



May 6, 2025

Via Email

Eric Hernandez
Washington State Department of Health
Certificate of Need Program
111 Israel Road SE
Tumwater, WA 98501

Re: Determination of Reviewability (DOR) Regarding PSKC Vancouver Certificate of Need

Dear Mr. Hernandez:

We are writing to you on behalf of Puget Sound Kidney Center (PSKC) and DaVita Inc and its subsidiary Total Renal Care Inc (collectively, "DaVita"). Pursuant to WAC 246-310-050, we request a formal determination on applicability of the certificate of need requirements for the substantial completion of the Certificate of Need (CN) #1828A issued to Puget Sound Kidney Center and subsequent acquisition by DaVita.

By way of background, PSKC was awarded CN#1828A on January 3, 2021 ("the Project"). The CN approved the construction of a new 19 station dialysis center to be located at 10301 NE 117th Avenue, Vancouver WA 98662. The CN Program deemed that the Project met the definition of commencement in December of 2023.

PSKC first submitted a CN application to construct, own and operate a dialysis center in Clark County in 2019. Subsequent to the CN award and project commencement, the PSKC board determined that its service area focus should be on its historical market area in the North and Western Puget Sound. It was agreed that for reasons of access, PSKC should substantially complete CN1828A, but seek to transfer the facility to a qualified operator interested in Southwest Washington. After a comprehensive process, PSKC selected DaVita.

About Puget Sound Kidney Center (PSKC)

- Since 1981, and with the help of community partners, financial donors and volunteers, Puget Sound Kidney Centers has been a leading provider of comprehensive kidney education, social services, nutritional counseling, and dialysis services to those impacted by kidney disease in Snohomish, Skagit, Pierce, Island, King, Kitsap and Jefferson counties in Washington state.
- PSKC serves more than 900 patients annually and provides over 110,000 dialysis treatments.
- Our Mission is "To enhance the quality of life of those with kidney disease through outstanding dialysis care, education and community support."

About DaVita, Inc.

- DaVita is a leading provider of kidney dialysis for patients suffering from chronic kidney failure, also known as End Stage Renal Disease, or ESRD. DaVita serves more than 200,000 patients across the U.S. and in other countries internationally.
- At the end of 2024, DaVita provided services to over 3300 residents of Washington State.
- DaVita's mission statement is to "Be the Provider, Partner and Employer of Choice." Serving patients by providing quality clinical outcomes is paramount. DaVita has instituted a nationally recognized Dialysis Quality Outcomes program and maintains an aggressive Continuous Quality Improvement program.

Description of Certificate of Need Project Amended CN1828 per case no. M2020-784

- Construction of a 19-station dialysis facility in Vancouver Washington, including one (1) CON exempt isolation station in addition to 17 general use in-center stations and one permanent bed station.
- Services provided include in-center hemodialysis, home hemodialysis and home peritoneal dialysis training, isolation capabilities and a permanent bed station.
- There will also be patient shifts starting after 5pm.
- Approved capital expenditure for the project is \$9,531,965 including land and construction costs.
- Project shall be financed per bank loan and reserves as described in the application.

Requested Reviewability Determination

PSKC and DaVita have an agreed letter of intent to develop the project and transfer the clinic from PSKC to DaVita upon substantial completion. This letter requests a determination of reviewability (DOR) related to the transaction. The shared goal of all parties (DaVita, PSKC and the Program) is to ensure a successful project completion and increase dialysis access to the patients of Clark County.

Following WAC 246-310-500 (7), we believe the following to be relevant in this discussion:

- a) The certificate of need holder (PSKC) substantially completes the project
- b) After the Program deems that the project has been substantially completed, the certificate holder (PSKC), submits to the department a written request that the certificate of need be transferred to another party.
- c) The proposed party to whom the CN will be transferred (DaVita) submits an application for the transfer meeting CN requirements and indicating any modifications to project description or the maximum capital expenditure.

During the Technical Assistance review that occurred on April 1, 2025, the Department indicated

- the amendment certificate of need application could qualify to be reviewed on an expedited timeline as outlined in WAC 246-310-150.
- the Department could approve the project while construction is still underway with a condition that the CON will not transfer until the project has achieved substantial completion.

- In alignment with trade definitions and past CN Program precedent, it is likely that substantial completion can be defined as Certificate of Occupancy.
- Submitting and securing a DOR would provide a binding decision that all parties could rely on, as long as circumstances and facts do not change.

Based on the information obtained to date, we have drafted the options below. We respectfully request the Department of Health (DOH) provide binding confirmation that the following transaction conforms with certificate of need requirements to ensure successful completion of the project in service to the Clark County community, or provide adjusted guidance as needed to achieve project completion.

We present two options for consideration. Option 1 is preferred in order to ensure a timely project completion.

Option1: DaVita application is submitted at the end of construction, with a DaVita subsidiary providing the financing.

- PSKC will sell the land to Genesis KC Development, LLC, a wholly owned subsidiary of DaVita
- Genesis KC Development will lease the land back to PSKC such that it will maintain site control until the Certificate of Need is deemed substantially completed.
- Genesis KC Development will develop the site and fund the project using existing funds.
- PSKC will complete quarterly progress report updates until substantial completion is confirmed and the transfer is complete.
- Near project completion, DaVita will submit a CN application to allow the CN to be transferred to it. The CN application will outline any variances to the original certificate (e.g. capital expenditure and funding). Address, number of stations, and services provided to remain the same as the original PSKC project. The application must demonstrate compliance with WAC 246-310-220 (financial feasibility) and WAC 246-310-230 (Quality of Care). Numeric need was originally assessed and need is deemed met. This application can be filed before substantial completion is granted, but a condition will be placed on any CN award indicating that it cannot be acted on until the Program has determined substantial completion. PSKC will notify the CN Program of substantial completion, secure Program concurrence and then notify the Program of its intent to transfer the certificate to DaVita.
- On the date of Certificate of Occupancy, and assuming CN approval has been granted for the transfer, the certificate will transfer to DaVita and the Lease will terminate with PSKC.
- Upon termination of the lease with PSKC, Genesis KC Development will lease the building to Total Renal Care Inc.
- Prior to the 1st treatment, DaVita will ensure all other certificate of need conditions are complete (e.g. Hospital Patient Transfer Agreement, etc.).

Option 2: DaVita application is submitted for approval before construction begins, and a new certificate is issued with updated funding source.

- All steps remain the same, except for timing of construction/application.



We have appreciated the partnership with the Program to assure that the proposed transaction both meets the requirements and intent of the certificate of need process, thereby ensuring improved access to care for the Clark County community is realized as quickly as possible.

Thank you,

A handwritten signature in blue ink, appearing to read "Tom DeBord", is written over the "Thank you," text.

Tom DeBord, FACHE

President & CEO

Puget Sound Kidney Centers

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