVita considered just one option before submitting this application. The option considered is to expand the facility because it was built to accommodate approximately 20 stations. DaVita states that the existing 10-station facility has operating efficiency and expanding it by three stations would only require the addition of dialysis machines.

The department notes that the existing Tacoma facility was built with future expansion in mind and this project does not involve construction. In addition, the planning area patient's census shows that facilities in the planning area are operating above the patients per station requirement of 4.8. Therefore, the department agrees that this project is the available alternative. **This sub-criterion is met.**

Step Three
This step is used to determine the best available alternative between two or more approvable projects. There was no other project submitted to add dialysis stations in Pierce County planning area #4 during the Kidney Disease Treatment Centers Review Cycle #4. This step is not applicable to the project.

APPENDIX A

Pierce County Planning Area Four
ESRD Need Projection Methodology

Planning Area	6 Year Utilization Data - Resident Incenter Patients					
Pierce Four	2004	2005	2006	2007	2008	2009
98402	6	7	10	7	8	8
98403	6	11	10	11	14	14
98404	41	40	43	47	52	52
98405	32	38	41	40	36	40
98406	15	9	7	12	11	12
98407	14	14	12	13	12	13
98408	28	37	44	36	38	25
98409	22	31	28	26	25	31
98416	0	0	0	0	0	0
98418	6	8	15	15	15	17
98421	0	0	0	0	1	0
98422	6	8	11	12	14	17
98424	1	1	2	4	4	5
98443	1	1	2	4	2	3
98465	5	6	3	6	8	3
98466	16	19	20	27	23	21
TOTALS	199	230	248	260	263	261

246-310-284(4)(a)	Rate of Change		15.58%	7.83%	4.84%	1.15%	-0.76%
	6% Growth or Greater?		TRUE	TRUE	FALSE	FALSE	FALSE
	Regression Method:	Linear					

246-310-284(4)(c)			Year 1	Year 2	Year 3	Year 4
			2010	2011	2012	2013
Projected Resident Incenter Patients	from 246-310-284(4)(b)		275.50	283.20	290.90	**298.60**
Station Need for Patients	**Divide Resident Incenter Patients by 4.8**		57.3958	59.0000	60.6042	**62.2083**
	Rounded to next whole number		**58**	**60**	**61**	**63**

246-310-284(4)(d)	subtract (4)(c) from approved stations					
Existing CN Approved Stations			60	60	60	**60**
Results of (4)(c) above		-	58	60	61	**63**
Net Station Need			2	0	-1	**-3**

Negative number indicates need for stations

246-310-284(5)

Name of Center	# of Stations	Patients	Utilization (Patients per Station)
DaVita - Tacoma	**10**	**52**	**5.20**
St. Joseph Medical Cent	**50**	**256**	**5.12**
Total	**60**	**256**	

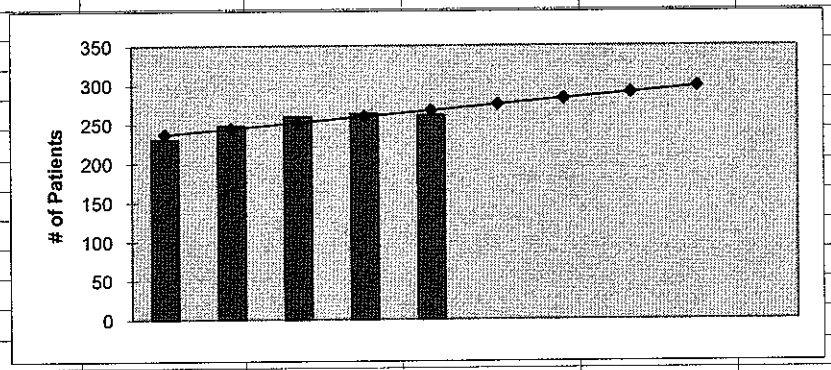
Source: Northwest Renal Network data 2004-2009

Most recent year-end data: 2009 year-end data as of 01/26/2010

Most recent quarterly data as of the 1st day of application submission period: 4th quarter 2009 as of 01/26/2010

Pierce County Planning Area Four
ESRD Need Projection Methodology

x	y	Linear
2005	230	**237**
2006	248	**245**
2007	260	**252**
2008	263	**260**
2009	261	**268**
2010		**275.50**
2011		**283.20**
2012		**290.90**
2013		**298.60**



SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.880244347
R Square	0.77483011
Adjusted R Square	0.69977348
Standard Error	7.578478299
Observations	5

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	1	592.9	592.9	10.32327336	0.04884483
Residual	3	172.3	57.43333333		
Total	4	765.2			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	-15201.5	4809.827396	-3.160508424	0.050851187	-30508.51742	105.5174227	-30508.51742	105.5174227
X Variable 1	7.7	2.396525262	3.212985117	0.04884483	0.073187034	15.32681297	0.073187034	15.32681297

RESIDUAL OUTPUT

Observation	*Predicted Y*	*Residuals*
1	237	-7
2	244.7	3.3
3	252.4	7.6
4	260.1	2.9
5	267.8	-6.8